(Please scan this QR Code to view the DRHP)

SANATHAN TEXTILES LIMITED

Corporate Identification Number: U17299DN2005PLC005690

REGISTERED OFFICE	CORPORATE OFFICE	CONTACT PERSON	E-MAIL AND TELEPHONE	WEBSITE
SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India	D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai – 400013, Maharashtra, India	**Dsouza Jude Patrick** Company Secretary and Compliance Officer	**Email:** investors@sanathan.com **Tel:** + 91 22 6634 3312/3/4/5/6	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

DETAILS OF THE OFFER

TYPE	FRESH ISSUE SIZE	OFFER FOR SALE SIZE	TOTAL OFFER SIZE	ELIGIBILITY AND SHARE RESERVATION AMONG QIBs, NIIs AND RIIs
Fresh Issue and Offer for Sale	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 5,000.00 million.	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 3,000.00 million.	Up to [●] Equity Shares of face value of ₹ 10 each, aggregating up to ₹ 8,000.00 million	The Offer is being made pursuant to Regulation 6(1) of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (**SEBI ICDR Regulations**). For further details, see *'Other Regulatory and Statutory Disclosures - Eligibility for the Offer'* on page 446. For details in relation to share reservation among QIBs, NIIs and RIIs, see *'Offer Structure'* on page 466.

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 ₹)
Paresh Vrajlal Dattani	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 618.75 million	3.51
Ajay Vallabhdas Dattani	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 693.50 million	3.40
Anilkumar Vrajdas Dattani	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 711.25 million	3.04
Dinesh Vrajdas Dattani	Promoter Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 743.75 million	4.05
Vajubhai Investments Private Limited	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 5.00 million	5.56
Vallabhdas Dattani HUF	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 5.00 million	5.56
Sonali Ajaykumar Dattani	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 45.00 million	30.36
Dattani Dineshkumar Vrajdas HUF	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 5.00 million	5.56
Beena Paresh Dattani	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 70.00 million	1.11
Anilkumar Vrajdas Dattani HUF	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 35.00 million	29.71
Paresh Kumar V Dattani HUF	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 60.00 million	31.14
Jayshree Anilkumar Dattani	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 2.50 million	5.56
Ajay Kumar V Dattani HUF	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 0.25 million	1.67
Vallabhdas Dattani	Promoter Group Selling Shareholder	Up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 5.00 million	Negligible

**Calculated on a fully diluted basis. As certified by the Independent Chartered Accountant, Jain Tripathi & Co, pursuant to a certificate dated August 20, 2024.*

RISKS IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10 each. The Floor Price, the Cap Price and the Offer Price as determined and justified by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations, and as stated under '*Basis for the Offer Price*' on page 141, should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the Securities and Exchange Board of India (**SEBI**), nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to '*Risk Factors*' on page 34.

ISSUER'S AND SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY
Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions, misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility only for and confirms the statements made or undertaken expressly by it in this Draft Red Herring Prospectus only to the extent of information specifically pertaining to it and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each Selling Shareholder, severally and not jointly, assumes no responsibility for any other statement in this Draft Red Herring Prospectus, including, *inter alia*, any other statements made by or relating to our Company or its business or any other Selling Shareholder.

LISTING
The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, see *'Material Contracts and Documents for Inspection'* on page 504.

BOOK RUNNING LEAD MANAGERS

LOGO	NAME OF THE BOOK RUNNING LEAD MANAGER	CONTACT PERSON	E-MAIL AND TELEPHONE
	DAM Capital Advisors Limited	**Contact person:** Arpi Chheda	**E-mail:** Sanathan.ipo@damcapital.in **Tel:** + 91 22 4202 2500
	ICICI Securities Limited	**Contact person:** Gaurav Mittal / Abhijit Diwan	**E-mail:** sanathan.ipo@icicisecurities.com **Tel:** + 91 22 6807 7100

REGISTRAR TO THE OFFER

LOGO	NAME OF THE REGISTRAR	CONTACT PERSON	E-MAIL AND TELEPHONE
	KFin Technologies Limited *(formerly known as KFin Technologies Private Limited)*	**Contact Person**: M. Murali Krishna	**E-mail:** stl.ipo@kfintech.com **Tel:** + 91 40 6716 2222

BID/OFFER PERIOD

ANCHOR INVESTOR BID/ OFFER PERIOD OPENS AND CLOSES ON*	[●]	BID/OFFER OPENS ON*	[●]	BID/OFFER CLOSES ON**^	[●]

** 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.*

*** Our Company, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs 1 Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*

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

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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 251.

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 3312/3/4/5/6;
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 ₹ 8,000.00 MILLION (OFFER) COMPRISING A FRESH ISSUE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5,000.00 MILLION BY OUR COMPANY (FRESH ISSUE) AND AN OFFER FOR SALE OF UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 3,000.00 MILLION BY THE SELLING SHAREHOLDERS (OFFER FOR SALE) COMPRISING UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 618.75 MILLION BY PARESH VRAJLAL DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 693.50 MILLION BY AJAY VALLABHDAS DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 711.25 MILLION BY ANILKUMAR VRAJDAS DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 743.75 MILLION BY DINESH VRAJDAS DATTANI (THE 'PROMOTER SELLING SHAREHOLDERS'), UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5.00 MILLION BY VAJUBHAI INVESTMENTS PRIVATE LIMITED, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5.00 MILLION BY VALLABHDAS DATTANI HUF, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 45.00 MILLION BY SONALI AJAYKUMAR DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5.00 MILLION BY DATTANI DINESHKUMAR VRAJDAS HUF AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 70.00 MILLION BY BEENA PARESH DATTANI , UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 35.00 MILLION BY ANILKUMAR VRAJDAS DATTANI HUF, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 60.00 MILLION BY PARESH KUMAR V DATTANI HUF, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 2.50 MILLION BY JAYSHREE ANILKUMAR DATTANI, UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 5.00 MILLION BY VALLABHDAS DATTANI AND UP TO [●] EQUITY SHARES AGGREGATING UP TO ₹ 0.25 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').

OUR COMPANY, IN CONSULTATION WITH THE BRLMS, MAY CONSIDER AN ISSUE OF SPECIFIED SECURITIES, AS MAY BE PERMITTED UNDER APPLICABLE LAW, TO ANY PERSON(S), AGGREGATING UP TO ₹ 1,000.00 MILLION AT ITS DISCRETION, PRIOR TO FILING OF THE RED HERRING PROSPECTUS WITH THE ROC (PRE-IPO PLACEMENT). THE PRE-IPO PLACEMENT, IF UNDERTAKEN, WILL BE AT A PRICE TO BE DECIDED BY OUR COMPANY, IN CONSULTATION WITH THE BRLMS. IF THE PRE-IPO PLACEMENT IS COMPLETED, THE AMOUNT RAISED PURSUANT TO THE PRE-IPO PLACEMENT WILL BE REDUCED FROM THE FRESH ISSUE, SUBJECT TO COMPLIANCE WITH RULE 19(2)(B) OF THE SECURITIES CONTRACTS (REGULATION) RULES, 1957, AS AMENDED. THE PRE-IPO PLACEMENT, IF UNDERTAKEN, SHALL NOT EXCEED 20.00% OF THE SIZE OF THE FRESH ISSUE. PRIOR TO THE COMPLETION OF THE OFFER, OUR COMPANY SHALL APPROPRIATELY INTIMATE THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT, PRIOR TO ALLOTMENT PURSUANT TO THE PRE-IPO PLACEMENT, THAT THERE IS NO GUARANTEE THAT OUR COMPANY MAY PROCEED WITH THE OFFER, OR THE OFFER MAY BE SUCCESSFUL AND WILL RESULT INTO LISTING OF THE EQUITY SHARES ON THE STOCK EXCHANGES. FURTHER, RELEVANT DISCLOSURES IN RELATION TO SUCH INTIMATION TO THE SUBSCRIBERS TO THE PRE-IPO PLACEMENT (IF UNDERTAKEN) SHALL BE APPROPRIATELY MADE IN THE RELEVANT SECTIONS OF THE RED HERRING PROSPECTUS AND THE PROSPECTUS.

THE FACE VALUE OF EQUITY SHARES IS ₹ 10 EACH. THE PRICE BAND AND THE MINIMUM BID LOT WILL BE DECIDED BY OUR COMPANY IN CONSULTATION WITH THE BOOK RUNNING LEAD MANAGERS (BRLMS) AND WILL BE ADVERTISED IN ALL EDITIONS OF THE [●], AN ENGLISH LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION, AND ALL EDITIONS OF [●], A HINDI LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION AND ALL EDITIONS OF [●], A GUJARATI LANGUAGE NATIONAL DAILY WITH WIDE CIRCULATION (GUJARATI, BEING THE REGIONAL LANGUAGE OF UNION TERRITORY OF DADRA AND NAGAR HAVELI AND DAMAN AND DIU, WHERE OUR REGISTERED OFFICE IS LOCATED), AT LEAST 2 WORKING DAYS PRIOR TO THE BID/OFFER OPENING DATE AND SHALL BE MADE AVAILABLE TO THE BSE LIMITED (BSE) AND THE NATIONAL STOCK EXCHANGE OF INDIA LIMITED (NSE, AND TOGETHER WITH THE BSE, THE STOCK EXCHANGES) FOR THE PURPOSE OF UPLOADING ON THEIR RESPECTIVE WEBSITES, IN ACCORDANCE WITH THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2018, AS AMENDED (SEBI ICDR REGULATIONS).

In case of any revision in the Price Band, the Bid/Issue Period will be extended by at least 3 additional Working Days after such revision in the Price Band, subject to the Bid/Issue Period not exceeding 10 Working Days. In cases of *force majeure*, banking strike or similar circumstances, our Company may, in consultation with the BRLMs, for reasons to be recorded in writing, extend the Bid/Issue Period for a minimum of 1 Working Day, subject to the Bid/Issue Period not exceeding 10 Working Days. Any revision in the Price Band and the revised Bid/Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release, and also by indicating the change on the website of the BRLMs and at the terminals of the other members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

The Offer is being made in terms of Rule 19(2)(b) of the Securities Contacts (Regulation) Rules, 1957 (**SCRR**), read with Regulation 31 of the SEBI ICDR Regulations. The Offer is being made in accordance with Regulation 6(1) of the SEBI ICDR Regulations, through the Book Building Process wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to Qualified Institutional Buyers (QIBs) (such portion referred to as QIB Portion), provided that our Company , in consultation with the BRLMs may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations (Anchor Investor Portion), out of which one-third shall be reserved for domestic Mutual Funds only, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is made to Anchor Investors (Anchor Investor Allocation Price), in accordance with the SEBI ICDR Regulations. In the event of under-subscription or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) one-third of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (b) two-third of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price. All potential Bidders (except Anchor Investors) are required to mandatorily use the Application Supported by Blocked Amount (**ASBA**) process providing details of their respective ASBA accounts, and UPI ID in case of UPI Bidders, if applicable, in which the corresponding Bid Amounts will be blocked by the SCSBs or by the Sponsor Bank(s) under the UPI Mechanism, as applicable, to the extent of the respective Bid Amounts. Anchor Investors are not permitted to participate in the Offer through the ASBA process. For further details, see '*Offer Procedure*' on page 471.

RISK IN RELATION TO THE FIRST OFFER

This being the first public issue of the Equity Shares of our Company, there has been no formal market for the Equity Shares of our Company. The face value of the Equity Shares is ₹ 10. The Floor Price, the Cap Price and the Offer Price as determined and justified by our Company, in consultation with the BRLMs, on the basis of the assessment of market demand for the Equity Shares by way of the Book Building Process, in accordance with the SEBI ICDR Regulations, and as stated under '*Basis for the Offer Price'* on page 141 should not be taken to be indicative of the market price of the Equity Shares after the Equity Shares are listed. No assurance can be given regarding an active or sustained trading in the Equity Shares or regarding the price at which the Equity Shares will be traded after listing.

GENERAL RISK

Investments in equity and equity-related securities involve a degree of risk and investors should not invest any funds in the Offer unless they can afford to take the risk of losing their entire investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer. For taking an investment decision, investors must rely on their own examination of our Company and the Offer, including the risks involved. The Equity Shares in the Offer have not been recommended or approved by the SEBI, nor does SEBI guarantee the accuracy or adequacy of the contents of this Draft Red Herring Prospectus. Specific attention of the investors is invited to '*Risk Factors*' on page 34.

ISSUER'S AND SELLING SHAREHOLDERS ABSOLUTE RESPONSIBILITY

Our Company, having made all reasonable inquiries, accepts responsibility for and confirms that this Draft Red Herring Prospectus contains all information with regard to our Company and the Offer which is material in the context of the Offer, that the information contained in this Draft Red Herring Prospectus is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which make this Draft Red Herring Prospectus as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect. Further, each Selling Shareholder, severally and not jointly, accepts responsibility only for and confirms the statements made or undertaken expressly by it in this Draft Red Herring Prospectus only to the extent of information specifically pertaining to it and its respective portion of the Offered Shares and assumes responsibility that such statements are true and correct in all material respects and not misleading in any material respect. Each Selling Shareholder, severally and not jointly, assumes no responsibility for any other statement in this Draft Red Herring Prospectus, including, inter alia, any other statements made by or relating to our Company or its business or any other Selling Shareholders.

LISTING

The Equity Shares to be offered through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. Our Company has received 'in-principle' approvals from BSE and NSE for listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively. For the purposes of the Offer, [●] is the Designated Stock Exchange. A signed copy of the Red Herring Prospectus and the Prospectus shall be filed with the RoC in accordance with Sections 26(4) and 32 of the Companies Act, 2013. For further details of the material contracts and documents available for inspection from the date of the Red Herring Prospectus until the Bid/Offer Closing Date, see *'Material Contracts and Documents for Inspection'* on page 504.

BOOK RUNNING LEAD MANAGERS		REGISTRAR TO THE OFFER
DAM Capital Advisors Limited One BKC, Tower C, 15th Floor, Unit No. 1511 Bandra Kurla Complex, Bandra (East) Mumbai - 400 051, Maharashtra, India **Tel:** +91 22 4202 2500 **E-mail:** Sanathan.ipo@damcapital.in **Website:** www.damcapital.in **Investor Grievance E-mail:** complaint@damcapital.in **Contact person:** Arpi Chheda **SEBI registration number:** MB/INM000011336	**ICICI Securities Limited** ICICI Venture House, Appasaheb Marathe Marg, Prabhadevi, Mumbai – 400025, Maharashtra, India **Tel:** +91 22 6807 7100 **E-mail:** sanathan.ipo@icicisecurities.com **Website:** www.icicisecurities.com **Investor Grievance E-mail:** customercare@icicisecurities.com **Contact person:** Gaurav Mittal / Abhijit Diwan **SEBI registration number:** INM000011179	**KFin Technologies Limited** *(formerly known as KFin Technologies Private Limited)* Selenium, Tower B, Plot No. 31 and 32, Gachibowli, Financial District, Nanakramguda, Serilingampally Hyderabad - 500 032, Telangana, India **Tel:** +91 40 6716 2222 **E-mail:** stl.ipo@kfintech.com **Investor Grievance E-mail:** einward.ris@kfintech.com **Website:** www.kfintech.com **Contact person:** M. Murali Krishna **SEBI registration number:** INR000000221

BID/OFFER PERIOD

ANCHOR INVESTOR BIDDING DATE*	[●]	**BID/OFFER OPENS ON***	[●]	**BID/OFFER CLOSES ON**^**	[●]

** 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.*
*** Our Company, in consultation with the BRLMs, may consider closing the Bid/Offer Period for QIBs 1 Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
^UPI mandate end time and date shall be at 5 pm, on Bid/Offer Closing Date.

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CONTENTS

SECTION I: GENERAL

DEFINITIONS AND ABBREVIATIONS

This Draft Red Herring Prospectus uses certain definitions and abbreviations which, unless the context otherwise indicates or implies, or unless otherwise specified, shall have the meaning as provided below. References to any statutes, regulations, rules, guidelines or policies shall be to such act, regulation, rule, guideline or policy as amended, supplemented or re-enacted from time to time and any reference to a statutory provision shall include any subordinate legislation made from time to time under that provision.

The words and expressions used in this Draft Red Herring Prospectus but not defined herein, shall have, to the extent applicable, the same meanings ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act and the rules and regulations made thereunder.

Notwithstanding the foregoing, terms used in 'Description of Equity Shares and Main Provisions of the Articles of Association', 'Statement of Special Tax Benefits', 'Basis for the Offer Price', 'Industry Overview', 'Key Regulations and Policies', 'Offer Procedure', 'Financial Information' 'Outstanding Litigation and Other Material Developments' and 'Restriction on Foreign Ownership of Indian Securities' on pages 492, 150, 141, 160, 244, 471, 296, 430, 490 respectively, shall have the meaning ascribed to such terms in the relevant section.

Term	Description
'our Company', 'Company' or 'Issuer'	Sanathan Textiles Limited, with registered office situated at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra, & Nagar Haveli, Silvassa - 396230, India.
'we', 'us', or 'our'	Unless the context otherwise indicates or implies or refers to our Company.

Company related terms

Term	Description
AoA/ Articles of Association/ Articles	Articles of association of our Company, as amended.
Audit Committee	The audit committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations and as described in '*Our Management – Committees of Our Board'* on page 268.
Auditors or Statutory Auditors	The Statutory auditors of our Company, namely, Walker Chandiok & Co LLP.
Board or Board of Directors	The Board of directors of our Company or a duly constituted committee thereof. For further details see '*Our Management'* on page 259.
Chairman and Managing Director	The chairman and managing director of our Company, namely, Paresh Vrajlal Dattani. For further details, see *'Our Management'* on page 259.
Chief Financial Officer or CFO	The Chief Financial Officer of our Company, namely, Sanjay Anirudh Shah. For further details, see *'Our Management - Key Managerial Personnel and Senior Management'* on page 278.
Company Secretary and Compliance Officer	The Company Secretary and Compliance Officer of our Company, namely, Dsouza Jude Patrick. For further details, see *'Our Management - Key Managerial Personnel and Senior Management'* on page 278.
Corporate Office	The Corporate Office of our Company, situated at D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai – 400013, Maharashtra, India.
Corporate Social Responsibility Committee	The corporate social responsibility committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and as described in '*Our Management – Committees of Our Board'* on page 268.
Director(s)	The director(s) on the Board of our Company as appointed from time to time. For further details, see *'Our Management'* on page 259.
Equity Shares	Equity shares of our Company of face value of ₹ 10 each.
Executive Director(s)	Executive directors of our Company namely, Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani. For further details, see '*Our Management'* on page 259.

Term	Description
Exemption Application	Application dated February 8, 2024 filed with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding, and from, such natural person(s) and entities, as required under the SEBI ICDR Regulations.
Group Company	In terms of the SEBI ICDR Regulations, the term 'group companies', includes: (i) such companies (other than promoter(s) and subsidiary(ies)) with which our Company had related party transactions during the periods for which financial information is disclosed, as covered under applicable accounting standards, and (ii) any other companies considered material by our Board. For details of our group company, see '*Our Group Company*' on page 293.
Independent Chartered Accountant	The chartered accountant appointed by our Company, namely, Jain Tripathi & Co.
Independent Chartered Engineer	The chartered engineer appointed by our Company, namely, Mitesh M. Desai.
Independent Director(s)	Independent directors on our Board, and who are eligible to be appointed as independent directors under the provisions of the Companies Act and the SEBI Listing Regulations, namely, Debabrata Sarkar, Khurshed Thanawalla, Rupal Vora and Vinay Aggarwal. For details of the Independent Directors, see *'Our Management'* on page 259.
IPO Committee	The IPO Committee of our Company, constituted to facilitate the process of the Offer, and as described in *'Our Management – Committees of Our Board'* on page 268.
Key Managerial Personnel	Key managerial personnel of our Company in accordance with Regulation 2(1)(bb) of the SEBI ICDR Regulations and Section 2(51) of the Companies Act and as disclosed in '*Our Management – Key Managerial Personnel'* on page 278.
Materiality Policy	The policy adopted by our Board pursuant to its resolution dated March 16, 2024, for identification of: (a) material outstanding litigation; (b) Group Company(ies); and (c) material creditors, in accordance with the disclosure requirements under the SEBI ICDR Regulations and for the purpose of disclosure in this Draft Red Herring Prospectus, Red Herring Prospectus and the Prospectus.
Material Subsidiary	The material subsidiary of our Company, identified in accordance with the SEBI Listing Regulations, namely, Sanathan Polycot Private Limited
Memorandum of Association or MoA	The memorandum of association of our Company, as amended.
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company, constituted in accordance with the applicable provisions of the Companies Act and the SEBI Listing Regulations and as described *in 'Our Management – Committees of Our Board'* on page 268.
Non-Executive Independent Director(s)	Non-executive Director(s) of our Company, namely, Debabrata Sarkar, Khurshed Thanawalla, Rupal Vora and Vinay Aggarwal. For further details, see '*Our Management*' on page 259.
Promoters	Promoters of our Company namely, Nimbus Trust, D&G Family Trust, A&J Family Trust, P&B Family Trust, Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani. For further details, see '*Our Promoters and Promoter Group'* on page 283.
Promoter Group	Persons and entities constituting the promoter group of our Company in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as disclosed in '*Our Promoter and Promoter Group – Our Promoter Group'* on page 290.
Promoter Selling Shareholders	Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani.

Term	Description
Promoter Group Selling Shareholders	Vajubhai Investments Private Limited, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Dattani Dineshkumar Vrajdas HUF, Beena Paresh Dattani, Anilkumar Vrajdas Dattani HUF, Paresh Kumar V Dattani HUF, Jayshree Anilkumar Dattani, Ajay Kumar V Dattani HUF and Vallabhdas Dattani.
Registrar of Companies or RoC	Registrar of Companies, Gujarat at Ahmedabad
Registered Office	The registered office of our Company, situated at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa – 396230, India.
Restated Consolidated Financial Information	The restated consolidated financial information of our Company comprising the restated consolidated statement of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity and the restated consolidated cash flow statement for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, and the summary statement of material accounting policies, and other explanatory information, prepared in terms of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time.
Risk Management Committee	The risk management committee of our Company, constituted in accordance with the applicable provisions of the SEBI Listing Regulations and as described in '*Our Management - Committees of Our Board'* on page 268.
Selling Shareholders	Collectively, the Promoter Selling Shareholders and Promoter Group Selling Shareholders.
Senior Management	Senior management of our Company in accordance with Regulation 2(1) (bbbb) of the SEBI ICDR Regulations and as disclosed in *'Our Management – Key Managerial Personnel and Senior Management'* on page 278.
Shareholder(s)	Shareholder(s) holding Equity Shares of our Company, from time to time.
Stakeholders' Relationship Committee	Stakeholders' relationship committee of our Board, constituted in accordance with the applicable provisions of the Companies Act, 2013 and the SEBI Listing Regulations, and as described in *'Our Management – Committees of Our Board'* on page 268.
Subsidiaries	Collectively, Universal Texturisers Private Limited and Sanathan Polycot Private Limited. For further details, see *'Our Subsidiaries'* on page 256.

Offer Related Terms

Term	Description
Abridged Prospectus	Abridged prospectus means a memorandum containing such salient features of a prospectus as may be specified by the SEBI in this behalf.
Acknowledgement Slip	The slip or document issued by a Designated Intermediary to a Bidder as proof of registration of the Bid cum Application Form.
Allot, Allotment or Allotted	Unless the context otherwise requires, allotment of the Equity Shares pursuant to the Fresh Issue, and transfer of the Offered Shares by the Selling Shareholders pursuant to the Offer for Sale, to the successful Bidders.
Allotment Advice	A note or advice or intimation of Allotment sent to all the Bidders who have Bid in the Offer after the Basis of Allotment has been approved by the Designated Stock Exchange.
Allottee	A successful Bidder to whom the Equity Shares are Allotted.
Anchor Investor	A QIB, applying under the Anchor Investor Portion in accordance with the requirements specified in the SEBI ICDR Regulations and this Draft Red Herring Prospectus which has bid for an amount of at least ₹ 100.00 million.
Anchor Investor Allocation Price	The price at which the Equity Shares will be allocated to the Anchor Investors in terms of this Draft Red Herring Prospectus and Prospectus, which will be decided by our Company, in consultation with the BRLMs, during the Anchor Investor Bidding Date.

Term	Description
Anchor Investor Application Form	The application form used by an Anchor Investor to make a Bid in the Anchor Investor Portion, and which will be considered as an application for Allotment in terms of this Draft Red Herring Prospectus and the Prospectus.
Anchor Investor Bid/Offer Period	1 Working Day prior to the Bid/ Offer Opening Date, on which Bids by the Anchor Investors shall be submitted and allocation to the Anchor Investors shall be completed.
Anchor Investor Offer Price	The final price at which the Equity Shares will be Allotted to the Anchor Investors in terms of the Draft Red Herring Prospectus and the Prospectus, which price will be equal to or higher than the Offer Price but not higher than the Cap Price. The Anchor Investor Offer Price will be decided by our Company, in consultation with the BRLMs.
Anchor Investor Pay-In Date	With respect to the Anchor Investor(s), it shall be the Anchor Investor Bidding Date, and in the event the Anchor Investor Allocation Price is lower than the Offer Price, a date not later than 1 Working Days after the Bid/ Offer Closing Date.
Anchor Investor Portion	Up to 60% of the QIB Portion which may be allocated by our Company in consultation with the BRLMs, to the Anchor Investors on a discretionary basis, in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price, in accordance with the SEBI ICDR Regulations.
Application Supported by Blocked Amount or ASBA	An application, whether physical or electronic, used by ASBA Bidders to make a Bid and authorizing an SCSB to block the Bid Amount in the ASBA Account and will include applications made by UPI Bidders using the UPI Mechanism where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by the UPI Bidders using the UPI Mechanism.
ASBA Account	A bank account maintained with an SCSB by an ASBA Bidder, as specified in the ASBA Form submitted by ASBA Bidders for blocking the Bid Amount mentioned in the relevant ASBA Form, which may be blocked by such SCSB or the account of the UPI Bidders blocked upon acceptance of a UPI Mandate Request made by the UPI Bidder using the UPI Mechanism, to the extent of the Bid Amount of the ASBA Bidder.
ASBA Bid	A Bid made by an ASBA bidder.
ASBA Bidders	All Bidders except Anchor Investor(s).
ASBA Form(s)	An application form, whether physical or electronic, used by ASBA Bidders to submit Bids which will be considered as the application for Allotment in terms of the Red Herring Prospectus and the Prospectus.
Banker(s) to the Offer	Collectively, the Escrow Collection Bank(s), the Refund Bank(s), the Sponsor Bank(s) and the Public Offer Account Bank(s), as the case may be.
Basis of Allotment	The basis on which the Equity Shares will be Allotted to successful Bidders under the Offer, and which is described in '*Offer Procedure'* on page 471.
Bid	An indication to make an offer during the Bid/Offer Period by an ASBA Bidder pursuant to submission of the ASBA Form, or on the Anchor Investor Bidding Date by an Anchor Investor pursuant to submission of the Anchor Investor Application Form, to subscribe to or purchase the Equity Shares at a price within the Price Band, including all revisions and modifications thereto as permitted under the SEBI ICDR Regulations and in terms of this Draft Red Herring Prospectus and the Bid cum Application form. The term 'Bidding' shall be construed accordingly.
Bid Amount	In relation to each Bid, the highest value of optional Bids indicated in the Bid cum Application Form and, in the case of Retain Individual Bidders, Bidding at the Cut-off Price, the Cap Price multiplied by the number of Equity Shares Bid for by such Retail Individual Bidder and mentioned in the Bid cum Application

Term	Description
	Form and payable by the Bidder or blocked in the ASBA Account of the ASBA Bidders, as the case may be, upon submission of the Bid.
Bid cum Application Form	The Anchor Investor Application Form or the ASBA Form, as the context requires.
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.
Bid/Offer Closing Date	Except in relation to any Bids received from the Anchor Investors, the date after which the Designated Intermediaries will not accept any Bids, being [●], which shall be published in being all editions of such statutory newspapers (English, Hindi, and Gujarati, with Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where the Company's registered office is situated), in this case, namely [●], [●] and [●] in which the pre-Offer advertisement was made by the Company.
Bid/Offer Period	Except in relation to the Anchor Investors, the period between the Bid/Offer Opening Date and the Bid/Offer Closing Date, inclusive of both days, during which prospective Bidders can submit their Bids, including any revisions thereof, in accordance with the SEBI ICDR Regulations. Our Company may, in consultation with the BRLMs, consider closing the Bid/Offer Period for QIBs 1 Working Day prior to the Bid/Offer Closing Date, in accordance with the SEBI ICDR Regulations.
Bid/Offer Opening Date	Except in relation to any Bids received from the Anchor Investors, the date on which the Designated Intermediaries shall start accepting Bids, being all editions of such statutory newspapers (English, Hindi, and Gujarati, with Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where the Company's registered office is situated), in this case, namely [●], [●] and [●] in which the pre-Offer advertisement was made by the Company.
Bidder / Applicant / Investor	Any prospective investor who makes a Bid pursuant to the terms of this Draft Red Herring Prospectus and the Bid cum Application Form and unless otherwise stated or implied, includes an Anchor Investor.
Bidding Centres	The centres at which at the Designated Intermediaries shall accept the ASBA Forms, i.e., Designated SCSB Branches for SCSBs, Specified Locations for Syndicate, Broker Centres for Registered Brokers, Designated RTA Locations for RTAs and Designated CDP Locations for CDPs.
Book Building Process	Book building process, as provided in Schedule XIII of the SEBI ICDR Regulations, in terms of which the Offer is being made.
Book Running Lead Managers or BRLMs	The book running lead managers to the Offer namely, DAM Capital Advisors Limited and ICICI Securities Limited.
Broker Centres	Broker centres notified by the Stock Exchanges where Bidders can submit the ASBA Forms to a Registered Broker and in case of RIBs only ASBA Forms with UPI. The details of such Broker Centres, along with the names and contact details of the Registered Brokers are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
CAN or Confirmation of Allocation Note	Notice or intimation of allocation of the Equity Shares sent to the Anchor Investors, who have been allocated the Equity Shares, on/after the Anchor Investor Bidding Date.
Cap Price	The higher end of the Price Band, above which the Offer Price and the Anchor Investor Offer Price will not be finalised and above which no Bids will be accepted, including any revisions thereof. Cap Price shall be at least 105% of the Floor Price and shall not exceed 120% of the Floor Price.
Cash Escrow and Sponsor Bank Agreement	The agreement to be entered amongst our Company, the Selling Shareholders, the Registrar to the Offer, the BRLMs, the Syndicate Members and the Banker to the Offer for the appointment of the Sponsor Bank in accordance with the Circular on Streamlining of Public Issues, the collection of the Bid Amounts from Anchor Investors, transfer of funds to the Public Offer Account and where

Term	Description
	applicable, refunds of the amounts collected from Bidders, on the terms and conditions thereof.
Client ID	Client identification number maintained with one of the Depositories in relation to demat account.
Collecting Depository Participant(s)/CDP(s)	A depository participant as defined under the Depositories Act, 1996, registered with SEBI and who is eligible to procure Bids at the Designated CDP Locations in terms of the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), as per the list available on the websites of BSE and NSE, as updated from time to time.
Collecting Registrar and Share Transfer Agents or CRTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of the UPI Circular.
CRISIL	CRISIL Limited
CRISIL Report	The report titled *'Assessment of textile industry with special focus on yarn manufacturing market in India'* prepared by CRISIL dated April 12, 2024, read with Addendum dated August 16, 2024, which has been exclusively commissioned and paid for by our Company specifically in connection with the Offer.
Cut-off Price	Offer Price, finalised by our Company, in consultation with the BRLMs which shall be any price within the Price Band. Only Retail Individual Bidders are entitled to Bid at the Cut-off Price. QIBs (including Anchor Investors) and Non-Institutional Bidders are not entitled to Bid at the Cut-off Price.
DAM Capital	DAM Capital Advisors Private Limited.
Demographic Details	Details of the Bidders including the Bidder's address, name of the Bidder's father/husband, investor status, occupation and bank account details and UPI ID, where applicable.
Designated CDP Locations	Such locations of the CDPs where Bidders can submit the ASBA Forms. The details of such Designated CDP Locations, along with names and contact details of the CDPs eligible to accept ASBA Forms are available on the respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
Designated Date	The date on which the Escrow Collection Bank(s) transfer funds from the Escrow Accounts(s) to the Public Offer Account(s) or the Refund Account(s), as the case may be, and instructions are given to the SCSBs (in case of UPI Bidders using UPI Mechanism, instructions through the Sponsor Bank) for the transfer of amounts blocked by the SCSBs in the ASBA Accounts to the Public Offer Account(s) or the Refund Account(s), as appropriate, in terms of the Red Herring Prospectus and the Prospectus following which Equity Shares will be Allotted in the Offer to the successful Bidders.
Designated Intermediaries	In relation to ASBA Forms submitted by (i) RIBs, (ii) Non-Institutional Bidders with an application size of up to ₹ 0.50 million (not using the UPI mechanism) by authorising an SCSB to block the Bid Amount in the ASBA Account, Designated Intermediaries shall mean SCSBs. In relation to ASBA Forms submitted by UPI Bidders where the Bid Amount will be blocked upon acceptance of UPI Mandate Request by such UPI Bidder using the UPI Mechanism, Designated Intermediaries shall mean Syndicate, Sub Syndicate/agents, Registered Brokers, CDPs and RTAs. In relation to ASBA Forms submitted by QIBs and Non Institutional Bidders (not using the UPI Mechanism), Designated Intermediaries shall mean Syndicate, Sub Syndicate/ agents, SCSBs, Registered Brokers, the CDPs and RTA.
Designated RTA Locations	Such locations of the RTAs where Bidders can submit the ASBA Forms to RTAs. The details of such Designated RTA Locations, along with names and contact details of the RTAs eligible to accept ASBA Forms are available on the

Term	Description
	respective websites of the Stock Exchanges (www.bseindia.com and www.nseindia.com).
Designated SCSB Branches	Such branches of the SCSBs, which shall collect the ASBA Forms, a list of which is available on the website of SEBI at http://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes or at such other website as may be prescribed by SEBI from time to time.
Designated Stock Exchange	[●]
Draft Red Herring Prospectus or DRHP	The draft red herring prospectus dated August 20, 2024 issued in accordance with the SEBI ICDR Regulations, which does not contain complete particulars of the price at which the Equity Shares will be Allotted and the size of the Offer including any addenda or corrigenda thereto.
Eligible FPIs	FPIs that are eligible to participate in this Offer in terms of applicable laws.
Eligible NRI(s)	NRI(s) from jurisdictions outside India where it is not unlawful to make an offer or invitation under the Offer and in relation to whom the ASBA Form and this Draft Red Herring Prospectus will constitute an invitation to subscribe to or to purchase the Equity Shares.
Escrow Account(s)	Non-lien and non-interest-bearing accounts to be opened with the Escrow Collection Bank and in whose favour the Anchor Investors will transfer money through NACH/direct credit/NEFT/RTGS in respect of the Bid Amount when submitting a Bid.
Escrow Collection Bank(s)	Bank(s) which is a clearing member and registered with SEBI as banker to an offer, under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, and with whom the Escrow Account in relation to the Offer for Bids by Anchor Investors, will be opened, in this case being [●].
First Bidder / Sole Bidder	Bidder whose name shall be mentioned in the Bid cum Application Form or the Revision Form and in case of joint Bids, whose name shall also appear as the first holder of the beneficiary account held in joint names.
Floor Price	The lower end of the Price Band subject to any revision thereto, at or above which the Offer Price and the Anchor Investor Offer Price will be finalised and below which no Bids will be accepted.
Fresh Issue	The fresh issue component of the Offer comprising an issuance of up to [●] Equity Shares of face value of ₹ 10 each at ₹ [●] per Equity Share aggregating up to ₹ 5,000.00 million by our Company. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.
General Information Document or GID	The General Information Document for investing in public issues prepared and issued in accordance with the SEBI circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and modified and updated pursuant to the circular (SEBI/HO/CFD/DIL2/CIR/P/2020/50) dated March 30, 2020 and the UPI Circulars, as amended from time to time. The General Information Document shall be available on the websites of the Stock Exchanges and the BRLMs.

Term	Description
Gross Proceeds	The gross proceeds of the Fresh Issue that will be available to our Company.
ICICI Securities	ICICI Securities Limited
Maximum RIB Allottees	Maximum number of RIBs who can be allotted the minimum Bid Lot. This is computed by dividing the total number of Equity Shares available for Allotment to RIBs by the minimum Bid Lot, subject to valid Bids being received at or above the Offer Price.
Monitoring Agency	[●].
Monitoring Agency Agreement	The Agreement dated [●] to be entered into between our Company and the Monitoring Agency prior to the filing of the Red Herring Prospectus.
Mutual Fund Portion	5% of the Net QIB Portion (excluding the Anchor Investor Portion), or [●] Equity Shares which shall be available for allocation to Mutual Funds only on a proportionate basis, subject to valid Bids being received at or above the Offer Price.
Mutual Funds	Mutual funds registered with SEBI under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.
Net Proceeds	The Offer Proceeds less our Company's share of the Offer related expenses applicable to the Fresh Issue. For further details regarding the use of the Net Proceeds and the Offer expenses, see '*Objects of the Offer'* on page 127.
Net QIB Portion	The portion of the QIB Portion less the number of Equity Shares Allotted to the Anchor Investors.
Non-Institutional Bidders/ NIB(s)	All Bidders that are not QIBs or Retail Individual Bidders and who have Bid for Equity Shares for an amount of more than ₹ 0.20 million (but not including NRIs other than Eligible NRIs)
Non-Institutional Portion	The portion of the Offer being not less than 15% of the Offer consisting of [●] Equity Shares which shall be available for allocation to Non-Institutional Bidders in accordance with SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price, out of which (i) one third shall be reserved for NIBs with application size exceeding ₹ 0.20 million up to ₹ 1.00 million; and (ii) two-thirds shall be reserved for NIBs with application size exceeding ₹ 1.00 million. Provided that the unsubscribed portion in either of the sub-categories specified in clauses (a) or (b), may be allocated to applicants in the other sub-category of Non-Institutional Bidders.
Non-Resident	Person resident outside India, as defined under FEMA and includes NRIs, FVCIs, VCFs, and FPIs.
Offer	The initial public offer of the Equity Shares comprising of the Fresh Issue and the Offer for Sale. The initial public offer of up to [●] Equity Shares of face value of ₹ 10 each for cash at a price of ₹ [●] each, aggregating up to ₹ 8,000.00 million, comprising of a Fresh Issue of up to [●] Equity Shares aggregating up to ₹ ₹ 5,000.00 million; and Offer for Sale of up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 3,000.00 million by the Selling Shareholders. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-

Term	Description
	IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.
Offer Agreement	Agreement dated April 17, 2024, as amended by the Amendment to the Offer Agreement dated August 20, 2024 amongst our Company, the Selling Shareholders and the BRLMs pursuant to which certain arrangements have been agreed to in relation to the Offer.
Offer for Sale	The offer for sale of up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 3000.00 million by the selling shareholder, namely,
Offer Price	The final price at which Equity Shares will be Allotted to successful Bidders, other than Anchor Investors in terms of the Red Herring Prospectus and Prospectus. Equity Shares will be Allotted to Anchor Investors at the Anchor Investor Offer Price which will be decided by our Company in consultation with the BRLMs in terms of the Red Herring Prospectus and the Prospectus. The Offer Price will be decided by our Company, in consultation with the BRLMs on the Pricing Date, in accordance with the Book Building Process and in terms of the Red Herring Prospectus.
Offer Proceeds	The Net proceeds, and the proceeds of the Offer for Sale which shall be available to the Selling Shareholders. For further details regarding use of the Offer Proceeds, see '*Objects of the Offer*' on page 127.
Offered Shares	Up to [●] Equity Shares aggregating up to ₹ 3,000.00 million offered for sale by the Selling Shareholders. For details, see '*The Offer'* on page 79.
Pre-IPO Placement	Our Company, in consultation with the BRLMs, may consider a issue of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.
Price Band	Price band of a minimum price of ₹ [●] per Equity Share (i.e., the Floor Price) and the maximum price of ₹ [●] per Equity Share (i.e., Cap Price) including any revisions thereof. The Price Band and the minimum Bid Lot for the Offer will be decided by our Company, in consultation with the BRLMs, and will be advertised in all editions of such statutory newspapers (English, Hindi, and Gujarati, with Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where the Company's registered office is situated), in this case, namely [●], [●] and [●] in which the pre-Offer advertisement was made by the Company at least 2 Working Days prior to the Offer Opening Date, with the relevant financial ratios calculated at the Floor Price and at the Cap Price, and shall be made available to the Stock Exchanges for the purpose of uploading on their respective websites. Provided that the Cap Price shall be the minimum 105% of the Floor Price and shall not exceed than 120% of the Floor Price.
Pricing Date	The date on which our Company in consultation with the BRLMs, will finalise the Offer Price.
Prospectus	The prospectus to be filed with the RoC for this Offer in accordance with the provisions of Section 26 of the Companies Act and the SEBI ICDR Regulations containing, inter alia, the Offer Price that is determined at the end of the Book

Term	Description
	Building Process, the size of the Offer and certain other information, including any addenda or corrigenda thereto.
Public Offer Account(s)	Bank account to be opened with the Public Offer Account Bank(s) under Section 40(3) of the Companies Act to receive monies from the Escrow Account(s) and ASBA Accounts on the Designated Date.
Public Offer Account Bank(s)	The bank(s) which are clearing members and registered with the SEBI as a banker to an issue under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994, with which the Public Offer Account(s) shall be opened, being [●].
QIB Category or QIB Portion	The portion of the Offer (including the Anchor Investor Portion) being not more than 50% of the Offer consisting of [●] Equity Shares which shall be available for allocation to QIBs (including Anchor Investors), subject to valid Bids being received at or above the Offer Price or Anchor Investor Offer Price (for Anchor Investors).
Qualified Institutional Buyers or QIBs or QIB Bidders	Qualified institutional buyers as defined under Regulation 2(1)(ss) of the SEBI ICDR Regulations.
Red Herring Prospectus or RHP	Red Herring Prospectus issued in accordance with Section 32 of the Companies Act and the provisions of the SEBI ICDR Regulations, which does not have complete particulars of the Offer Price and the size of the Offer, including any addenda or corrigenda thereto. The Red Herring Prospectus will be filed with the RoC at least 3 Working Days before the Offer Opening Date and will become the Prospectus upon filing with the RoC after the Pricing Date.
Refund Account(s)	The account opened with the Refund Bank, from which refunds, if any, of the whole or part of the Bid Amount to the Anchor Investor(s) shall be made.
Refund Bank(s)	The Banker to the Offer with whom the Refund Account(s) will be opened, in this case being [●].
Registered Brokers	Stockbrokers registered under SEBI (Stockbrokers) Regulations, 1992, as amended with the Stock Exchanges having nationwide terminals, other than the BRLMs and the Syndicate Members and eligible to procure Bids in terms of Circular No. CIR/ CFD/ 14/ 2012 dated October 4, 2012, issued by SEBI.
Registrar Agreement	Agreement dated April 17, 2024 amongst our Company, the Selling Shareholders, and the Registrar to the Offer, in relation to the responsibilities and obligations of the Registrar to the Offer pertaining to the Offer.
Registrar and Share Transfer Agents or RTAs	Registrar and share transfer agents registered with SEBI and eligible to procure Bids at the Designated RTA Locations in terms of circular no. CIR/CFD/POLICYCELL/11/2015 dated November 10, 2015, and the UPI circular, as per the lists available on the websites of BSE and NSE.
Registrar to the Offer or Registrar	KFin Technologies Limited (formerly known as KFin Technologies Private Limited)
Retail Individual Bidder(s) or Retail Individual Investors or RIB(s) or RII(s)	Individual Bidders who have Bid for the Equity Shares for an amount not more than ₹0.2 million in any of the bidding options in the Offer (including HUFs applying through their Karta and Eligible NRIs and does not include NRIs other than Eligible NRIs).
Retail Portion	The portion of the Offer being not less than 35% of the Offer comprising of [●] Equity Shares which shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.
Revision Form	Form used by the Bidders to modify the quantity of the Equity Shares or the Bid Amount in any of their ASBA Form(s) or any previous Revision Form(s). QIB Bidders and Non-Institutional Bidders are not allowed to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date.

Term	Description
Self-Certified Syndicate Bank(s) or SCSB(s)	The banks registered with SEBI, which offer the facility of ASBA services, (i) in relation to ASBA, where the Bid Amount will be blocked by authorising an SCSB, a list of which is available on the website of SEBI at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 and updated from time to time and at such other websites as may be prescribed by SEBI from time to time, (ii) in relation to UPI Bidders using the UPI Mechanism, a list of which is available on the website of SEBI at https://sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 or such other website as updated from time to time
Share Escrow Agent	Share Escrow agent appointed pursuant to the Share Escrow Agreement, in this case being, [●].
Share Escrow Agreement	The Agreement to be entered amongst the Selling Shareholders, our Company and the Share Escrow Agent in connection with the transfer of Equity Shares under the Offer by each Selling Shareholders and credit of such Equity Shares to the demat account of the Allottees.
Specified Locations	Bidding Centres where the Syndicate shall accept ASBA Forms from Bidders and in case of RIBs, only ASBA Forms with UPI.
Sponsor Bank	The Banker to the Offer registered with SEBI, a list of which is available on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=41 and update from time to time, which is appointed by our Company to act as a conduit between the Stock Exchanges and the NPCI in order to push the mandate collect requests and / or payment instructions of the UPI Bidders into the UPI, the Sponsor Bank in this Offer being [●].
Stock Exchanges	Collectively, BSE Limited and National Stock Exchange of India Limited.
Sub-Syndicate Members	The sub-syndicate members, if any, appointed by the BRLMs and the Syndicate Members, to collect ASBA Forms and Revision Forms.
Syndicate/ members of the Syndicate	Together, the BRLMs and the Syndicate Members.
Syndicate Agreement	Agreement to be entered amongst our Company, the Registrar to the Offer, the Selling Shareholders, the BRLMs and the Syndicate Members in relation to collection of Bid cum Application Forms by Syndicate.
Syndicate Members	Intermediaries registered with SEBI who are permitted to accept bids, applications and place order with respect to the Offer and carry out activities as an underwriter, namely, [●].
Underwriters	[●].
Underwriting Agreement	The agreement to be entered amongst our Company and the Underwriters on or after the Pricing Date but prior to filing of the Prospectus.
UPI	Unified Payment Interface, which is an instant payment mechanism, developed by NPCI.
UPI Bidder(s)	Collectively, individual investors applying as (i) Retail Individual Bidders in the Retail Portion, and (ii) Non-Institutional Bidders with an application size of more than ₹ 0.20 million and up to ₹ 0.50 million in the Non-Institutional Portion, and Bidding under the UPI Mechanism through ASBA Form(s) submitted with Syndicate Members, Registered Brokers, Collecting Depository Participants and Registrar and Share Transfer Agents. Pursuant to Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022 issued by SEBI, all individual investors applying in public issues where the application amount is up to ₹ 0.50 million shall use UPI and shall provide their UPI ID in the bid-cum-application form submitted with: (i) a syndicate member, (ii) a stock broker registered with a recognized stock exchange (whose name is mentioned on the website of the stock exchange as eligible for such activity), (iii) a depository participant (whose name is mentioned on the website of the stock exchange as eligible for such activity), and (iv) a registrar to an Offer and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for such activity).

Term	Description
UPI Circular	SEBI Circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) along with the Circular issued by the National Stock Exchange of India Limited having reference no. 25/2022 dated August 3, 2022 and the Circular issued by the BSE Limited having reference no. 20220803-40 dated August 3, 2022 and by the NSE having reference no. 25/2022 dated August 3, 2022 and any subsequent circulars or notifications issued by SEBI or the Stock Exchanges in this regard including SEBI Circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023.
UPI ID	ID created on UPI for single-window mobile payment system developed by the NPCI.
UPI Mandate Request	A request (intimating the UPI Bidder by way of a notification on the UPI linked mobile application and by way of a SMS directing the UPI Bidder to such UPI linked mobile application) to the UPI Bidder initiated by the Sponsor Bank to authorise blocking of funds on the UPI application equivalent to Bid Amount and subsequent debit of funds in case of Allotment.
UPI Mechanism	The mechanism that may be used by UPI Bidders to make a Bid in the Offer in accordance with the UPI Circular.
Wilful Defaulter or Fraudulent Borrower	A wilful defaulter or a fraudulent borrower as defined in Regulation 2(1)(lll) of the SEBI ICDR Regulations.
Working Day	All days on which commercial banks in Mumbai are open for business; provided however, with reference to (a) announcement of Price Band; and (b) Bid /Offer Period, 'Working Day' shall mean all days, excluding all Saturdays, Sundays and public holidays, on which commercial banks in Mumbai are open for business; and (c) the time period between the Bid / Offer Closing Date and the listing of the Equity Shares on the Stock Exchanges, 'Working Day' shall mean all trading days of Stock Exchanges, excluding Sundays and bank holidays, as per the circulars issued by SEBI.

Technical/Industry Related Terms or Abbreviations

Term	Description
ATUFS	Amended Technology Upgradation Fund Scheme
Agrotech	Agrotech includes technical textile products used in agriculture, horticulture (incl. Floriculture), fisheries and forestry.
BAHARAT TEX	Global textile mega event being organised by a consortium of 11 Textile Export Promotion Councils and supported by the Ministry of Textiles, are expected to increase the awareness of Indian textile sector in international space
Buildtech	Buildtech segment comprises of textiles or composite materials used in the construction of permanent and temporary buildings as well as structures.
CFR	Cost and Freight
CIS	Capital Investment Subsidy
Clothtech	Clothtech segment of technical textiles comprises of all textile components used primarily in garment applications, which have some specific functional applications
CY	Calendar Year
CS	Cotton Season
CSO	Central Statistics Office
DGCI&S	Directorate General of Commercial Intelligence and Statistics
EPC	Export Promotion Council
EU	European Union
FAE	First Advance Estimates
FTA	Free Trade Agreement
FTP	Foreign Trade Policy
Geotech	Geotech segment comprises of technical textile products used in Geotechnical applications pertaining to soil, rock, earth etc
Gorpcore	Fashion trend where clothing designed for outdoor recreation is worn as

Term	Description
	streetwear
GVA	Gross Value Added
Hometech	Hometech segment of technical textiles comprises of the textile components used in household applications
ICAC	International Cotton Advisory Committee
Indutech	Indutech includes technical textile products used in the manufacturing sector.
IMF	International Monetary Fund
KTPA	Kilo tonnes per annum
LDC	Least Developed Countries
MoSPI	The Ministry of Statistics and Programme Implementation
MEG	Mono Ethylene Glycol
MEIS	Merchandise Exports from India Scheme
Meditech	Meditech products include textile material used in hygiene, health and personal care as well as surgical applications.
Mobiltech	Mobiltech segment of technical textile products includes applications in automotive and automotive components (including aircrafts and railways).
MFN	Most-favoured-nation
MMT	Million Metric Tonne
MMF yarn	Man-made Fibre yarn
MTPA	Metric tonne per annum
NHDP	National Handicrafts Development Programme
NTC	National Textile Corporation
NTP	National Textile Policy
NTTM	National Technical Textile Mission
Packtech	Packtech includes several flexible packing material made of textile used for packing various goods for industrial, agricultural, consumer and other goods.
PET	Polyethylene terephthalate
PFCE	Private Final Consumption Expenditure
PFY	Polyester Filament Yarn
PM-MITRA	PM Mega Integrated Textile Regions and Apparel
PLI Scheme	Production Linked Incentive Scheme
PPY	Polypropylene Yarn
Protech	Protech is an ensemble of textile products and related material used in the manufacture of various protective clothing for personnel working in hazardous environment
POY	Partially Oriented Yarn
PTA	Purified Terephthalic Acid
PSF	Polyester Stable Fibre
PX	Paraxylene
OPBDIT	Operating Profit Before Depreciation, Interest and Tax
Oekotech	Oekotech segment refers to use of technical textiles in environmental engineering
SAE	Second Advance Estimates
SAMARTH	Scheme for Capacity Building in Textiles Sector
Sportech	Sportech segment comprises of technical textile products used in sports and leisure. The technical textile products covered under sportech are sports composites, artificial turf, parachute fabrics, ballooning fabrics, sail cloth, sleeping bags, sport nets, sport shoes components, tents, swimwear etc.
SITP	Scheme for Integrated textiles park
SEIS	Services Exports from India Scheme
SPELSGU	Scheme for Production and Employment Linked Support for Garmenting Units
RMG	Ready Made Garments
RoSCTL	Rebate of State and Central Taxes and Levies
RoDTEP	Remission of Duties or Taxes on Export Product
VFY	Viscose Filament Yarn
VKGUY	Vishesh Krishi and Gram Udyog Yojana
VSF	Viscose Staple Fibre

Term	Description
WKP	Weaving, knitting and processing
QRR	Quarterly Review Reports
QCO	Quality Control Order

Conventional and General Terms or Abbreviations

Term	Description
₹/ Rs. / Rupees/ INR	Indian Rupees.
AIFs	Alternative investment funds as defined in and registered with SEBI under the SEBI AIF Regulations.
AS or Accounting Standards	Accounting Standards issued by the Institute of Chartered Accountants of India.
Banking Regulation Act	Banking Regulation Act, 1949.
Bn/bn	Billion.
BSE	BSE Limited.
CAGR	Compounded Annual Growth Rate.
Category I FPI(s)	FPIs who are registered as 'Category I Foreign Portfolio Investors' under the SEBI FPI Regulations.
Category II FPI(s)	FPIs who are registered as 'Category II Foreign Portfolio Investors' under the SEBI FPI Regulations.
CDSL	Central Depository Services (India) Limited.
Companies Act, 1956	Erstwhile Companies Act, 1956 along with the relevant rules made thereunder.
Companies Act/ Companies Act, 2013	Companies Act, 2013, along with the relevant rules, regulations, clarifications, circulars and notifications issued thereunder.
COVID-19	The novel coronavirus disease which was declared as a Public Health Emergency of International Concern on January 30, 2020, and a pandemic on March 11, 2020 by the World Health Organisation.
CSR	Corporate Social Responsibility.
Depositories Act	Depositories Act, 1996.
Depositories	Together, NSDL and CDSL.
DIN	Director Identification Number.
'DP' or 'Depository Participant'	A depository participant as defined under the Depositories Act.
DP ID	Depository Participant's Identification.
DPIIT	Department of Promotion of Industry and Internal Trade.
EBITDA	Sum of restated profit/loss for the year, tax expense, depreciation expense and finance cost less other income.
EBITDA Margin	EBITDA divided by revenue from operations.
EGM	Extraordinary General Meeting.
EMDE(s)	Emerging Markets and Developing Economies.
EPS	Earnings per share.
FCNR Account	Foreign Currency Non-Resident Account.
FDI	Foreign direct investment.
FEMA	Foreign Exchange Management Act, 1999, read with rules and regulations thereunder.
FEMA Rules	Foreign Exchange Management (Non-debt Instruments) Rules, 2019.
Financial Year, Fiscal, fiscal, Fiscal Year or FY	Unless stated otherwise, the period of 12 months ending March 31 of that particular year.
FPI(s)	Foreign Portfolio Investor as defined under the SEBI FPI Regulations.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
FVCI	Foreign venture capital investors, as defined and registered under the SEBI FVCI Regulations.
GAAP	Generally Accepted Accounting Principles.
GDP	Gross domestic product.
'GoI' or 'Government'	Government of India.
GST	Goods and services tax.

Term	Description
HUF	Hindu undivided family.
ICAI	The Institute of Chartered Accountants of India.
IFRS	International Financial Reporting Standards.
Income Tax Act or IT Act	Income Tax Act, 1961.
Ind AS / Indian Accounting Standards	Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013, as notified by the Ind AS Rules.
Ind AS Rules	The Companies (Indian Accounting Standard) Rules, 2015, as amended.
India	Republic of India.
Indian GAAP	Generally Accepted Accounting Principles in India.
IPO	Initial Public Offer.
IRDAI	Insurance Regulatory and Development Authority of India.
IST	Indian Standard Time.
KYC	Know Your Customer
MCA	Ministry of Corporate Affairs, Government of India.
MSME	Micro, Small & Medium Enterprises.
MCLR	Marginal Cost of Funds based Lending Rate.
‘N.A.’ or ‘NA’	Not applicable.
NACH	National Automated Clearing House.
NAV	Net asset value.
NEFT	National electronic fund transfer.
NBFC-SI	A systemically important non-banking financial company as defined under Regulation 2(1)(iii) of the SEBI ICDR Regulations.
No.	Number.
NPCI	National Payments Corporation of India.
‘NR’ or ‘Non-Resident’	A person resident outside India, as defined under FEMA and includes NRIs, FPIs and FVCIs.
NRE Account	Non-Resident External Account.
NRI	A person resident outside India, who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or an ‘Overseas Citizen of India Cardholder’ within the meaning of Section 7(A) of the Citizenship Act, 1955.
NRO	Non-resident ordinary.
NSDL	National Securities Depository Limited.
NSE	National Stock Exchange of India Limited.
‘OCB’ or ‘Overseas Corporate Body’	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts in which not less than 60% of the beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date was eligible to undertake transactions pursuant to the general permission granted to OCBs under the FEMA. OCBs are not allowed to invest in the Offer.
PAT	Profit After Tax.
PAT Margin	PAT / Revenue from operations.
PBT	Profit Before Tax.
p.a.	Per annum.
P/E Ratio	Price/earnings ratio.
PAN	Permanent Account Number.
RBI	Reserve Bank of India.
ROE	Return on Equity.
RONW	Return on Net Worth.
ROCE	Return on Capital Employed.
RTGS	Real time gross settlement.
SCRA	Securities Contracts (Regulation) Act, 1956.
SCRR	Securities Contracts (Regulation) Rules, 1957.
SEBI	Securities and Exchange Board of India constituted under the SEBI Act.
SEBI Act	Securities and Exchange Board of India Act, 1992.

Term	Description
SEBI AIF Regulations	Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012.
SEBI FPI Regulations	Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019.
SEBI FVCI Regulations	Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000.
SEBI ICDR Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018.
SEBI Listing Regulations	Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 1999.
SEBI Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.
SEBI VCF Regulations	Securities and Exchange Board of India (Venture Capital Funds) Regulations, 1996, as repealed by the SEBI AIF Regulations.
Stock Exchanges	Together, BSE and NSE.
‘U.S.’ or ‘USA’ or ‘United States’	The United States of America.
‘USD’ or ‘US$’	United States Dollars.
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America.
U.S. Securities Act	United States Securities Act of 1933, as amended.
VCFs	Venture Capital Funds as defined in and registered with SEBI under the SEBI VCF Regulations.

CERTAIN CONVENTIONS, PRESENTATION OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATION

Certain Conventions

All references to 'India' contained in this Draft Red Herring Prospectus are to the Republic of India. All references to the 'Government', 'Indian Government', 'GoI', 'Central Government' are to the Government of India and all references to the 'State Government' are to the government of the relevant state. All references to 'US', 'USA' or 'United States' are to the United States of America, together with its territories and possessions. Unless stated otherwise, all references to page numbers in this Draft Red Herring Prospectus are to the page numbers of this Draft Red Herring Prospectus.

Time

Unless stated otherwise, any time mentioned in this Draft Red Herring Prospectus is in Indian Standard Time. Unless indicated otherwise, all references to a year in this Draft Red Herring Prospectus are to a calendar year.

Financial Data

Our Company's financial year commences on April 1 of the immediately preceding calendar year and ends on March 31 of that particular calendar year. Accordingly, all references to a particular Fiscal or Fiscal Year or Financial Year, unless stated otherwise, are to the 12 month period commencing on April 1 of the immediately preceding calendar year and ending on March 31 of that particular calendar year.

Unless stated, or, the context requires, otherwise all financial information and financial ratios in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information. The Restated Consolidated Financial Information of our Company comprises the restated consolidated statement of assets and liabilities as at March 31, 2024, March 31, 2023 and March 31, 2022, the restated consolidated statement of profit and loss (including other comprehensive income), the restated consolidated statement of changes in equity and the restated consolidated cash flow statement for the years ended March 31, 2024, March 31, 2023 and March 31, 2022, and the summary statement of material accounting policies, and other explanatory information, prepared in terms of Section 26 of Part I of Chapter III of the Companies Act, the SEBI ICDR Regulations, and the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the ICAI, as amended from time to time. For further information, see '*Financial Information*' on page 296.

Non-GAAP Measures

Unless stated, or, the context requires, otherwise all financial information and financial ratios in this Draft Red Herring Prospectus is derived from our Restated Consolidated Financial Information.

Certain measures included and presented in this Draft Red Herring Prospectus, for instance EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share (**Non-GAAP Measures**) are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, IFRS or U.S. GAAP. Furthermore, these Non-GAAP Measures, are not a measurement of our financial performance or liquidity under Indian GAAP, IFRS or U.S. GAAP and should not be considered as an alternative to net profit/loss, revenue from operations or any other performance measures derived in accordance with Ind AS, IFRS or U.S. GAAP or as an alternative to cash flow from operations or as a measure of our liquidity. In addition, Non-GAAP Measures used are not a standardised term, hence a direct comparison of Non-GAAP Measures between companies may not be possible. Other companies may calculate Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. See '*Risk Factor - Certain Non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share have been included in this Draft Red Herring Prospectus. These Non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.'* on page 67.

There are significant differences between Ind AS, U.S. GAAP and IFRS. See '*Risk Factor - Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Restated Consolidated Financial Information prepared and presented in accordance with SEBI ICDR*

Regulations contained in this Draft Red Herring Prospectus' on page 73. Our Company does not provide reconciliation of its financial information to IFRS or U.S. GAAP. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our financial data. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, the Companies Act, Ind AS, and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting policies and practices on the financial disclosures presented in this Draft Red Herring Prospectus should, accordingly, be limited.

In this Draft Red Herring Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. Except as stated otherwise, all figures in decimals have been rounded off to the second decimal and all percentage figures have been rounded off to two decimal places.

Any figures sourced from third-party industry sources may be rounded off to other than two decimal points to conform to their respective sources.

Currency and Units of Presentation

In this Draft Red Herring Prospectus, unless the context otherwise requires, all references to (a) 'Rupees' or '₹' or 'Rs.' or 'INR' are to Indian rupees, the official currency of the Republic of India; (b) 'US Dollars' or 'US$' or 'USD' or '$' are to United States Dollars, the official currency of the United States of America; (c) 'EUR' or '€' are to the euro, the official currency of the European Union; and (d) 'JPY' or '¥' are to the official currency of Japan.

Our Company has presented certain numerical information in this Draft Red Herring Prospectus in 'million' units, or in absolute number where the number have been too small to present in million unless as stated, otherwise, as applicable. 1 million represents '10 lakhs' or 1,000,000. However, where any figures that may have been sourced from third-party industry sources are expressed in denominations other than million, such figures appear in this Draft Red Herring Prospectus expressed in such denominations as provided in their respective sources.

Unless the context otherwise indicates, any percentage amounts, as set forth in *'Risk Factors', 'Our Business', 'Management's Discussion and Analysis of Financial Conditions and Results of Operations'* on pages 34, 218, and 396 and elsewhere in this Draft Red Herring Prospectus, unless otherwise indicated, have been calculated based on our Restated Consolidated Financial Information.

Exchange Rates

This Draft Red Herring Prospectus contains conversion of certain other currency amounts into Indian Rupees that have been presented solely to comply with the SEBI ICDR Regulations. These conversions should not be construed as a representation that these currency amounts could have been, or can be converted into Indian Rupees, at any particular rate or at all.

The following table sets forth, for the periods indicated, information with respect to the exchange rate between the Rupees and USD:

(In ₹)

Currency	Exchange Rate as on		
	March 31, 2024	March 31, 2023	March 31, 2022
1 USD*	83.37	82.22	75.81
1 EUR*	90.22	89.61	84.66
100 JPY*	55.09	61.80	62.23

**Source: www.fbil.org.in*
If the reference rate is not available on a particular date due to a public holiday, exchange rates of the previous Working Day has been disclosed. The reference rates are rounded off to two decimal places.

Industry and Market Data

Unless stated otherwise, industry and market data used in this Draft Red Herring Prospectus, including in *'Industry Overview'* and *'Our Business'* on pages 160 and 218, respectively, has been obtained or derived from publicly available information as well as a report titled *'Assessment of textile industry with special focus on yarn manufacturing market in India'* prepared by CRISIL dated April 12, 2024, read with Addendum dated August 16, 2024, prepared and issued by CRISIL, appointed by us pursuant to an engagement letter dated January 29, 2024, and exclusively commissioned and paid for by us in connection with the Offer. A copy of the CRISIL Report is available on the website of our Company at *https://www.sanathan.com/investor-relations*. Further, CRISIL, through their letter dated August 19, 2024 has accorded their no objection and consent to use the CRISIL Report, in full or in part, in relation to the Offer. CRISIL was appointed by our Company and is not connected to our Company, the Selling Shareholders, our Directors, our Promoters, our Key Managerial Personnel, our Senior Management or the BRLMs. For risks in relation to commissioned reports, see '*Risk Factor - This Draft Red Herring Prospectus contains information from an industry report prepared by CRISIL which we have commissioned and paid for*' on page 49.

Except for the CRISIL Report we have not commissioned any report for purposes of this Draft Red Herring Prospectus and any market and industry related data, other than that extracted or obtained from the CRISIL Report, used in this Draft Red Herring Prospectus has been obtained or derived from publicly available documents and other industry sources.

The data used in industry sources and publications may have been re-classified by us for the purposes of presentation. Data from these sources may also not be comparable. The data used in the industry sources and publication involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the '*Risk Factors'* on page 34. Accordingly, investors should not place undue reliance on, or base their investment decision on this information.

Further, the extent to which the market and industry data used in this Draft Red Herring Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. In addition, certain data in relation to our Company used in this Draft Red Herring Prospectus has been obtained or derived from the CRISIL Report which may differ in certain respects from our Restated Consolidated Financial Information as a result of, *inter alia*, the methodologies used in compiling such data. Accordingly, investment decision should not be made based on such information.

Disclaimer of CRISIL

CRISIL Market Intelligence & Analytics (CRISIL MI&A), a division of CRISIL Limited (CRISIL) has taken due care and caution in preparing this report (Report) based on the Information obtained by CRISIL from sources which it considers reliable (Data). This Report is not a recommendation to invest / disinvest in any entity covered in the Report and no part of this Report should be construed as an expert advice or investment advice or any form of investment banking within the meaning of any law or regulation. CRISIL especially states that it has no liability whatsoever to the subscribers / users / transmitters/ distributors of this Report. Without limiting the generality of the foregoing, nothing in the Report is to be construed as CRISIL providing or intending to provide any services in jurisdictions where CRISIL does not have the necessary permission and/or registration to carry out its business activities in this regard. Sanathan Textiles Limited will be responsible for ensuring compliances and consequences of non-compliances for use of the Report or part thereof outside India. CRISIL MI&A operates independently of, and does not have access to information obtained by CRISIL Ratings Limited, which may, in their regular operations, obtain information of a confidential nature. The views expressed in this Report are that of CRISIL MI&A and not of CRISIL Ratings Limited. No part of this Report may be published/reproduced in any form without CRISIL's prior written approval.

In accordance with the SEBI ICDR Regulations, the section '*Basis for Offer Price*' on page 141, includes information relating to companies who are part of our peer group. Such information has been derived from publicly available sources. Such sources are based on information as at specific dates and may no longer be current or reflect current trends.

FORWARD-LOOKING STATEMENTS

This Draft Red Herring Prospectus contains certain 'forward-looking statements' which are not historical facts. These forward-looking statements generally can be identified by words or phrases such as "aim", "anticipate", "are likely", "believe", "can", "could", "expect", "estimate", "intend", "may", "likely", "objective", "plan", "propose", "project", "seek to", "will", "will continue", "will pursue", "will likely" or other words or phrases of similar import but are not the exclusive means of identifying such statements. Similarly, statements that describe our strategies, objectives, plans, goals, future events, future financial performance or expected financial conditions, or financial needs of our Company (including, without limitation, any financial or operating projections or forecasts), and other matters discussed in this Draft Red Herring Prospectus that are not historical facts are also forward-looking statements. All forward-looking statements are subject to risks, uncertainties, expectations, and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

These forward-looking statements, whether made by us or a third-party, are based on our current plans, estimates, presumptions and expectations and actual results may differ materially from those suggested by forward-looking statements due to risks or uncertainties associated with expectations relating to, *inter alia*, regulatory changes pertaining to the industries in India in which our Company operates and our ability to respond to them, our ability to successfully implement our strategy, our growth and expansion, technological changes, our exposure to market risks, general economic and political conditions in India which have an impact on its business activities or investments, the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices, the performance of the financial markets in India and globally, changes in domestic laws, regulations and taxes and changes in competition in the industries in which we operate.

Certain important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- 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;

- Our business depends on our production facility in Silvassa and will also depend on our production facility being set up in Punjab. Any loss of or shutdown of operations of the production facilities on any grounds could adversely affect our business or results of operations;

- Our Company will not receive any proceeds from the Offer for Sale portion;

- One of our Promoter was involved in a regulatory proceeding initiated by SEBI which has been settled. Any such regulatory proceedings, or any adverse action as a result of such regulatory proceedings, may affect our reputation or business;

- One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus;

- Our Statutory Auditors have drawn attention to qualitative matters of emphasis and a modified opinion on our Company's internal financial controls, in their examination report on the Restated Consolidated Financial Information;

- Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder;

- Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition;

- Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval; and

- 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.

For further discussion on factors that could cause actual results to differ from expectations, see '*Risk Factors*', '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 34, 218 and 396 respectively. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual gains or losses could materially differ from those that have been estimated and are not a guarantee of future performance.

We cannot assure investors that the expectations reflected in these forward-looking statements will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements and not to regard such statements to be a guarantee of our future performance.

Forward-looking statements reflect current views as of the date of this Draft Red Herring Prospectus and are not a guarantee of future performance. These statements are based on our management's beliefs, assumptions, current plans, estimates and expectations, which in turn are based on currently available information. Although we believe the assumptions upon which these forward-looking statements are based are reasonable, any of these assumptions could prove to be inaccurate, and the forward-looking statements based on these assumptions could be incorrect.

Neither our Company, the Selling Shareholders, our Directors, the BRLMs nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

In accordance with the regulatory requirements, our Company and the BRLMs will ensure that the investors in India are informed of material developments pertaining to our Company and the Offered Shares from the date of this Draft Red Herring Prospectus until the time of the grant of listing and trading permission by the Stock Exchanges for this Offer.

The Selling Shareholders shall ensure that investors are informed of material developments in relation to statements and undertakings specifically made or confirmed by such Selling Shareholder to the extent of information specifically pertaining to them as Selling Shareholders and their portion of the Equity Shares offered in the Offer in the Red Herring Prospectus until the receipt of final listing and trading approvals from the Stock Exchanges for the Offer.

SUMMARY OF THE OFFER DOCUMENT

Unless otherwise indicated, industry and market data used in this section has been derived from industry report titled 'Assessment of textile industry with special focus on yarn manufacturing market in India' prepared by CRISIL dated April 12, 2024, prepared and issued by CRISIL, read with Addendum dated August 16, 2024, appointed by us pursuant to engagement letter dated January 29, 2024, and exclusively commissioned and paid for by us in connection with the Offer. Unless otherwise indicated, all industry and other related information derived from the 'Assessment of textile industry with special focus on yarn manufacturing market in India' and included herein with respect to any particular year refers to such information for the relevant calendar year. CRISIL was appointed by our Company and is not connected to our Company, our Directors, and our Promoters. A copy of the CRISIL Report is available on the website of our Company at https://www.sanathan.com/investor-relations. Also see, 'Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data' on page 17. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data, or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. The CRISIL Report has also been included in 'Material Contracts and Documents for Inspection–Material Documents' on page 504.

This section is a general summary of the terms of the Offer and of certain disclosures included in this Draft Red Herring Prospectus and is not exhaustive, nor does it purport to contain a summary of all the disclosures in this Draft Red Herring Prospectus or all details relevant to prospective investors. This summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information appearing elsewhere in this Draft Red Herring Prospectus, including *'Risk Factors'*, '*The Offer'*, '*Capital Structure*', '*Objects of the Offer*', '*Industry Overview*', '*Our Business*', '*Financial Information*', '*Outstanding Litigations and Other Material Developments*', and '*Offer Procedure*' on pages 34, 79, 96, 127, 160, 218, 296, 430 and 471, respectively.

Summary of the primary business of our Company

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (*Source: CRISIL Report*). Currently, all the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. Our business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. Our products are manufactured at our facility at Silvassa.

Summary of the industry in which our Company operates

The global textile industry has grown consistently between CY2018 to CY2023, barring CY2020, which saw a decline due to Covid-19. Going ahead, the industry is expected to grow at a CAGR of 2.5 - 3.5% between CY2023 to CY2027 to reach ~USD 1,780-1,830 billion in CY2027. Indian textile and apparel industry which is estimated to be Rs. 9,450 – 9,550 billion as of Fiscal 2024, is projected to grow at a CAGR of 6.0-7.0% from Fiscal 2024 till Fiscal 2028 and reach a value of Rs. 12,500-12,700 billion. (*Source: CRISIL Report*)

Names of our Promoters

Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Dinesh Vrajdas Dattani, Anilkumar Vrajdas Dattani, D&G Family Trust, P&B Family Trust, A&J Family Trust and Nimbus Trust, are the Promoters of our Company. For further details, see '*Our Promoters and Promoter Group*' on page 283.

Offer size

Offer[(1)]	Up to [●] Equity Shares, aggregating up to ₹ 8,000.00 million
of which	
(i) Fresh Issue[(1)]	Up to [●] Equity Shares, aggregating up to ₹ 5,000.00 million
(ii) Offer for Sale[(2)]	Up to [●] Equity Shares aggregating up to ₹ 3,000.00 million by the Selling Shareholders

(1) The Offer has been authorised by our Board pursuant to the resolution passed at its meeting dated March 16, 2024 and the Fresh Issue has been authorised by our Shareholders pursuant to a special resolution passed at their meeting dated March 16, 2024. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to the resolution passed at its meeting dated March 16, 2024. For further details, see 'The Offer' on page 79.

(2) *Each Selling Shareholder severally and not jointly, confirm that the Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale pursuant to the Offer in terms of Regulation 8 of the SEBI ICDR Regulations. Each of the Selling Shareholders have, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. For further details of the authorizations received for the Offer, see 'Other Regulatory and Statutory Disclosures' on page 445.*

Objects of the Offer

The Net Proceeds are proposed to be used in accordance with the details provided in the below table:

(in ₹ million)

Particulars	**Amount to be funded from the Net Proceeds**
Repayment or pre-payment, in full or in part, of certain of our outstanding borrowings availed by our Company	1,600.00
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	2,150.00
General corporate purposes(1)	[●]
Total(1) (2)	[●]

(1) *To be finalised upon determination of Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds from the Fresh Issue.*

(2) *Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.*

Aggregate Pre-Offer shareholding of Promoters, the Selling Shareholders and the members of our Promoter Group as a percentage of the pre-Offer paid-up Equity Share capital of our Company

Promoters, Selling Shareholders and the members of our Promoter Group

Sr. No.	**Name of Shareholder**	**Pre-Offer**	
		Number of Equity Shares	**Percentage of total pre-Offer paid up Equity Share capital (%)**
Promoters			
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Paresh Vrajlal Dattani#	7,012,600	9.75
6.	Ajay Vallabhdas Dattani#	7,327,650	10.19
7.	Anilkumar Vrajdas Dattani#	6,819,700	9.48
8.	Dinesh Vrajdas Dattani#	7,112,800	9.89
	Total (A)	**70,172,750**	**97.55**
Promoter Group			
9.	Vallabhdas Dattani#	381,250	0.53
10.	Sammir Dineshkumar Dattani	363,000	0.50
11.	Vajubhai Investments Private Limited#	18,000	0.03
12.	Vallabhdas Dattani HUF#	18,000	0.03
13.	Sonali Ajaykumar Dattani#	168,000	0.23

Sr. No.	Name of Shareholder	Pre-Offer	
		Number of Equity Shares	Percentage of total pre-Offer paid up Equity Share capital (%)
14.	Dattani Dineshkumar Vrajdas HUF#	18,000	0.03
15.	Geeta Dinesh Dattani	9,000	0.01
16.	Jayshree Anilkumar Dattani#	9,000	0.01
17.	Anilkumar Vrajdas Dattani HUF#	138,000	0.19
18.	Paresh Kumar V Dattani HUF#	228,000	0.32
19.	Beena Paresh Dattani#	266,400	0.37
20.	Mikesh A Dattani	150,600	0.21
21.	Ajay Kumar V Dattani HUF#	600	Negligible
22.	Varun P Dattani	1,200	Negligible
23.	Samir Dattani HUF	600	Negligible
24.	Mikesh Dattani HUF	600	Negligible
Total (B)		**1,770,250**	**2.46**
Total of Promoter & Promoter Group (A) + (B)		**71,943,000**	**100.00**

#*Also, the Selling Shareholders.*

For further details, see *'Capital Structure'* on page 96.

Summary of selected Financial Information derived from our Restated Consolidated Financial Information

(in ₹ million, except per share data)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Equity Share capital	719.43	719.43	719.43
Net worth(1)	12,739.82	11,401.34	9,873.93
Revenue from operations	29,575.04	33,292.13	31,853.20
Profit/ (loss) for the year	1,338.48	1,527.41	3,554.42
Earnings / (Loss) per Equity Share			
- Basic(2) (in ₹)	18.60	21.24	49.40
- Diluted(3) (in ₹)	18.60	21.24	49.40
Net asset value per Equity Share(4)	177.22	158.47	137.14
Total Borrowings(5)	3,798.82	2,810.02	3,781.90

(1) *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.*

(2) *Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders of our Company by the weighted average number of equity shares outstanding during the year.*

(3) *Diluted EPS amounts are calculated by dividing the profit attributable to equity Shareholders by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity Shares that would be issued on conversion of all the dilutive potential Equity Shares into Equity Shares.*

(4) *Net Asset Value (NAV) per equity share has been computed as total equity attributable to common shareholders (excluding non-controlling interest) divided by the total number of shares outstanding.*

(5) *Total borrowings = Total borrowings is the sum of current and non-current borrowings.*

For further details, see '*Restated Consolidated Financial Information*' on page 296.

Qualifications by the Statutory Auditors which have not been given effect to in the Restated Consolidated Financial Information, adverse remarks or emphasis of matters of auditors

Except as mentioned below, there are no reservations, qualifications or adverse remarks or matters of emphasis in the audit reports on the Restated Consolidated Financial Information:

"…For the year ended 31 March 2024

The report on Other Legal and Regulatory Requirements included in the auditor's report issued by us on the consolidated financial statements of the Company as at for the year ended 31 March 2024 included the following modifications relating to the maintenance of books of account and other matters connected therewith as reproduced below:

i) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

ii) The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 14(b) above on reporting under section 143(3)(b) of the Act and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

iii) As stated in note 47 to the accompanying consolidated financial statements and based on our examination which included test checks and that performed by the auditors of the subsidiary of the Holding Company which is a company incorporated in India and audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and auditors of the above referred subsidiary did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below.

Nature of exception noted	***Details of exception***
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	*The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Holding Company and one of its subsidiary for the period 1 April 2023 to 30 June 2023.*
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	*The Holding Company and one of its subsidiary have used an accounting software for the period 01 July 2023 to 31 March 2024 for maintenance of all accounting records which is operated by a third- party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation), we and the auditor of the said subsidiary are unable to comment on whether the audit trail feature with respect to the database of the said software was enabled and operated throughout the said period.*

For the years ended 31 March 2024, 31 March 2023 and 31 March 2022

Other matter on operating effectiveness of Internal Financial Controls ('IFC')

The adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements/financial information in so far as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India…"

Summary of Outstanding Litigations and other Material Developments

Set out below is a summary of outstanding litigation proceedings involving our Company, Directors, and Promoters, as of the date of this Draft Red Herring Prospectus, as also disclosed in '*Outstanding Litigation and Material Developments'* on page 430, in terms of the SEBI ICDR Regulations and the materiality policy adopted by our Board pursuant to a resolution dated March 16, 2024.

Sr. No.	Name of Entity	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Disciplinary actions by the SEBI or stock Exchanges against our Promoter in last 5 years	Material civil litigation	Aggregate amount involved (₹ in million)*
1.	**Company**						
	By our Company	Nil	-	-	-	Nil	Nil
	Against our Company	Nil	22	Nil	Nil	Nil	1,701.04
2.	**Promoters**						
	By our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
3.	**Directors (other than Promoters)**						
	By our Directors	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
4.	**Subsidiaries**						
	By our Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil

**To the extent quantifiable.*

Further, as on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Company, the outcome of which could have a material impact on our Company.

Risk Factors

Specific attention of Investors is invited to '*Risk Factors*' on page 34. Investors are advised to read the risk factors carefully before taking an investment decision in the Offer.

Summary of contingent liabilities and commitments of our Company

The details of the contingent liabilities of our Company as at March 31, 2024 derived from the Restated Consolidated Financial Information are set forth below:

Particulars	As at March 31, 2024 (₹ in million)
Central excise matters	50.79
Income-tax matters	24.00
Sales tax matters	2.20
Total	**76.99**

For further details, see '*Restated Consolidated Financial Information - Note no. 37 - Contingent Liabilities'* on page 371.

Summary of Related Party Transactions

Set out below are the details of our related party transactions from our Restated Consolidated Financial Information for Fiscal 2024, Fiscal 2023 and Fiscal 2022:

Name of related parties	Nature of transactions	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
i) Transactions during the year:				
(a) Subsidiary companies				
Sanathan Polycot Private Limited	Investments made in equity shares *	-	-	99.00
Universal Texturisers Private Limited	Investments made in equity shares *	-	-	135.00
Sanathan Polycot Private Limited	Investments in preference shares (equity component)*	758.01	1,265.59	-
Sanathan Polycot Private Limited	Investments in preference shares (fair value-debt component)*	291.99	579.41	-
Sanathan Polycot Private Limited	Loans granted*	70.00	317.00	12.50
Universal Texturisers Private Limited	Loans granted*	-	-	13.10
Sanathan Polycot Private Limited	Loans repaid*	240.00	159.50	-
Universal Texturisers Private Limited	Loans repaid*	2.75	2.95	-
Universal Texturisers Private Limited	Loan converted to security deposit*	-	-	3.60
Universal Texturisers Private Limited	Refund on security deposit*	-	1.40	-
Universal Texturisers Private Limited	Interest income on loans*	0.34	0.48	-
Sanathan Polycot Private Limited	Interest income on loans*	1.84	5.73	-
Sanathan Polycot Private Limited	Interest income on preference shares (fair value-debt component)*	64.93	26.68	-
Sanathan Polycot Private Limited	Deemed investment in subsidiary*	9.48	-	-
Sanathan Polycot Private Limited	Reimbursement of tax component on guarantee commission*	26.60	-	-
Universal Texturisers Private Limited	Rent expense*	2.44	3.67	1.84
Sanathan Polycot Private Limited	Guarantee commission income*	0.47	-	-

Name of related parties	Nature of transactions	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Sanathan Polycot Private Limited	Interest cost on corporate guarantee*	0.27	-	-
(b) KMP				
Ajaykumar V. Dattani	Salaries and wages	40.00	40.00	33.40
Anil Kumar V. Dattani	Salaries and wages	40.00	40.00	33.36
Pareshkumar V. Dattani	Salaries and wages	40.00	40.00	33.40
Sammir Dattani	Salaries and wages	40.00	40.00	26.56
Ajaykumar V. Dattani	Interest expense	-	-	2.95
Pareshkumar V. Dattani	Interest expense	-	-	3.38
Anilkumar V. Dattani	Interest expense	-	-	0.03
Sammir Dattani	Interest expense	-	-	0.61
Ajaykumar V. Dattani	Loans received	-	-	27.35
Pareshkumar V. Dattani	Loans received	-	-	72.95
Ajaykumar V. Dattani	Loans repaid	-	-	85.20
Pareshkumar V. Dattani	Loans repaid	-	-	84.07
Anilkumar V. Dattani	Loans repaid	-	-	9.48
Sammir Dattani	Loans repaid	-	-	15.75
(c) Independent Directors				
Debabrata Sarkar	Sitting fees to non-executive and independent directors	0.65	0.83	0.30
Khurshed Thanawalla	Sitting fees to non-executive and independent directors	0.70	0.90	0.33
Bhumika Batra	Sitting fees to non-executive and independent directors	-	0.60	0.30
Vinay Aggarwal	Sitting fees to non-executive and independent directors	0.60	0.80	0.30
Rupal Vora	Sitting fees to non-executive and independent directors	0.60	0.18	-
(d) Relative of KMP				
Vallabhdas Dattani	Salaries and wages	-	-	28.40
Dinesh Kumar V. Dattani	Salaries and wages	-	-	35.20
Varun Dattani	Salaries and wages	9.96	10.00	28.16
Mikesh Dattani	Salaries and wages	9.96	10.00	29.76
Beena Dattani	Salaries and wages	0.13	-	-
Dinesh Kumar V. Dattani	Interest expense	-	-	1.49
Jayshree A. Dattani	Interest expense	-	-	0.12

Name of related parties	Nature of transactions	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Varun Dattani	Loans received	-	-	24.50
Dinesh Kumar V. Dattani	Loans received	-	-	12.60
(e) Enterprise over which KMP are able to exercise significant influence				
Dattani Foundation	Contribution towards corporate social responsibility	-	-	25.85
Dattani foundation	Receipt of unspent amount towards corporate social responsibility	-	20.60	-
ii) Balances outstanding as at the year end:				
(a) Subsidiary companies				
Sanathan Polycot Private Limited	Investments**	99.00	99.00	99.00
Sanathan Polycot Private Limited	Investments made (Equity Component)**	2,023.59	1,265.59	-
Sanathan Polycot Private Limited	Investments made (fair value-debt-component)**	963.01	606.09	-
Universal Texturisers Private Limited	Investments**	135.00	135.00	135.00
Universal Texturisers Private Limited	Loan receivable**	3.80	6.55	9.50
Sanathan Polycot Private Limited	Loan receivable**	-	170.00	12.50
Universal Texturisers Private Limited	Security deposit received and outstanding**	2.20	2.20	3.60
Sanathan Polycot Private Limited	Reimbursement of tax component on guarantee commission**	26.60	-	-
Sanathan Polycot Private Limited	Investments made (Corporate Guarantee Component)**	9.48	-	-
(b) KMP				
Ajaykumar V. Dattani	Employee related payables	2.02	1.76	-
Pareshkumar V. Dattani	Employee related payables	2.03	1.85	-
Sammir Dattani	Employee related payables	2.03	1.84	-
Anil Kumar V. Dattani	Employee related payables	2.03	1.85	-
(c) Relative of KMP:				
Varun Dattani	Employee related payables	0.60	0.55	-

Name of related parties	Nature of transactions	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Mikesh Dattani	Employee related payables	0.63	0.56	-
Beena Dattani	Employee related payables	0.07	-	-
* These transactions are eliminated on consolidation				
** These balances are eliminated on consolidation				
d) Additional disclosure in respect of compensation to KMP				
(i) Short-term employee benefits		160.00	160.00	186.72
(ii) Post-employment benefits		-	-	-
(iii) Other long-term benefits (refer note 1 below)		-	-	-
(iv) Termination benefits		-	-	-
(v) Share-based payment		-	-	-

For further details, see '*Restated Consolidated Financial Information - Note no. 31 - Related Party Transactions'* on page 354.

Financing Arrangements

There have been no financing arrangements whereby our Promoters, members of our Promoter Group, our Directors and their relatives have financed the purchase by any other person of securities of our Company, other than in the normal course of business of the relevant financing entity, during a period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

Average Cost of Acquisition of our Promoters and the Selling Shareholders

The average cost of acquisition per Equity Share for our Promoters and Selling Shareholders is:

Name	Number of Equity Shares acquired	Average Cost of Acquisition per Equity Share (in ₹)*
Promoters		
Ajay Vallabhdas Dattani#	7,327,650	3.40
Anilkumar Vrajdas Dattani#	6,819,700	3.04
Dinesh Vrajdas Dattani#	7,112,800	4.05
Paresh Vrajlal Dattani#	7,012,600	3.51
Nimbus Trust	10,475,000	Nil
D&G Family Trust	10,475,000	Nil
A&J Family Trust	10,475,000	Nil
P&B Family Trust	10,475,000	Nil

#Also, the Selling Shareholders.
** As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

Name of Promoter Group Selling Shareholders	Number of Equity Shares Held	Average cost of acquisition per share (in ₹)*
Sonali Ajaykumar Dattani	168,000	30.36
Vajubhai Investments Private Limited	18,000	5.56
Vallabhdas Dattani HUF	18,000	5.56
Dattani Dineshkumar Vrajdas HUF	18,000	5.56
Beena Paresh Dattani	266,400	1.11
Anilkumar Vrajdas Dattani HUF	138,000	29.71
Pareshkumar V Dattani HUF	228,000	31.14

Name of Promoter Group Selling Shareholders	Number of Equity Shares Held	Average cost of acquisition per share (in ₹)*
Jayshree Anilkumar Dattani	9,000	5.56
Ajay Kumar V Dattani HUF	600	1.67
Vallabhdas Dattani	3,81,250	Negligible

**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

Weighted average price at which the Equity Shares were acquired by our Promoters and each of the Selling Shareholders in the 1 year preceding the date of this Draft Red Herring Prospectus

Name	Number of Equity Shares acquired in the last 1 year	Weighted Average Price at which the Equity Shares acquired in the last 1 year (in ₹)*
Promoters		
Ajay Vallabhdas Dattani#	Nil	Nil
Anilkumar Vrajdas Dattani#	Nil	Nil
Dinesh Vrajdas Dattani#	Nil	Nil
Paresh Vrajlal Dattani#	Nil	Nil
Nimbus Trust	Nil	Nil
D&G Family Trust	Nil	Nil
A&J Family Trust	Nil	Nil
Promoter Group Selling Shareholders		
Vajubhai Investments Private Limited	Nil	Nil
Vallabhdas Dattani HUF	Nil	Nil
Sonali Ajaykumar Dattani	Nil	Nil
Dattani Dineshkumar Vrajdas HUF	Nil	Nil
Beena Paresh Dattani	Nil	Nil
Anilkumar Vrajdas Dattani HUF	Nil	Nil
Paresh Kumar V Dattani HUF	Nil	Nil
Jayshree Anilkumar Dattani	Nil	Nil
Ajay Kumar V Dattani HUF	Nil	Nil
Vallabhdas Dattani	Nil	Nil

#Also, the Selling Shareholders.
**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

Details of price at which Equity Shares were acquired by our Promoters, the members of our Promoter Group, Selling Shareholders and Shareholders with right to nominate Directors or other rights in the last 3 years preceding the date of this Draft Red Herring Prospectus

Save and except for below, our Promoters, the members of our Promoter Group, and the Selling Shareholders have not acquired any specified securities in the last 3 years preceding the date of this Draft Red Herring Prospectus:

Name	Date of Acquisition	Number of Equity Shares Acquired	Face Value (in ₹)	Acquisition price per Equity Share*
Promoters				
Ajay Vallabhdas Dattani#	November 26, 2021	18,000	10	N.A.
Nimbus Trust	December 10, 2021	1,04,75,000	10	N.A.
D&G Family Trust	December 10, 2021	1,04,75,000	10	N.A.
A&J Family Trust	December 10, 2021	1,04,75,000	10	N.A.
P&B Family Trust	December 10, 2021	1,04,75,000	10	N.A.
Promoter Group				
Vallabhdas Dattani#	October 29, 2021	3,63,250	10	N.A.
Sammir Dineshkumar Dattani	October 29, 2021	3,45,000	10	N.A.

Name	Date of Acquisition	Number of Equity Shares Acquired	Face Value (in ₹)	Acquisition price per Equity Share*
Other Shareholders with right to nominate Directors or other special rights – Nil				

**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*
[#]Also, the Selling Shareholders.

There are no Shareholders who are entitled to nominate Directors or have any other special rights.

For further details, see '*Capital Structure*' on page 96.

Weighted average cost of acquisition of all Equity Shares transacted in the 3 years, 18 months and 1 year preceding the date of this Draft Red Herring Prospectus

Period	Weighted Average Cost of Acquisition (in ₹)*	Cap Price is 'X' times the Weighted Average Cost of Acquisition	Range of acquisition price: Lowest price – highest price* (in ₹)
Last 3 years	Nil	N.A.	N.A.
Last 18 months	Nil	N.A.	N.A.
Last 1 year	Nil	N.A.	N.A.

**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

Details of pre-IPO Placement

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.

Issue of Equity Shares for consideration other than cash in the last 1 year

Our Company has not issued any Equity Shares for consideration other than cash in the one year preceding the date of this Draft Red Herring Prospectus, for consideration other than cash. For further details, see '*Capital Structure*' on page 96.

Split / Consolidation of Equity Shares of our Company in the last 1 year

There has been no split or consolidation of the Equity Shares of our Company in the last one year.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company had filed an application dated February 8, 2024 with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding, and from, such natural person(s) and entities, as required under the SEBI ICDR Regulations (**Exemption Application**). By way of a letter dated April 12, 2024 (bearing reference number SEBI/CFD/RAC-DIL1/2024/14316/1), SEBI has rejected the Exemption Application and the request from identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which he holds 20% or more of the equity share capital, as a member of the Promoter Group, and from disclosing information and confirmations regarding him and such entities, as required under the SEBI ICDR Regulations. Since our Company has not been able to procure relevant information, from, and in relation to, the Related Individual and Connected Persons, and to comply with the provisions of the SEBI ICDR Regulations, the disclosures in relation to the Related Individual in this Draft Red Herring Prospectus have been included to the best of our Company's knowledge and to the extent the information was available and accessible in the public domain published on the websites of (i) Watchout Investors (accessible at https://www.watchoutinvestors.com/); (ii) CIBIL (accessible at https://suit.cibil.com/), (iii) BSE Limited (list of debarred entities accessible at https://www.bseindia.com/investors/debent.aspx); and (iv) National Stock Exchange of India Limited (accessible at https://www.nseindia.com/regulations/member-sebi-debarred-entities), on a 'name search' basis. For details, please see *'Risk Factors - One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus'* on page 36.

SECTION II: RISK FACTORS

An investment in equity shares involves a high degree of risk. Prospective investors should carefully consider all the information in this Draft Red Herring Prospectus, including the risks and uncertainties described below, before making an investment in the Equity Shares. The risks described in this section are not the only ones relevant to us or the Equity Shares but also includes the industry and segments in which we currently operate. Additional risks and uncertainties not presently known to us or that we currently deem immaterial may also impair our businesses, results of operations, financial condition and cash flows. If any of the following risks, or a combination of risks, or other risks that are not currently known or are currently deemed immaterial, actually occur, our businesses, results of operations, financial condition and cash flows could be adversely affected, the trading price of the Equity Shares could decline, and you may lose all or part of your investment. To obtain a complete understanding of us, prospective investors should read this section in conjunction with 'Industry Overview', 'Our Business', 'Financial Indebtedness' and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 160, 218, 383 and 396, respectively, as well as the financial, statistical and other information contained in this Draft Red Herring Prospectus. In making an investment decision, prospective investors must rely on their own examination of us and the terms of the Offer including the merits and risks involved. You should consult your tax, financial and legal advisors about the particular consequences to you of an investment in the Equity Shares.

Prospective investors should pay particular attention to the fact that our Company is incorporated under the laws of India and is subject to a legal and regulatory environment, which may differ in certain respects from that of other countries. This Draft Red Herring Prospectus also contains forward-looking statements that involve risks, assumptions, estimates and uncertainties. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Draft Red Herring Prospectus. For details, see 'Forward-Looking Statements' on page 20.

Unless stated or, the context requires, otherwise, our financial information has been derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus. Unless otherwise indicated, industry and market data used in this section has been derived from the report titled 'Assessment of textile industry with special focus on yarn manufacturing market in India' dated April 12, 2024, prepared by CRISIL, read with Addendum dated August 16, 2024, which has been commissioned and paid for by our Company in connection with the Offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the CRISIL Report and included herein with respect to any particular year, refers to such information for the relevant calendar year. CRISIL was appointed by our Company and is not connected to our Company, our Directors, our Promoters, our Key Managerial Personnel, Senior Management or BRLMs. A copy of the CRISIL Report is available on the website of our Company at https://www.sanathan.com/investor-relations.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implications of any of the risks described in this section.

INTERNAL RISK FACTORS

1. 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.

We do not have firm commitments or long-term supply agreements with our customers and instead rely on purchase orders. We also do not enter into contracts for a specific term with our customers. Therefore, there are no past instances of termination of contracts before the completion of its term. The sales of our products to our customers are undertaken through purchase orders executed by our customers which are then fulfilled by our Company. Many of the purchase orders we receive from our customers specify a price per unit and a delivery schedule, and the quantities to be delivered are determined closer to the date of delivery. The average delivery schedule during Fiscals 2024, 2023 and 2022 was in the range of 30 to 90 days. A few of the purchase orders placed by our customers on our Company also include provisions relating to liquidated damages and specific performance in case of delay or default in delivery of our products. While there has been no instance of cancellation of orders prior to their finalization during Fiscals 2024, 2023 and 2022, the orders may be amended or cancelled prior to finalisation, in the future and should such an amendment or cancellation take place, it may adversely impact our production schedules. Cancellations or unanticipated variations or scope or schedule adjustments may occur due to unforeseen circumstances. The occurrence of any such events may lead to the cancellation of orders or the deferment of revenue, which may adversely affect our business, results of operations and financial condition.

From April 1, 2021, to March 31, 2024, we catered to 13,939 customers out of which 2,095 customers were new customers. Set out in the table below is the share of the top 10 and top 5 customers in our revenue from operations for the Fiscals 2024, 2023 and 2022:

Particulars	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue ***(₹ million)***	**% of revenue from operations**	**Revenue** ***(₹ million)***	**% revenue from operations**	**Revenue** ***(₹ million)***	**% of revenue from operations**
Top 10 customers	6,850.17	23.16	7,340.61	22.05	6,530.84	20.50
Top 5 customers	4,199.59	14.20	4,693.76	14.10	4,088.03	12.83

Our top 5 and top 10 customers contribute a significant portion of our revenue from operations. Our failure or inability to continue such relationship for any reason (including, due to failure to negotiate acceptable terms or adverse change in the financial or economic conditions) could have a material adverse impact on our business, results of operations, financial condition and cash flows.

Additionally, as we do not bind a majority of our customers to any long-term agreements specifying a certain volume of business required to be transacted between us, our customers may terminate their relationship with us, with or without cause, with no advance notice and without compensation. Consequently, there is no commitment on the part of the customer to continue to place new purchase orders with us and as a result, our sales from period to period may fluctuate significantly. Our Company cannot ascertain customer turnover ratio, as some of our customers may purchase goods from us in a particular Fiscal and these customers may not purchase goods from us in the following Fiscal. However, this does not prevent such customers from purchasing goods from the Company in the future.

Further, the absence of any contractual exclusivity in relation to our business arrangements with our customers poses a threat on our ability to be able to continue to supply our products to these customers in the future. If we overestimate demand, we may incur additional raw materials costs and manufacture a higher of number of products than required. Similarly, if we underestimate demand, we may not procure sufficient raw material in a timely manner, which could impact our production and delivery schedules. While there has been no instance in the last 3 financial years and the current financial year of significant inaccuracy in demand forecasting, leading to an adverse impact on our ability to deliver products to customers in a timely manner, or at a competitive cost or any effect on our business, results of operations and financial condition, any significant inaccuracy in demand forecasting going forward may adversely impact our ability to deliver products to customers in a timely manner, or at a competitive cost, which may adversely affect our business, results of operations and financial condition.

2. ***Our business depends on our production facility in Silvassa and will also depend on our production facility being set up in Punjab. Any loss of or shutdown of operations of the production facilities on any grounds could adversely affect our business or results of operations.***

Our production facility located in Silvassa, is subject to operating risks such as the breakdown or failure of equipment, power supply or processes, performance below expected levels of output, raw material shortage or unsuitability, obsolescence, labour disputes, strikes, lock-outs, non-availability of services of our external contractors, earthquakes and other natural disasters, pandemic, social unrests, industrial accidents, our ability to respond to technological advances and emerging industry and safety standards and practices in the industries in which we operate and propose to operate on a cost-effective and timely basis and any other factors which may or may not be within our control and also we need to comply with the directives of relevant government authorities. The occurrence of any of these risks could significantly affect our operating results. Although we take precautions to minimize the risk of any significant operational problems at our facilities, our business, financial condition, results of operations and the trading price of our Equity Shares may be adversely affected by any disruption of operations at our facilities, including due to any shutdown of our operations. We are also in the advanced stage of commissioning a greenfield facility (**Punjab Manufacturing Facility**) in Wazirabad, Punjab through our Subsidiary, Sanathan Polycot Private Limited for manufacturing polyester yarn products, which may also be susceptible to these risks, once operational.

For instance, in the past, our operations were impacted on account of shutdown of our production facility in Silvassa for nearly 2 months, during the lockdown period due to the COVID-19 restrictive guidelines issued by the respective state Governments. Further, from March 29, 2023 to April 23, 2023, operations at our Silvassa Facility were stalled due to a pre-planned decennial plant shutdown for carrying out maintenance and upgradation.

Further, due to the geographic concentration of our manufacturing units in Silvassa, our operations are susceptible to local and regional factors, such as accidents, system failures, civil unrest as well as other adverse social, economic and political events in India, weather conditions, natural disasters, regional conflicts and demographic and population changes, and other unforeseen events and circumstances which may disrupt our production and significantly affect our business, financial condition and profitability.

3. Our Company will not receive any proceeds from the Offer for Sale portion.

The Offer comprises of an offer for sale of up to [●] Equity Shares by the Selling Shareholders. The Net Proceeds from the Offer for Sale 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 and will not result in any creation of value for us or in respect of your investment in our Company. Our Company will not receive any such proceeds. For further information, see '*Objects of the Offer*' on page 127.

4. One of our Promoter was involved in a regulatory proceeding initiated by SEBI which has been settled. Any such regulatory proceedings, or any adverse action as a result of such regulatory proceedings, may affect our reputation or business.

SEBI, on January 31, 2022, issued a show cause notice, bearing reference number NRO/AK/ASR/3878/1/2022 in terms of Rule 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to Dineshkumar Vrajdas Dattani, one of our Promoter, in relation to reversal of trading in illiquid stock options, which was allegedly in violation of the provisions of the SEBI Act, 1992 and SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) Regulations, 2003. Dineshkumar Vrajdas Dattani applied to SEBI for settlement of the proceedings by filing settlement applications in terms of the SEBI Settlement Scheme, 2022 and had thereafter paid the relevant settlement amount of ₹ 0.10 million to SEBI. Through an order dated March 8, 2023, SEBI has settled the proceedings involving Dineshkumar Vrajdas Dattani and the show cause notice issued to him has been disposed of. For further details, see '*Outstanding Litigation and Other Material Developments - Litigation involving our Promoters*' on page 434. We cannot assure you that regulatory proceedings will not be initiated against our Promoters, or any regulatory actions will not be taken against our Promoters in the future for any violation of applicable laws. Any such regulatory proceedings, or any adverse action as a result of such regulatory proceedings, may affect our reputation or business.

5. One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus.

In connection with the Offer, the Company is required to identify persons and entities, in accordance with the requirements of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as members of the 'promoter group' of the Company. In terms of the Regulation 2(1)(pp) of the SEBI ICDR Regulations, Jayesh Kantilal Suchak (**Related Individual**), brother of Beena Paresh Dattani, spouse of Paresh Vrajlal Dattani, one of the Promoters, qualifies as a member of the Promoter Group of the Company. Accordingly, in terms of Regulations 2(1)(pp) of the SEBI ICDR Regulations, (i) any body corporate in which 20% or more of the equity share capital is held by any Related Individual or a firm or a Hindu Undivided Family in which any of the Related Individual is a member; (ii) any body corporate in which a body corporate mentioned in (a) above, holds 20% or more of its equity share capital; and (iii) any Hindu Undivided Family or firm in which the aggregate share of the Promoter and that of the Related Individual is equal to or more than 20% of the total capital, also forms part of our Promoter Group (collectively, the '**Connected Persons**'). The Related Individual has expressed his unwillingness to be named as a member of the Promoter Group in this Draft Red Herring Prospectus and any other document in relation to the Offer and to provide the necessary information and confirmation sought by our Company for disclosures which are required to be included in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. For further details, see '*Our Promoters and Promoter Group - Promoter Group*' on page 290.

Our Company had filed an application dated February 8, 2024 with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding, and from, such natural person(s) and entities, as required under the SEBI ICDR Regulations (**Exemption Application**). By way of a letter dated April 12, 2024 (bearing reference number SEBI/CFD/RAC-DIL1/2024/14316/1), SEBI has rejected the Exemption Application and the request from identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which he holds 20% or more of the equity share capital, as a member of the Promoter Group, and from disclosing information and confirmations regarding him and such entities, as required under the SEBI ICDR Regulations.

Since our Company has not been able to procure relevant information, from, and in relation to, the Related Individual and Connected Persons, and to comply with the provisions of the SEBI ICDR Regulations, the disclosures in relation to the Related Individual in this Draft Red Herring Prospectus have been included to the best of our Company's knowledge and to the extent the information was available and accessible in the public domain published on the websites of (i) Watchout Investors (accessible at https://www.watchoutinvestors.com/); (ii) TransUnion CIBIL Limited (**CIBIL**) (accessible at https://suit.cibil.com/), (iii) BSE Limited (list of debarred entities accessible at https://www.bseindia.com/investors/debent.aspx); and (iv) National Stock Exchange of India Limited (accessible at https://www.nseindia.com/regulations/member-sebi-debarred-entities), on a 'name search' basis.

Given that the information related to the Related Individual included in this Draft Red Herring Prospectus is solely based on the information which was available and accessible in the public domain, our Company has not ascertained the veracity or completeness of the information or if such information is updated. Our Company will also not be in a position to ascertain any subsequent developments in relation to the information of the Related Individual. Further, since the Related Individual has expressed his unwillingness to be named as a member of the Promoter Group in this Draft Red Herring Prospectus and any other document in relation to the Offer and to provide the necessary information and confirmation sought, our Company has not been able to ascertain any entity forming part of the Connected Persons which would qualify as a member of our Promoter Group. Accordingly, details in relation to the Connected Persons, which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus.

6. Our Statutory Auditors have drawn attention to qualitative matters of emphasis and a modified opinion on our Company's internal financial controls, in their examination report on the Restated Consolidated Financial Information.

Our Statutory Auditors have drawn attention to qualitative matters of emphasis and a modified opinion on our Company's internal financial controls, in their examination report on the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus, which are reproduced below:

"…For the year ended 31 March 2024

The report on Other Legal and Regulatory Requirements included in the auditor's report issued by us on the consolidated financial statements of the Company as at for the year ended 31 March 2024 included the following modifications relating to the maintenance of books of account and other matters connected therewith as reproduced below:

i) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);

ii) The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 14(b) above on reporting under section 143(3)(b) of the Act and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).

iii) As stated in note 47 to the accompanying consolidated financial statements and based on our examination which included test checks and that performed by the auditors of the subsidiary of the Holding Company which is a company incorporated in India and audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and auditors of the above referred subsidiary did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below.

Nature of exception noted	***Details of exception***
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	*The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Holding Company and one of its subsidiary for the period 1 April 2023 to 30 June 2023.*
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	*The Holding Company and one of its subsidiary have used an accounting software for the period 01 July 2023 to 31 March 2024 for maintenance of all accounting records which is operated by a third-party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation), we and the auditor of the said subsidiary are unable to comment on whether the audit trail feature with respect to the database of the said software was enabled and operated throughout the said period.*

For the years ended 31 March 2024, 31 March 2023 and 31 March 2022

Other matter on operating effectiveness of Internal Financial Controls ('IFC')

The adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements/financial information in so far as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India…"

7. ***Our Promoters and members of the Promoter Group have significant control over the Company and have the ability to direct our business and affairs; their interests may conflict with your interests as a shareholder.***

Currently, our Promoters and members of the Promoter Group hold the entire Equity Share capital of our Company and upon completion of this Offer, our Promoters and members of our Promoter Group will collectively hold [●]% of the Equity share capital of our Company. As a result, our Promoters will have the ability to exercise significant influence over all matters requiring shareholders' approval. Accordingly, our Promoters will continue to retain significant control, including being able to control the composition of our Board of Directors, determine decisions requiring simple or special majority voting of shareholders, undertaking sale of all or substantially all of our assets, timing and distribution of dividends and termination of appointment of our officers, and our other shareholders may be unable to affect the outcome of such voting. There can be no assurance that our Promoters will exercise their rights as shareholders to the benefit and best interests of our Company. Further, such control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. The interests of our Promoters could conflict with the interests of our other equity shareholders, and our Promoters could make decisions that materially and adversely affect your investment in the Equity Shares.

8. ***Any delays and/or defaults in customer payments could result in increase of working capital investment and/or reduction of our Company's profits, thereby affecting our operation and financial condition.***

We are exposed to payment delays and/or defaults by our customers. Our financial position and financial performance are dependent on the creditworthiness of our customers. Such delays in payments may require our Company to make a working capital investment. We cannot assure you that payments from all or any of our customers will be received in a timely manner or to that extent will be received at all. If a customer defaults in making its payments on an order on which our Company has devoted significant resources, or if an order in which our Company has invested significant resources is delayed, cancelled or does not proceed to completion, it could have a material adverse effect on our Company's results of operations and financial condition. For Fiscals 2024, 2023 and 2022 our trade receivables were ₹ 1,256.80 million, ₹ 1,417.43 million and ₹ 1,361.90 million, respectively. Our trade receivable turnover ratio (i.e., revenue from operations divided by average gross trade receivables) for Fiscals 2024 2023 and 2022 was 21.77 times, 23.33 times and 23.25 times.

There is no guarantee on the timeliness of all or any part of our customers' payments and whether they will be able to fulfil their obligations, which may arise from their financial difficulties, deterioration in their business performance, or a downturn in the global economy. We do not have any formal credit policy and details of our bad debts and our debtors' age analysis can be summarised as under:

As at March 31, 2024:

(*₹ in million*)

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	1,128.02	33.22	108.82	-	-	**1,270.06**
(ii) Disputed trade Receivables - credit impaired	-	-	-	-	5.37	**5.37**

As at March 31, 2023:

(₹ *in million*)

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables – considered good	1,174.86	245.64	-	-	-	**1,420.50**
(ii) Disputed trade Receivables – credit impaired	-	-	-	-	21.24	**21.24**

As at March 31, 2022:

(₹ *in million*)

Particulars	**Outstanding for following periods from due date of payment**					
	Less than 6 months	**6 months -1 year**	**1-2 years**	**2-3 years**	**More than 3 years**	**Total**
(i) Undisputed trade receivables - considered good	1,389.10	-	-	-	-	**1,389.10**
(ii) Disputed trade Receivables - credit impaired	-	1.90	-	-	21.10	**23.00**

For further details in relation to the trade receivables, please refer to '*Restated Consolidated Financial Information - Note 10 - Trade Receivables'* on page 332.

Further, our sundry balances that were written off were as under:

(₹ *in million*)

Particulars	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Sundry balances written off	-	-	2.40

Any increase in the bad debts or increase in the debtor turnover ratio shall adversely affect our financial performance and our operating cash flows.

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

The funding requirements and the deployment of the Net Proceeds are based on the current business plan and strategy of our Company. Our Company may have to revise these from time to time as a result of variations including changes in estimates and other external factors, which may not be within the control of the management of our Company. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirement and increasing or decreasing the deployment for a particular purpose from its planned expenditure at the discretion of the Board of Directors of our Company, in compliance with applicable law. In accordance with Section 27 of the Companies Act, 2013, we cannot undertake any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus without obtaining the shareholders' approval through a special resolution. In the event of any such circumstances that requires us to undertake variation in the disclosed utilization of the Net Proceeds, we may not be able to obtain the Shareholders' approval in a timely manner, or at all. Any delay or inability in obtaining such Shareholders' approval may adversely affect our business or operations. Further, our Promoters or controlling shareholders would be required to provide an exit opportunity to the shareholders who do not agree with our proposal to modify the objects of the Offer as prescribed in the SEBI ICDR Regulations. If our shareholders exercise such exit option, our business and financial condition could be adversely affected. Therefore, we may not be able to undertake variation of objects of the Offer to use any unutilized proceeds of the Offer, if any, even if such variation is in the interest of our Company, which may restrict our ability to respond to any change in our business or financial condition and may adversely affect our business and results of operations. For further details of the proposed objects of the Offer, see '*Objects of the Offer'* on page 127.

10. 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.

The success of our business depends upon our ability to anticipate and forecast customer demand and trends. Any error in our forecast could result in either surplus stock, which we may be unable to sell in a timely manner, or at all, or under-stocking, which will affect our ability to meet customer demand. We plan our inventory and commence our production based on the forecast and anticipated demand. We have inventory manufactured and stored at our warehouses and seek to maintain an optimal level of inventory which is important to our business as it allows us to respond to customer demand effectively.

As of March 31, 2024, March 31, 2023 and March 31, 2022, our inventory as a percentage of our current assets was 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 5.28 times, 5.69 times and 5.45 times. Our inventory cycle (i.e., inventory turnover days) was 69 days, 61 days and 80 days, during Fiscals 2024, 2023 and 2022, respectively. Given the nature of our business, we end up blocking substantial amount of funds while managing our inventory. Such blocked amounts are realised only at a later date due to the inventory cycle. However, there has been no instance wherein we had a long inventory level, and the inventory level has been optimal, specifically considering the industry in which we operate. Further, except for Fiscal 2021, which was an aberration on account of the lockdowns imposed by several state governments in India, there has not been any instance wherein our inventory level blocked our working capital and, consequently, reduced our working capital cycle. Ensuring availability of our products requires prompt turnaround time and a high level of coordination amongst our personnel, including the purchase team, production team, sales and marketing team, quality control team and production team. While we aim to avoid under-stocking and over-stocking, our estimates and forecasts may not always be accurate. If we fail to accurately forecast customer demand, we may experience excess inventory levels or a shortage of products available for sale. If we under-stock inventory, our ability to meet customer demand may be impaired. If we over-stock inventory, our capital requirements may increase, and we may incur additional financing costs. Any unsold inventory may have to be sold at a discount or discarded, potentially leading to losses. While, there has not been any instance of us selling unsold inventory at a steep discount nor has there been any instance of inventory being discarded, potentially leading to losses, in the last 3 financial years and the current financial year; we cannot assure you that we will be able to sell surplus stock in a timely manner, or at all, which in turn may adversely affect our business, results of operations and financial condition.

11. 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.

We are dependent on third party suppliers for certain raw materials, such as purified terephthalic acid (**PTA**) and mono ethylene glycol (**MEG**) Industrial Yarn (**IDY**) chips, and raw cotton which are the primary raw materials used in the manufacture of our products. During Fiscals 2024, 2023 and 2022, we sourced raw materials from 165 suppliers, 186 suppliers and 177 suppliers, respectively. We procure a large portion of our raw materials from a few key suppliers, any disruption of supply of raw materials from such suppliers could adversely impact our operations and business if we are unable to replace such suppliers in a timely manner. We cannot assure you that we will be able to enter into new arrangements with suppliers on terms acceptable to us, which could have an adverse effect on our ability to source raw materials in a commercially viable and timely manner, if at all, which may impact our business and profitability. Our Company, our Promoters, Directors and Promoter Group do not have any direct or indirect relationship with our suppliers.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Total Purchase (in ₹ million)	**As a % of total expenses**	**Total Purchase (in ₹ million)**	**As a % of total expenses**	**Total Purchase (in ₹ million)**	**As a % of total expenses**
Top supplier*	5,112.42	18.28	4,722.38	15.07	6,576.66	24.15
Top 5 suppliers*	12,496.72	44.68	12,856.94	41.02	12,858.03	47.23
Top 10 suppliers*	13,968.48	49.94	15,296.11	48.80	14,970.41	54.99

**We are unable to disclose the names of individual suppliers since this information is commercially sensitive to our business.*

If we experience significant increased demand, or need to replace an existing supplier, we cannot assure you that we will be able to meet such demand or find suitable substitutes, in a timely manner and at reasonable costs, or at all.

Raw material cost, i.e. cost of raw cotton, is the largest cost component forming a share of ~60% for a spinning mill. As cotton is a seasonal commodity, procuring raw cotton at the right time and at the right price is crucial as it directly impacts the operating margin of a spinning mill. (*Source: CRISIL Report*). For Fiscals 2024, 2023 and 2022, our total cost of material consumed was ₹ 21,317.15 million, ₹ 23,349.10 million and ₹ 20,632.70 million representing 76.18%, 74.46% and 75.79% respectively, of our total expenses. We are also subject to the risk that one or more of our existing suppliers may discontinue their operations, which may adversely affect our ability to source raw materials at a competitive price. In addition, PTA and MEG are majorly dependent on the price of crude oil, which has increased during Fiscal 2022 (April 2021 to March 2022) and Fiscal 2023 (April 2022 to March 2023) (*Source: CRISIL Report*). The amount of raw materials procured and the price at which we procure such materials, may fluctuate from time to time and the availability and price of our raw materials may be subject to a number of factors beyond our control, including economic factors, seasonal factors, environmental factors and changes in Government policies and regulations, including those relating to the textile industry in general.

We are required to stock domestic cotton in large quantities, as the demand and supply of raw cotton is seasonal in nature. Any material shortage or interruption in the domestic supply or decrease in the quality of cotton due to shortage of rainfall or other factors could affect our ability to timely deliver to our customers which may adversely affect our operations and business.

Further, for Fiscals 2024, 2023 and 2022, our total raw material consumed which was imported was ₹ 8,699.89 million, ₹ 8,697.32 million and ₹ 4,445.89 million representing 41.94%, 46.93% and 27.11%, respectively, of our total raw material consumed. Our imports may be subject to foreign exchange fluctuations, political instability, etc. The sourcing and procurement of the raw materials requires a particular skill set which ensures that the quality of raw materials is consistent. An inability to procure quality raw materials on a consistent basis may lead to a decline in the quality of our products which made lead to an increase in the cost of the product, decline in our sales volumes and profit margins and adversely affect our results of operations.

Although there have not been any instances in the last 3 financial years and the current financial year where we have faced a shortage of raw materials, we cannot assure you that we will always be able to meet our raw material requirements at prices acceptable to us, or at all, or that we will be able to pass on any increase in the cost of raw materials to our customers. Any inability on our part to procure sufficient quantities of raw materials, on commercially acceptable terms, may lead to a decline in our sales volumes and profit margins and adversely affect our results of operations.

12. We are dependent on third party logistic and support service providers for the delivery of raw materials and finished products and any disruptions in their services including transportation services or a decrease in the quality of their services may adversely affect our business, financial condition and results of operations.

We rely on third party logistic and support service providers including for transportation services at multiple stages of our business activities, including for procurement of raw materials from our suppliers and for transportation of our finished products from our manufacturing facility to our customers and warehousing facilities. We generally use water, road and rail transportation services to meet our transportation requirements. However, we do not enter into any long-term contracts with any logistics service provider. The aggregate freight costs incurred on our top five logistics providers for Fiscals 2024, 2023 and 2022 was ₹ 171.89 million, ₹ 462.51 million and ₹ 865.97 million, aggregating 0.61%, 1.48% and 3.18% of our total expenses, respectively.

We typically engage and hire service providers through the spot contracts based on factors including cost, availability and delivery schedules. Accordingly, our transportation costs may vary and are based on rates that are offered to us from time to time. Our business is also vulnerable to increased transportation costs or delivery delays due to various factors, including increase in fuel costs, freight rates, increase in port, road and toll taxes, shipping congestions, damage or losses of goods in transit, disruption of transportation services because of weather related problems, strikes, lock-outs, accidents, inadequacies in waterways and road infrastructure, currency fluctuations, changes in tariff or import policies, political uncertainty or other similar events. Freight cost incurred by our Company for Fiscals 2024, 2023 and 2022 was ₹ 124.73 million, ₹ 131.47 million and ₹ 117.80 million, aggregating 0.45%, 0.42%, and 0.43% of our total expenses, respectively.

We may face transportation risks including damage or losses of goods in transit, delay in deliveries to our customers etc. due to loss or pilferage, which we may not be able to fully recover from our service provider or from our insurance coverage. Further, while we adjust freight costs in the cost of products sold to our customers, we bear transportation risk for the duration of transit. In addition, we may be required to replace a service provider if its services do not meet our safety, quality or performance standards or the partner's non-compliance with applicable laws or if it should unexpectedly discontinue operations due to reasons beyond its or our control. While freight costs have increased as a percentage to the total expenses in the last 3 financial years, these costs are passed on to our customers. Any prolonged disruption or unavailability of such facilities in a timely manner could result in delays or inability to deliver our products to our customers, or may require us to look for alternative means of transportation which may not be cost or time efficient, thereby adversely affecting our operations, profitability, reputation and market position.

Our operations and profitability are dependent upon the availability of reliable logistic and support services in a timely and cost-efficient manner and any disruption in these services including transportation services or increase in their cost may affect our business, financial condition and results of operations.

13. Inability to obtain or protect our intellectual property rights may adversely affect our business.

Our Company has 50 registered trade marks and has made applications for registration of 3 trademarks. For further details, see '*Government and Other Approvals - Intellectual Property - Trademark*' on page 442.

In the absence of the registered trade marks for the applications filed by us, our ability to protect such intellectual property may be diluted to such extent, and could adversely affect our reputation and business, which could in turn adversely affect our financial performance and the market price of the Equity Shares. We cannot assure you that these trademarks will be registered in our name, and we will continue to enjoy uninterrupted use of the said. Any claim of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. Our inability to obtain or maintain our trademarks in our business, could adversely affect our reputation, goodwill, business prospectus, and results of operations.

Our ability to attract and retain customers is dependent upon public perception and recognition of the quality associated with the '*Sanathan*' brand. Our success depends on our ability to maintain the brand image of our existing products and effectively build our brand image for new products and brand extensions. Any damage to our brand could adversely impact the trust placed in the brand and our reputation and cause existing customers or intermediaries to withdraw their business and reconsider doing business with us. While there has been no past instance during the last 3 financial years and the current financial year of negative publicity / false propaganda / allegation/ reputation damage, any negative publicity may result in increased regulation and legislative scrutiny of industry practices as well as increased litigation, which may further increase our costs of doing business by requiring us to make provisions or consider claims under such litigations as contingent liabilities and adversely affect our profitability.

We are also exposed to the risk that other entities may pass off their products as ours by imitating our brand name and attempting to create counterfeit products. We believe that there may be other companies or vendors which operate in the unorganized segment using our tradename or brand names. Although there have not been such incidents during the last 3 financial years and the current financial year, any such activities may harm the reputation of our brand and sales of our products, which could in turn adversely affect our financial performance. We rely on protections available under Indian law, which may not be adequate to prevent unauthorized use of our intellectual property by third parties. Notwithstanding the precautions we take to protect our intellectual property rights, it is possible that third parties may copy or otherwise infringe on our rights, which may have an adverse effect on our business, results of operations, cash flows and financial condition. Currently, we do not have any form of intellectual property protection in relation to the designs of our products and consequently do not enjoy the statutory protections accorded to such designs in India and cannot prohibit the use of such designs by anybody by means of statutory protection. Any unauthorized usage by a third party of logo that is being used by us may create confusion in the market as to our identity and/or may have a material adverse effect on our reputation, goodwill, business prospects and results of operation too. Such infringement will hamper our business as prospective clients may go to such user of mark and our revenues may decrease. Currently, there is no dispute with respect to the trademarks / intellectual property owned / maintained by our Company, nor does our Company maintain any policy in relation to its intellectual property.

Further, while we take care to ensure that we comply with the intellectual property rights of others, we cannot determine with certainty whether we are infringing any existing third-party intellectual property rights. Any claims of intellectual property infringement from third parties, regardless of merit or resolution of such claims, could force us to incur significant costs in responding to, defending and resolving such claims, and may divert the efforts and attention of our management and technical personnel away from our business. While there has not been any instance of any third-party alleging infringement of their intellectual property by our Company in the past last 3 financial years and the current financial year, the risk of being subject to intellectual property infringement claims will increase as we continue to expand our operations and product offerings. As a result of such infringement claims, we could be required to pay third party infringement claims. The occurrence of any of the foregoing could result in unexpected expenses.

14. Our expansion into new product categories and a substantial increase in the number of products offered may expose us to new challenges and more risks. Further, any inability to innovate or failure to adapt to changes in our industry may adversely affect our business, financial condition, cash flows and results of operations.

Our business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. The revenue mix from the three verticals for Fiscals 2024, 2023 and 2022 was:

(₹ in million)

Business vertical	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations
Polyester yarn	22,844.89	77.24	26,004.12	78.11	24,488.80	76.88

Business vertical	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations	**% of revenue from operations**	**Revenue from operations**	**% of revenue from operations**	**Revenue from operations**	**% of revenue from operations**
products						
Cotton yarn products	5,489.19	18.56	6,242.51	18.75	6,426.38	20.17
Industrial and technical textiles yarns	1,240.96	4.20	1,045.50	3.14	938.02	2.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

We are accordingly heavily reliant on the sale of polyester yarn products and any downturn in the sale of polyester yarn products may impact our business operations. We also have a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. During Fiscals 2024, 2023, and 2022, our sale of value added product yarns (i.e. cationic dyeable, born dyed, functional, industrial, speciality and superfine / micro) as a % of the total products sold is set out below:

Financial Year	Total products sold (Quantity in million)	Value added products sold (Quantity in million)	Value added products sold as a % of Total products sold
Fiscal 2024	225.83	117.21	51.90
Fiscal 2023	240.47	114.81	47.75
Fiscal 2022	241.95	124.15	51.31

We experience sales returns and quality compensation regularly in our normal course of business. During Fiscal 2024, 2023 and Fiscal 2022, our products in value which were returned by our customers aggregated ₹ 33.00 million, ₹ 31.27 million and ₹ 35.91 million constituting 0.11%, 0.09%, and 0.11% of our revenue from operations, respectively. Further, our customers may reject the entire order if the products developed are not as per their expectations and we run the risk of recall and any product liability due to defects in our products. Therefore, our past results of operations should not be taken as indicative of our future performance. If we cannot successfully manage our product mix, address new challenges or compete effectively, we may not be able to recover costs of our investments and eventually achieve profitability, and our future results of operations and growth prospects may be materially and adversely affected.

We are constantly innovating and adapting and believe that our future success will depend on our ability to adapt and innovate. We believe that to attract new customers and increase revenue from our existing customers, we will need to enhance and improve our current products on an ongoing basis and introduce new products based on continuing changes in technology, industry standards and client preferences. Due to the inherent limitations in such a process, the new products that we seek to develop may not be introduced in a timely or cost-effective manner and may contain errors or defects. We have experienced delays in our internally planned introduction of new products in the past and there can be no assurance that the products we seek to introduce in the future, will be released according to schedule. We currently considerably depend on technology and may also invest in various technologies that we believe will enhance our production process and enable us to introduce new products. However, we may not be able to integrate some technologies successfully or achieve the expected benefits of such technologies. If we are unable to integrate new technologies to the current technology, the products manufactured by us may not meet the needs of our existing or potential customers in a timely and effective manner, or if a customer is not satisfied with the standard of our products, we could incur additional costs to address the situation and our business, results of operations and financial performance could be adversely affected. However, in the last 3 financial years and the current financial year, there has not been any instance of non-integration of new technologies with the current technology used by us. Any inability to recognise and incorporate evolving technology for the improvement of our products, whether due to technology capability or capital constraints could also have a significant adverse impact on our business and competitive advantage.

15. ***Our relationship with our distributors is critical to our business. 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 India, Argentina, Singapore, Germany, Greece, Canada and Israel. Our revenue from our top 25 distributors during Fiscals 2024, 2023 and 2022 was ₹ 13,315.44 million, ₹ 14,644.72 million and ₹ 15,072.48 million representing 45.03%, 43.99% and 47.32%, respectively, of our total revenue from operations. We rely significantly on our distributors to sell our products and we expect that sales through such distributors will continue to account for a significant percentage of our revenues. Our distributors market and distribute our products to various end users in India and abroad. Our distribution model includes selling our goods through distributors / agents on both cash and credit basis. While our goods are sold directly to the distributors, the sales to our customers, through our agents involve paying a certain commission to these agents.

While our distributors may discontinue their association without any notice and with little or no penalty, there has not been any instance of discontinuation of such association with our distributors without any notice and / or penalty in the last 3 financial years and the current financial year. Further, new distributors would require extensive training in relation to the sale of our goods which would entail a substantial period to achieve the desired level of sales. The loss of a considerable number of distributors and the inability to replace them or the failure to recruit additional distributors could materially and adversely affect our results of operations and cash flows and also the pricing of the products offered by us which may in turn materially and adversely affect our business prospects, financial condition, results of operations and cash flows. While, it is also possible that, from time to time, our distributors may violate the terms of our arrangements, such as the pricing terms, and we may need to sever ties with certain of our distributors, however, in the last 3 financial years and the current financial year, there has not been any instance of violation of terms and conditions by any of our distributors and hence no consequent action was taken by our Company. We have, in the past, and may also in the future, become aware of fraud and financial irregularities on behalf of our distributors which may have legal or financial implications for us.

16. ***The global scope of our operations exposes us to risks of doing business in foreign countries, including the constantly changing economic, regulatory, social and political conditions in the jurisdictions in which we operate and seek to operate, which could adversely affect our business, financial condition and results of operations.***

Our revenues from operations from outside India were ₹ 1,297.33 million, ₹ 3,401.88 million and ₹ 4,155.80 million representing 4.39%, 10.22%, and 13.05%, respectively, of our total revenue from operations for Fiscals 2024, 2023, and 2022, respectively. Our key overseas markets include Argentina, South Korea, United States of America, Japan and Morocco. Our business is accordingly subject to diverse and dynamic economic, regulatory, social and political conditions in the jurisdictions in which we operate. Operating in international markets exposes us to a number of risks globally, including, without limitation:

- compliance with local laws and regulations (including imposition of non-tariff barriers), which can be onerous and costly as the magnitude and complexity of, and continual amendments to, those laws and regulations are difficult to predict and the liabilities, costs, obligations and requirements associated with these laws and regulations can be substantial;

- difficulties with local operating and market conditions, particularly regarding customs, taxation and labour;

- currency exchange rate fluctuations;

- difficulties in organizing a skilled workforce for efficient operations including processing visas or entry permits quickly and repeatedly for our personnel; and

- economic and financial conditions, including the stability of credit markets, foreign currency fluctuations and controls, particularly the ability to repatriate funds to India and other countries.

Our exports may also be impacted by embargo imposed by the countries to which we export our products. For instance, the ban imposed by US for import of cotton and derived products from China's Xinjiang region in January 2021, coupled with lockdowns imposed in the country, led to the shutdown of textile mills in China, restricting supply of cotton and derived products. (*Source: CRISIL Report*) While this embargo created more export opportunities for the Indian yarn industry (*Source: CRISIL Report*), any such embargo imposed by the countries to which we export our products could materially and adversely affect our business, financial condition and results of operations.

To the extent that our operations are affected by unexpected and adverse economic, regulatory and social and political conditions in the countries in which we operate, we may experience operational disruptions, loss of assets and personnel and other indirect losses that could materially and adversely affect our business, financial condition and results of operations.

17. We may not be able to successfully manage the growth of our business if we are not able to effectively implement our strategies.

Our installed capacities as at June 30, 2024 and Fiscals 2024, 2023 and 2022 was 223,750 MTPA. We are also in the advanced stage of commissioning the Punjab Manufacturing Facility in Wazirabad. The Punjab Manufacturing Facility will be set up solely for manufacturing polyester yarn products. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonne per day. Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026. For details, see '*Our Business - Our Manufacturing capabilities'* on page 227. We cannot assure you that our growth strategies, in particular the proposed increase of our manufacturing capacities, will be successful or that we will be able to continue to expand further, or at the same rate.

Our inability to execute our growth strategies in a timely manner or within budget estimates or our inability to meet the expectations of our customers and other stakeholders, could have an adverse effect on our business, results of operations and financial condition. Our future prospects will depend on our ability to grow our business and operations. The development of such future business could be affected by many factors, including general, political and economic conditions in India, government policies or strategies in respect of specific industries, prevailing interest rates and price of equipment and raw materials. Further, in order to manage our growth effectively, we must implement, upgrade and improve our operational systems, procedures and internal controls on a timely basis. We upgrade our enterprise resource planning software and our information technology infrastructure on an ongoing basis. We have installed a human resource management software in Fiscal 2021 and enterprise resource planning (**ERP**) system in Fiscal 2023 for *inter alia* material management, production, sales and distribution planning, warehouse management, quality management and plant maintenance. Due to such upgradation and implementation, we were able to manage the business efficiently, since such infrastructure enabled us to efficiently access reports for monitoring, tracking credit limits, processing more orders and also reduce the risk of human errors. We have also implemented certain internal controls such as, executing certain procedures and processes in relation to the strengthening of the internal controls pertaining to the accounting, finance and treasury functions. If we fail to implement these systems, procedures and controls on a timely basis, or if there are weaknesses in our internal controls that would result in inconsistent internal standard operating procedures, we may not be able to meet our customers' needs, hire and retain new employees or operate our business effectively. Failure to manage growth effectively could adversely affect our business and results of operations.

18. An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.

We have obtained a number of insurance policies in connection with our operations including fire, industrial all risk insurance policy with respect to our manufacturing facility, insurance policies for our workmen, fire and special peril policies for the stock in our unit and godowns as well as a public liability policy. We do not maintain any insurance policy to mitigate any potential loss on account of claims. For further information, see '*Our Business - Insurance'* on page 241.

Details of our total insurance coverage *vis-à-vis* our net assets as at and for the Fiscal ended March 31, 2024 and March 31, 2023, and March 31, 2022 is set out below:

Particulars	**As at March 31, 2024**	**As at March 31, 2023**	**As at March 31, 2022**
Insured assets* *(₹ million)* (**A**)	13,319.69	13,499.67	13,387.91
Uninsured assets** *(₹ million)* (**B**)	1,405.06	187.98	23.90
Total assets *(₹ million)* (A+B)	**14,724.75**	**13,687.64**	**13,411.81**
Insurance coverage *in (₹ million)*	24,424.85	23,233.50	22,830.50
Insurance coverage (%)	183.37	172.10	170.53

**Sum of property, plant and equipment and inventories.*
***Comprises capital work in progress.*

While we believe that the insurance coverage which we maintain would be reasonably adequate to cover the normal risks associated with the operation of our business, we cannot assure you that any claim under the insurance policies maintained by us will be honoured fully, in part or on time, or that we have taken out sufficient insurance to cover all our losses. While in the last 3 financial years and the current financial year, there has not been any instance of any claim exceeding the insurance cover, our insurance policies may not provide adequate coverage in certain circumstances and are subject to certain deductibles, exclusions and limits on coverage. In addition, our insurance coverage expires from time to time. We apply for the renewal of our insurance coverage in the normal course of our business, but we cannot assure you that such renewals will be granted in a timely manner, at acceptable cost or at all. To the extent that we suffer loss or damage for which we did not obtain or maintain insurance, and which is not covered by insurance or exceeds our insurance coverage or where our insurance claims are rejected, the loss would have to be borne by us and our results of operations, cash flows and financial condition may be adversely affected.

19. 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.

Our business requires a significant amount of working capital for our day-to-day operations before payment is received from our customers. Any delay in processing our payments by our customers may increase our working capital requirement. Further, if a customer defaults in making payments for a product on which we have devoted significant resources, it could affect our profitability and liquidity and decrease the capital reserves that are otherwise available for other uses. Our Company's working capital requirements (i.e., sum of trade receivables and inventory, as reduced by trade payables) as on March 31, 2024, March 31, 2023 and March 31, 2022 was ₹ 942.29 million, ₹ 1,660.27 million, ₹ 2,424.87 million, respectively. As on June 30, 2024, our Company had sanctioned working capital facilities aggregating to ₹ 8,750.00 million and outstanding working capital facilities aggregating to ₹ 4,489.93 million. Our working capital days for Fiscals 2024, 2023 and Fiscal 2022 were 49 days, 46 days and 67 days, respectively. While there have been no instances of claims filed for compensation for any loss incurred pursuant to defaults by the customers in the past 3 financial years and the current financial year, if we file a claim for compensation, the settlement of disputes may take time and involve us expending financial and other resources, and the outcome may be uncertain. In general, we take provisions for bad debts, including those arising from such defaults based primarily on ageing and other factors such as special circumstances relating to special customers. There can be no assurance that such payments will be remitted by our customers to us on a timely basis or that we will be able to effectively manage the level of bad debt arising from defaults. We may also have large cash outflows, including among others, losses resulting from environmental liabilities, litigation costs, adverse political conditions, foreign exchange risks and liability claims. However, there have been no instances of losses resulting from environmental liabilities in the last 3 financial years and the current financial year. We may also have a higher inventory level at our facilities due to various factors such as, delay in deliveries to the customers, natural disasters, pandemic, government imposed restrictions, etc.

All of these factors may result, in increase in the amount of receivables, inventory and short-term borrowings. If we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase, and could have a significant effect on our profitability and cash flows and we may be subject to additional covenants, which could limit our ability to access cash flows from operations. Any issuance of equity, on the other hand, could result in a dilution of your shareholding. Accordingly, continued increases in our working capital requirements may have an adverse effect on our financial condition and results of operations. In addition, we cannot assure you that the budgeting of our working capital requirements for a particular year will be accurate. While there have been no instances of inaccurate budgeting of working capital requirements in during Fiscals 2024, 2023, and 2022, there may be situations where we may under-budget our working capital requirements, which may lead to delays in arranging additional working capital requirements, loss of reputation, levy of liquidated damages and can cause an adverse effect on our cash flows.

20. We propose to utilize a portion of the Net Proceeds for repayment and, or, pre-payment of a portion, of certain outstanding borrowings availed by our Company, and for 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. Accordingly, the utilization of the Net Proceeds will not result in creation of any tangible assets.

Our Company intends to utilise a portion of the Net Proceeds for repayment and, or, pre-payment of a portion, of certain outstanding borrowings availed by our Company and for 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. The details of the loans identified to be repaid or prepaid using the Net Proceeds have been disclosed in the '*Objects of the Offer*' on page 127. While we believe that prepayment or scheduled repayment of a portion, of certain outstanding borrowings availed by us will help reduce our outstanding indebtedness and debt servicing costs, assist us in maintaining a favourable debt to equity ratio and enable utilisation of our internal accruals for further investment in business growth and expansion, the repayment and, or, pre-payment of a portion, of certain outstanding borrowings availed by our Company and our Subsidiary viz. Sanathan Polycot Private Limited, will not result in the creation of any tangible assets for us.

21. This Draft Red Herring Prospectus contains information from an industry report prepared by CRISIL which we have commissioned and paid for.

This Draft Red Herring Prospectus includes information that is derived from the CRISIL Report, prepared by CRISIL, a research house, pursuant to an engagement with our Company. CRISIL has advised that while it has taken due care and caution in preparing the commissioned report, which is based on information obtained from sources that it considers reliable (**Information**), it does not guarantee the accuracy, adequacy or completeness of the Information and disclaims responsibility for any errors or omissions in the Information or for the results obtained from the use of the Information. The CRISIL Report also highlights certain industry and market data, which may be subject to estimates and/or assumptions. There are no standard data gathering methodologies in the industry in which our Company conducts our business, and methodologies and assumptions vary widely among different industry sources. Further, such estimates and / or assumptions may change based on various factors. Additionally, some of the data and information in the CRISIL Report is also based on discussions / conversations with industry sources and may not have been, nor be capable of being, independently verified by CRISIL. Further, the CRISIL Report is not a recommendation to invest or disinvest in our Company. CRISIL has disclaimed all financial liability in case of any loss suffered on account of reliance on any information contained in the CRISIL Report.

22. We are heavily dependent on technology in carrying out our business activities and it forms an integral part of our business. If we face failure of our information technology systems, we may not be able to compete effectively which may result in lower revenue, higher costs and would adversely affect our business and results of operations.

Our continued growth depends on the ability and performance of our existing technology that is utilized and will be utilized in the production of our products. Further, our Company also has an ERP system which integrates and collates data of purchase, sales, reporting, accounting, stocks, tracking vehicle etc. We have installed a human resource management software in Fiscal 2021 and ERP system in Fiscal 2023 for *inter alia* material management, production, sales and distribution planning, warehouse management, quality management and plant maintenance. Our Company also employs the use of data driven decision making in the production process. We also have automatic material transportation and package handling systems and automated warehouse management systems across our operations which meet global inventory management standards. We may in the future experience disruptions, outages, and other performance problems with our infrastructure due to a variety of factors, including infrastructure changes, introductions of new functionality, human or software errors, capacity constraints, distributed denial-of-service attacks or other security-related incidents. In some instances, we may not be able to identify the cause or causes of these performance problems immediately or in short order. We may not be able to maintain the level of production if there in an interruption or outage in the technology that we currently employ. Frequent or persistent interruptions in the production process could cause customers to believe that our products are unreliable, leading them to switch to our competitors or to otherwise avoid our products. This could negatively impact market acceptance of our business and our financial condition, and results of operations could be adversely affected.

23. Our business, results of operations and financial condition may be adversely affected if operations at the facilities of our raw material suppliers are disrupted.

The facilities of our raw material suppliers are subject to various operating risks, including some of which are beyond their control, such as the breakdown and failure of equipment, industrial accidents, employee unrest, severe weather conditions and natural disasters. Further, since a significant majority of the facilities of our raw materials suppliers are located in particular regions in India, any significant disruption, including due to social, political or economic factors or natural calamities or civil disruptions, impacting these regions may adversely affect operations at our raw materials suppliers' facilities. Further, if our suppliers fail to comply with applicable laws, including environmental laws, they risk having their facilities shut down, which may adversely affect our operations. In the last 3 financial years and the current financial year there has not been any instance of disruption at the facilities of our raw material suppliers, affecting our business, results of operations and financial condition.

However, the occurrence of any such event in the future may adversely affect our business, results of operations and financial condition. We cannot assure you that we will always be able to arrange alternate sources of our raw materials, at prices acceptable to us, or at all, or that we will be able to pass on any increase in cost to our customers, although we endeavour to do so. Any inability on our part to arrange for alternate sources for raw materials, on commercially acceptable terms, may have an adverse effect on our business, results of operations and financial condition.

***24. There are certain outstanding legal proceedings involving our Company which, if determined against us, could have a material adverse effect on our business, cash flows, financial condition and results of operations*.**

Our Company, is currently involved in a number of legal proceedings, pending at different levels of adjudication before various courts and tribunals. A summary of outstanding litigation and the monetary amount involved in the cases we are currently involved in is mentioned in brief below:

Sr. No.	Name of Entity	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Disciplinary actions by the SEBI or stock Exchanges against our Promoter in last 5 years	Material civil litigation	Aggregate amount involved (₹ in million)*
1.	**Company**						
	By our Company	Nil	-	-	-	Nil	Nil
	Against our Company	Nil	22	Nil	Nil	Nil	1,701.04
2.	**Promoters**						
	By our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Promoter	Nil	Nil	Nil	Nil	Nil	Nil
3.	**Directors (other than Promoters)**						

Sr. No.	Name of Entity	Criminal Proceedings	Tax proceedings	Statutory/ Regulatory proceedings	Disciplinary actions by the SEBI or stock Exchanges against our Promoter in last 5 years	Material civil litigation	Aggregate amount involved (₹ in million)*
	By our Directors	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Directors	Nil	Nil	Nil	Nil	Nil	Nil
4.	**Subsidiaries**						
	By our Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil
	Against our Subsidiaries	Nil	Nil	Nil	Nil	Nil	Nil

**To the extent quantifiable.*

Further, as on the date of this Draft Red Herring Prospectus, there are no outstanding litigation proceedings involving our Group Company, the outcome of which could have a material impact on our Company.

For further details on the outstanding litigation matters involving our Company, its Promoters, its Directors (other than Promoters), its Subsidiaries and Group Company see '*Outstanding Litigation and Other Material Developments*' on page 430.

We may be required to devote management and financial resources in the defence or prosecution of such legal proceedings. Should any new developments arise, including a change in Indian law or rulings against us by the appellate courts or tribunals, we may face losses and have to make further provisions in our financial statements, which could increase our expenses and our liabilities. There can be no assurance that the provisions we have made for litigation will be sufficient or that further litigation will not be brought against us in the future. Decisions in such proceedings adverse to our interests may have a material adverse effect on our business, cash flows, financial condition, and results of operations. Further, delay in settlement of statutory dues, vendor payments and employee settlement cases may also have an adverse impact on us.

In the event significant claims are determined against us and we are required to pay all or a portion of the disputed amounts, there could be a material adverse effect on our business and profitability. We cannot provide any assurance that these matters will be decided in our favour. Furthermore, we may not be able to quantify all the claims in which we are involved. Failure to successfully defend these or other claims or if our current provisions prove to be inadequate, our business and results of operations could be adversely affected. Even if we are successful in defending such cases, we will be subjected to legal and other costs relating to defending such litigation, and such costs could be substantial. In addition, we cannot assure that similar proceedings will not be initiated in the future. This could adversely affect our business, cash flows, financial condition, and results of operation.

25. If there is any under-utilization of our proposed capacities, the capacity of the production plant will not be fully utilized, which could affect our ability to fully absorb fixed costs and thus may adversely impact our financial performance. Further, over-utilisation of our production capacity may lead to break-down, malfunction or damage to the machinery, which may impact our results of operations and financial condition. Information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates and future production and capacity may vary.

We propose to increase our our scale of operations in all 3 of our business verticals viz. (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. We are in the advanced stage of commissioning the Punjab Manufacturing Facility at Wazirabad, Punjab through our wholly owned subsidiary, Sanathan Polycot Private Limited. The Punjab Manufacturing Facility will be set up solely for manufacturing polyester yarn products. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonne per day. The construction of the Punjab Manufacturing Facility commenced in August 2023 and is in the advanced stage of commissioning and is expected to be commissioned in phases with the first phase expected to be completed in Fiscal 2025. Once Phase 1 is completed our manufacturing capacity is expected to increase by 700 tonnes per day. Phase 2 of the Punjab Manufacturing Facility is expected to be completed in Fiscal 2027 which will add further to our capacity. Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. Additionally, we also expect to complete the construction of Phase 2 of Punjab Manufacturing Facility for polyester yarn in Fiscal 2027 with an installed capacity of 91,250 MTPA which will increase the installed capacity of the Punjab Manufacturing Facility to 346,750 MTPA and is expected to add 250 tonnes per day to our total production capacity. (*As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.)* Our proposed increase in our capacities is based on our estimates of increase in market demand and profitability. In the event of non-materialization of our estimates and expected order flow for our existing and / or future products and / or failure of optimum utilization of our capacities, due to factors including adverse economic scenario, change in demand or for any other reason, our capacities may not be fully utilized thereby impairing our ability to fully absorb our fixed cost and may adversely impact our consolidated financial performance.

Set out in the table below are the installed capacity, actual production and capacity utilisation details of our Company's Silvassa Facility for the periods indicated below:

Total installed capacity

Products Name	As on			
	June 30, 2024 (MTPA)	March 31, 2024 (MTPA)	March 31, 2023 (MTPA)	March 31, 2022 (MTPA)
Polyester	200,750	200,750	200,750	2,00,750
Cotton Yarn	14,000	14,000	14,000	14,000
Technical Textiles	9,000	9,000	9,000	9,000
Total	**223,750**	**223,750**	**223,750**	**223,750**

As certified by Mitesh M. Desai, Chartered Engineer pursuant to certificate dated August 20, 2024.

Actual production and Capacity utilisation

Product	Actual production (in MTPA)							
	3 months ended June 30, 2024	Capacity utilization (%)	Fiscal 2024	Capacity utilization (%)	Fiscal 2023	Capacity utilization (%)	Fiscal 2022	Capacity utilization (%)
Polyester	51,057	101.73	204,447	101.84	211,611	105.41	208,316	103.77
Cotton Yarn	3,892	111.21	15,564	111.17	13,959	99.71	14,907	106.48
Technical Textiles	2,112	93.89	8,460	94.00	7,866	87.40	7,171	102.44
Total	**57,061**	**102.01**	**228,471**	**102.11**	**233,436**	**104.33**	**230,394**	**103.90**

As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.

As indicated above, during the Fiscal 2024, Fiscal 2023 and Fiscal 2022 our capacity utilisation was over 100%, which may not be sustainable in the long run without break-down, malfunction or damage to the machinery. If we are unable to procure the necessary spare parts in a timely manner or if we are unable to carry out the necessary repair of the malfunctioning machinery promptly, our manufacturing operations may be hampered which could have an adverse impact on our results of operations and financial condition. In addition, any malfunction or break-down of machinery which significantly impacts our manufacturing process could also have an adverse impact on our ability to meet our product delivery schedules which could also invite liquidated damages and invocation of performance guarantees by our customers and also adversely affect our reputation. Further, if there is any under-utilization of our proposed capacities, then the capacity of the production plant will not be fully utilized, which could affect our ability to fully absorb fixed costs and thus may adversely impact our financial performance.

Further, information relating to the installed capacity, actual production and capacity utilization of our manufacturing facilities included in this Draft Red Herring Prospectus are based on various assumptions and estimates of our management that have been taken into account in the calculation of our installed capacity, actual production and capacity utilization. Actual production levels and future capacity utilization rates may vary significantly from the estimated production capacities of our manufacturing facilities and historical capacity utilization rates. In addition, capacity utilization is calculated differently in different countries, industries and for the different kinds of products we manufacture. Undue reliance should therefore not be placed on our historical installed capacity, actual production and capacity utilization for our existing manufacturing facilities included in this Draft Red Herring Prospectus. See '*Our Business - Our Manufacturing capabilities'* on page 227.

26. We have leased and, or availed on license, the use of certain properties from which we operate our business. There can be no assurance that the lease, and, or license agreements will be renewed upon termination or that we will be able to obtain other premises on lease on same or similar commercial terms.

We have leased and, or availed on license, the use of certain properties from which we operate our business. For details see, '*Our Business - Property*' on page 242. We cannot assure you that we will own, or have the right to occupy, these premises in the future, or that we will be able to continue with the uninterrupted use of these premises, which may impair our operations and adversely affect our financial condition. There can be no assurance that we will be able to renew the lease/ license/ rent agreements with third parties in a timely manner or at all. Further, identification of a new location to house our operations and relocating our business to the new premises may place significant demands on our senior management and other resources and also involve us incurring significant expenditure. Any inability on our part to timely identify a suitable location for a relocated office could have an adverse impact on our business.

27. Improper storage, processing and handling of raw materials and finished products may cause damage to our inventory leading to an adverse effect on our business, results of operations and cash flows.

Our inventory of raw materials includes PTA, MEG, IDY chips, and raw cotton. Our raw materials, manufacturing processes and finished products are susceptible to pilferages, damages and manufacturing defects, if not appropriately stored, handled and processed, which may affect the quality of the finished product. In the event such a contamination is detected at the facility during quality checks, we may be required to repair the machines and discard the batches resulting in a temporary suspension of manufacturing activities and lower capacity utilizations, which could materially and adversely affect our business, financial condition, results of operations, or cash flows. Improper storage may also result in higher than usual spoilage of inventory, which may also require us to incur additional expenses in replacing that portion of the inventory and/ or incur additional expenses in maintenance and improvement of our storage infrastructure, which may adversely affect our profit margins. During the last 3 Fiscals and the current Fiscal, other than in the normal course of our business, there has not been any instance of (a) pilferage, damage and manufacturing defect, *vis-à-vis* the total production, (b) temporary suspension of manufacturing activities on account of repairing the machines, and (c) any batch being discarded on account of a temporary suspension of manufacturing activities. However, the occurrence of any such event in the future may adversely affect our business, results of operations and financial condition.

28. We appoint contract labour for carrying out certain of our operations and we may be held responsible for paying the wages of such workers, if the independent contractors through whom such workers are hired default on their obligations, and such obligations could have an adverse effect on our results of operations, cash flows and financial condition. Further, there may be disruption of their services or quality issues which may affect our business, results of operations and profitability.

We engage independent contractors through whom we engage contract labourers for performance of certain functions at our manufacturing facility. The contract workers are typically engaged by us for an average period of 8 to 12 months. The ratio of contract labour / employees to permanent labour / employees as at June 30, 2024 and Fiscal 2024, Fiscals 2023 and 2022 was 2.07:1, 2.31:1, 2.60:1, 2.44:1

and 2.10:1, respectively. Although we do not engage these labourers directly, we are responsible for any wage and statutory payments to be made to such labourers in the event of default by such independent contractors. In addition, under the Contract Labour (Regulation and Abolition) Act, 1970, as amended, we may be required to absorb a number of such contract labourers as permanent employees. In the past 3 financial years and the current financial year, we have not absorbed any contract labourers as permanent employees and have not made any statutory payment to contract labourers / employees on account of any default by our independent contractors. However, any need to fund the wage requirements of the contract labourers, in the future, may have an adverse impact on our results of operations and our financial conditions. In addition, we may be liable for or exposed to litigations, sanctions, penalties or losses arising from accidents or damages caused by our workers or contractors.

Further, we engage contract manufacturers for fulfilment of our orders. We cannot assure you that such contract manufacturers will sustain the quality control level that are inherent in our production cycle. Any inability to sustain the demand or the quality of the manufactured products, may affect our business, results of operations and profitability.

29. Our Company, in the past, has rescheduled payments of its credit facilities from its lenders and has availed moratoriums for payment deferral of the re-payment of principal amount of facility availed by our Company from certain lenders.

Our Company has availed moratoriums for payment deferral of the re-payment of principal amount of facility availed by our Company from Landesbank Baden-Wurttemberg, Bank of Baroda and Union Bank of India. For details, see '*History and Certain Corporate Matters - Defaults or rescheduling/restructuring of borrowings with financial institutions/banks*' on page 253. Except for the moratorium availed by our Company in view of COVID-19, there has not been any other instance of moratorium availed by our Company or its Subsidiaries in the last 3 Fiscals. For details, see '*Financial Statements - Restated Consolidated Financial Information - Notes to Restated Financial Statement- Note 15 - Borrowings*'. Any failure to service the indebtedness of our Company or otherwise perform our obligations under our financing agreements entered with our lenders or which may be entered into by our Company, could trigger cross default provisions, penalties, acceleration of repayment of amounts due under such facilities which may cause an adverse effect on our business, financial condition and results of operations. For details of our indebtedness, see '*Financial Indebtedness*' on page 383.

30. We have incurred significant indebtedness which exposes us to various risks which may have an adverse effect on our business, results of operations and financial conditions. Conditions and restrictions imposed on us by the agreements governing our indebtedness could adversely affect our ability to operate our business.

As of June 30, 2024, our total sanctioned and outstanding indebtedness was ₹ 25,951.02 million and ₹ 11,105.05 million, respectively. Our Company has availed these loans for several purposes including expansion and purchase of capital assets, purchase of vehicles and to meet working capital requirements. For details on the purpose of the loans availed by our Company, see '*Financial Indebtedness*' on page 383. The level of our indebtedness could have several important consequences, including but not limited to the following:

i. 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 and other general corporate requirements;

ii. defaults of payment and other obligations under our financing arrangements may result in an event of default, acceleration of our repayment obligations and enforcement of related security interests over our assets;

iii. substantial portion of our long term indebtedness is subject to floating rates of interest. Fluctuations in market interest rates may require us to pay higher rates of interest and will also affect the cost of our borrowings; and

iv. our ability to obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

Additionally, our financing agreements contain certain conditions and restrictive covenants that require us to obtain consents from respective lenders prior to carrying out specified activities and entering into certain transactions. Our lenders require us to obtain their prior approval for certain actions, which, amongst other things, restrict our ability to undertake various actions including incurring additional debt, declaring dividends, amending our constitutional documents and changing the ownership or control and management of our business. While our Company has received necessary approval from its lenders to undertake this Offer, we cannot assure you that we will be able to obtain approvals to undertake any other aforementioned activities as and when required or comply with such covenants or other covenants in the future. In addition, the charge on our assets created on some of the facilities which we have re-paid to our lenders' is still subsisting. Such charge on our assets could impede or affect our ability to avail obtain additional financing in the future or renegotiate or refinance our existing indebtedness on terms favourable to us may be limited.

In addition, our Promoters have also extended personal guarantees for some of the debt facilities availed by our Company. Any inability to continue to provide such guarantee or their inability to honour such guarantee could result in an acceleration of such facilities and, or, adversely impact our ability to raise debt which could impact our cash flows, result in cash flow mismatch and adversely affect our financial condition.

For further details regarding our indebtedness, see '*Restated Consolidated Financial Information'* and '*Financial Indebtedness*' beginning on pages 296 and 383, respectively.

31. Our Promoters, Promoter Group, Directors, Key Managerial Personnel, Senior Management of our Company and Subsidiaries may enter into ventures that may lead to real or potential conflicts of interest with our business. Further, our Promoters, Directors, Key Managerial Personnel, Senior Management have interests in our Company other than reimbursement of expenses incurred or normal remuneration or benefits. Any real or potential conflicts of interest that may arise in this regard may materially adversely impact our business, financial condition, results of operations and cash flows.

Our Promoters, Directors, Key Managerial Personnel and Senior Management may be deemed to be interested in our Company, in addition to the regular remuneration or benefits, reimbursements of expenses, Equity Shares held by them or their relatives, their dividend or bonus entitlement, benefits arising from their directorship in our Company. Our Promoters, Directors, Key Managerial Personnel and Senior Management may also be interested to the extent of any transaction entered into by our Company with any other company or firm in which they are directors or partners.

Interests of Promoters, Promoter Group, Directors, Key Managerial Personnel and Senior Management may conflict with the interests of our Company, and they may, for business considerations or otherwise, cause us to take certain actions, or refrain from taking certain actions, which in turn may materially adversely impact our business, financial condition, results of operations and cash flows.

For further details, see '*Our Management - Interest of our Directors*', '*Our Management - Interests of Key Managerial Personnel and Senior Management*', '*Summary of Offer Documents - Summary of Related Party Transactions*' and '*Restated Consolidated Financial Information*' on pages 267, 281, 27 and 296, respectively.

32. Reliance has been placed on affidavit furnished by Paresh Vrajlal Dattani, one of our Promoter, for details of his profile included in this Draft Red Herring Prospectus

One of our Promoters, Paresh Vrajlal Dattani, has been unable to trace copies of certain documents pertaining to his educational qualifications. While he has taken the requisite steps to obtain the relevant supporting documentation, including by making written requests and applications to his educational institution, he has been able to procure the relevant supporting documentation. Accordingly, our Company and the BRLMs have placed reliance on the affidavit furnished by Paresh Vrajlal Dattani and copies of applications made by him to procure documents evidencing his educational qualifications, to disclose such details in this Draft Red Herring Prospectus and neither we, nor the BRLMs have been able to independently verify these details in the absence of primary documentary evidence. Further, there can be no assurances that he will be able to trace the relevant documents pertaining to his educational qualifications in the future, or at all. Therefore, we cannot assure you that all or any of the information relating to the educational qualifications of Paresh Vrajlal Dattani included in '*Our Management - Brief profiles of our Directors - Paresh Vrajlal Dattani'* on page 262 is accurate.

33. Any failure to obtain, renew and maintain requisite statutory and regulatory permits, licenses and approvals for our operations from time to time may adversely affect our business.

In terms of applicable laws, we require various statutory and regulatory permits, licenses, registrations, certifications, consents and approvals to carry out our business and operations (cumulatively, the **Approvals**). A majority of these Approvals are granted for a limited duration and must be periodically renewed. We cannot assure you that such Approvals will be issued or granted to us in a timely manner, or at all. If we do not receive these Approvals or if we are unable to renew the Approvals in a timely manner, or at all, then our business and operations may be adversely affected. While there have been no such instances of failure to obtain or renew Approvals during the last 3 financial years or any action taken by any regulatory authority for breach of terms of any Approval, we cannot assure you that there will be no such instances of failure in the future which will adversely affect our business. For details of material approvals applied for, but not received by our Company, see '*Government and Other Approvals' - Material Approvals applied for, but not received by our Company'* on page 444.

Moreover, the Approvals are subject to numerous conditions and there can be no assurance that these Approvals will not be suspended or revoked in the event of non-compliance or alleged non-compliance with any terms or conditions thereof, or pursuant to any regulatory action. Suspension or revocation of the Approvals by the relevant regulatory authority, either on account of non-compliance or otherwise, would impair our Company's operations and, consequently, have an adverse effect on our business, cash flows and financial condition. Our Company may also be liable to monetary penalties and concerned officers in default may be subject to imprisonment.

Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy in the jurisdictions in which we operate, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current business or restrict our ability to grow our business in the future. Further, if we are affected, directly or indirectly, by the application or interpretation of any provision of such laws and regulations or any related proceedings, or are required to bear any costs in order to comply with such provisions or to defend such proceedings, our business and financial performance may be adversely affected.

34. Our board of directors have not passed certain resolutions in relation to certain issue of Equity Shares by our Company. Additionally, while as part of our corporate records, we have the relevant Form 2 for 22,000 Equity Shares allotted by our Company on July 3, 2006, we cannot trace the corresponding RoC payment challan in relation to the allotment.

Our Company has, inadvertently, not passed the board resolution approving the issue of Equity Shares in relation to (i) allotment of 4,375,000 Equity Shares dated June 30, 2006; (ii) allotment of 3,410,000 Equity Shares dated September 18, 2006; and (iii) allotment of 250,000 Equity Shares dated March 29, 2012. In this regard, we cannot assure you that we will not be subject to any consequences of not passing the resolutions. Additionally, while as part of our corporate records, we have the relevant Form 2 for 22,000 Equity Shares allotted by our Company on July 3, 2006, we cannot trace the corresponding RoC payment challan in relation to the allotment. However, in terms of the Companies Act, there will not be any adverse implication in relation to the untraceable RoC challan.

35. If we are unable to attract new customers, retain customers at existing levels or sell additional products to our existing customers, our revenue growth will be adversely affected.

To continue to grow our business, it is important that we continue to acquire new customers. Our success in adding new customers depends on numerous factors, including our ability to offer various value-added products, execute our sales and marketing strategy, attract, effectively train, and retain new sales, marketing, professional services, and support personnel, develop or expand relationships with distributors, expand into new geographies and verticals, effectively manage and forecast our customer count, and expand our use cases for our existing customers. We added 622, 623 and 714 new customers during Fiscals 2024, 2023 and 2022, respectively, representing a growth of 4.72%, 4.96% and 6.03% respectively over the prior period.

It is important for our continued growth that we retain our existing customers. Our customer acquisition costs, i.e., advertisement and sales promotion expenses were ₹ 0.61 million, ₹ 1.46 million and ₹ 5.80 million representing 0.00%, 0.00% and 0.02% respectively, of our total expenses for Fiscals 2024, 2023 and 2022, respectively, and our order repeat ratio was 48.65%, 44.05% and 44.16% for the same period. Our customers have no long-term contracts or obligation to purchase our products at the same prices and terms or at all. Our customer retention may decline or fluctuate as a result of a number of factors, including our customers' satisfaction with our products, our prices, reduction in our customers' spending levels, availability of cheaper substitutes, etc. Our ability to increase revenue also depends in part on our ability to increase the number of value-added products to be offered to our existing and new customers.

36. We export our products to various countries, on account of which we may be subject to significant import duties or restrictions. Further, unavailability of fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations.

Our revenues from operations from outside India were ₹ 1,297.33 million, ₹ 3,401.88 million and ₹ 4,155.80 million representing 4.39%, 10.22%, and 13.05%, respectively, of our total revenue from operations for Fiscals 2024, 2023, and 2022, respectively. Our key overseas markets include Argentina, South Korea, United States of America, Japan and Morocco. These countries impose varying import duties on our products. There can be no assurance that the import duties will not increase or new restrictions will not be imposed by such countries. Any substantial increase in such duties or imposition of new restrictions may adversely affect our business, financial condition and results of operations.

Export destination countries may also enter into free trade agreements or regional trade agreements with countries other than India. Such agreements and alteration of existing tax treaties may lead to increased competition or may even place us at a competitive disadvantage compared to manufacturers in other countries. Although India has been part of many free trade agreements, the domestic textile sector has not been able to reap the benefits. This can be mainly attributed to lack of free trade agreements with the US and the EU, which account for a major part of Indian textile exports. For instance, Bangladesh enjoys an import tariff of 0% on readymade garments trade to UK due to free trade agreements, whereas India faces an import tariff of close to 10%. (*Source: CRISIL Report*). While India is a party to many free trade agreements and is currently negotiating, free trade agreements with the EU, the United Kingdom (UK), Australia and Canada (*Source: CRISIL Report*), if we export our products to such countries, any revocation or alteration of those bilateral agreements may also adversely affect our ability to export. In the past 3 financial years and the current financial year, there has been no instance of alteration or revocation a free trade agreement by any country that has had a financial adverse impact on our operations. Occurrence of any of these events may adversely affect our business, financial condition and results of operations. Further, changes in import policies or an economic slowdown in countries to which we export our products may have a significant adverse impact on our business, financial condition and results of operations.

Further, the GoI notifies policies providing fiscal benefits on exports and imports from time to time and any discontinuance or non-availability of such fiscal benefits enjoyed by us or our inability to comply with related requirements may have an adverse effect on our business and results of operations. For instance, we enjoyed certain fiscal benefits under the erstwhile Merchandise Exports from India Scheme (**MEIS**), pursuant to which, we could use duty credit scrips for payment of import duty obligations or sell such duty credit scrips in the open market to other importers. In the past, we have also received favourable regulatory schemes such as Technology Upgradation Fund Scheme (**TUFS**). We have availed certain export incentives as available under the Export Promotion Capital Goods Scheme, Duty Drawback Scheme and Remission of Duties and Taxes in exported Products. The export incentives availed during Fiscals 2024, 2023 and 2022 was ₹ 26.78 million, ₹ 23.96 million, and ₹ 79.00 million, respectively constituting 0.09%, 0.10%, and 0.07%, of our revenue from operations, respectively. However, we cannot assure you if the export incentives will be available to us in the future and if we will be able to claim the benefits arising therefrom, which may affect our profitability. Additionally, we apply for an advance license allowing duty free import of input material used for our manufacturing activities under the Foreign Trade Policy of India 2015-2020, which imposes certain export obligations on us. We also obtain the export promotion capital goods license for the import of capital goods. We cannot assure you that we will successfully obtain such a license every time and/or will subsequently be able to comply with the requirements prescribed thereunder.

37. We may need to seek additional financing in the future to support our growth strategies. Any failure to raise additional financing could have an adverse effect on our business, results of operations, financial condition and cash flows.

We will continue to incur significant expenditure in maintaining and growing our existing infrastructure and developing and implementing new technologies. Our strategy to grow our business may require us to raise additional funds for our working capital or long-term business plans. While we have historically funded our capital expenditure primarily through internal accruals and cash flow from operations, we cannot assure you that we will have sufficient capital resources for our current operations or any future expansion plans that we may have. If our internally generated capital resources and available credit facilities are insufficient to finance our capital expenditure and growth plans, we may, in the future, have to seek additional financing from third parties, including banks, venture capital funds, joint-venture partners and other strategic investors. Our ability to arrange financing and the costs of capital of such financing are dependent on numerous factors, including general economic and capital market conditions, credit availability from banks, investor confidence, the continued success of our operations and other laws that are conducive to our raising capital in this manner. If we decide to meet our capital requirements through debt financing, we may be subject to certain restrictive covenants. Our financing agreements may contain terms and conditions that may restrict our ability to operate and manage our business, such as terms and conditions that require us to maintain certain pre-set debt service coverage ratios and leverage ratios and require us to use our assets, including our cash balances, as collateral for our indebtedness. If we are unable to obtain such financing in a timely manner, at a reasonable cost and on acceptable terms or at all, we may be forced to delay our expansion plans, downsize or abandon such plans, which may materially and adversely affect our business, financial condition and results of operations, as well as our future prospects.

38. Any downgrading of our credit rating by a domestic or international credit rating agency may increase interest rates for our future borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.

Our current credit ratings have been assigned by ICRA Limited who have assigned [ICRA] A (Stable), on long term scale, to our term loans and to our fund based facilities, and [ICRA] A2+, on short term scale, to our non-fund based facilities. We had received the following credit ratings in the last 3 financial years and the current financial year:

Sr. No.	Name of the Instrument/Bank Facilities	Rating history		
		Rating(s) assigned in 2023-2024*	Rating(s) assigned in 2022-2023**	Rating(s) assigned in 2021-2022**
1.	Fund based facilities	[ICRA] A (Stable)	IND A- / Negative	IND A- / Stable
2.	Term Loans	[ICRA] A (Stable)	IND A- / Negative	IND A- / Stable
3.	Non-fund based facilities	[ICRA] A2+	IND A2+	IND A2+

**Assigned by ICRA Limited.*
***Assigned by India Ratings & Research.*

Our credit rating may be downgraded in the future due to various factors, including factors which may be outside our control. Any future downgrade of our credit ratings may increase interest rates for refinancing our borrowings, which would increase our cost of borrowings, and may have an adverse effect on our future issuances of debt and our ability to borrow on a competitive basis. Further, any downgrade in our credit ratings may also trigger an event of default or acceleration of repayment of certain of our borrowings. If any of these risks materialise, it could have a material adverse effect on our business, reputation, results of operations and financial condition.

39. Our brand is integral to our success. If we fail to effectively maintain, promote and enhance our brand, our business and competitive advantage may be harmed.

We believe that maintaining, promoting and enhancing our "*Sanathan*" and "*BORNDYED*" brands is critical to maintaining and expanding our business. Maintaining and enhancing our brands depends largely on our ability to continue to provide quality, well-designed, useful, reliable, and differentiated products, which we cannot assure you we will do successfully on a continuous basis.

We believe the importance of brand recognition will increase as competition in our market increases. In addition to our ability to provide our products at competitive prices, the successful promotion of our brand will also depend on the effectiveness of our marketing efforts. We market our products through our direct sales force and distributors. We have incurred and expect to incur significant costs and expenses to market our brand and we intend to continue such efforts. During Fiscals 2024, 2023, and 2022 our Company incurred advertisement and sales promotions expenses of ₹ 0.61 million, ₹ 1.46 million, and ₹ 5.80 million, constituting approximately 0.00%, 0.00%, and 0.02%, respectively, of our total expenses. We cannot assure you, however, that our sales and marketing expenses will lead to an increase in the number of customers and, or, an increase in our revenue, or, such increase in revenue will be sufficient to offset the expenses incurred by us.

40. Any failure in our quality control processes may have an adverse effect on our business, results of operations and financial condition.

Our products may contain quality issues or undetected errors or defects, especially when first introduced or when new products are developed, resulting from the design or manufacture of the product or raw materials used in the product. We experience sales returns and quality compensation regularly in our normal course of business. The sales returns for Fiscals 2024, 2023 and Fiscal 2022 aggregated to ₹ 33.00 million, ₹ 31.27 million and ₹ 35.91 million and respectively which constituted 0.11%, 0.09%, and 0.11% as a percentage to the total revenue from operations for the respective period. We have implemented quality control processes and regularly conduct inspections of raw materials sourced from suppliers and finished products manufactured by us based on our internal quality standards. However, we cannot assure you that our quality control processes will not fail or the quality tests and inspections conducted by us will be accurate at all times. Any shortcoming in the raw materials procured by us or in the production of our products due to failure of our quality assurance procedures, negligence, human error or otherwise, may damage our products and result in deficient products. We also face the risk of legal proceedings and product liability claims being brought against us by our customers for defective products sold. The product liability claims paid by us for Fiscals 2024, 2023 and Fiscal 2022 aggregated to ₹ 1.72 million, ₹ 1.94 million and ₹ 1.87 million, respectively which constituted 0.01%, 0.01% and 0.01% as a percentage to the total revenue from operations for the respective period. We cannot assure you that we will not be subject to further product liability claims or experience any material product liability losses in the future or that we will not incur significant costs to defend any such claims. A product liability claim may adversely affect our reputation and brand image, as well as entail significant costs in defending such claims.

41. If our third-party service providers and key suppliers are not able to or do not fulfil their service obligations, our operations could be disrupted, and our operating results could be effected.

We depend on a number of third-party service providers such as service providers that provide road transport, contract labour, maintenance of our information technology systems, packaging material suppliers, etc. and key suppliers, who are critical to our operations. These third-party service providers and key suppliers are essential in our production process. Our operations could be disrupted if we do not successfully manage relationships with such third-party service providers and key suppliers, if they do not perform or are unable to perform agreed-upon services, or if they are unwilling to make their services available to us at reasonable prices. While there has not been any instance of any third-party service provider and / or key supplier not fulfilling their contractual obligations, however if any such third-party service providers and key suppliers do not perform their service obligations, it could adversely affect our reputation, business, financial condition and results of operations.

42. The objects of the Offer for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates.

The funding requirements set out in the chapter '*Objects of the Offer*' on page 127 are based on the management estimates of our Company and have not been appraised by any bank or financial institution. The funding requirements are based on our Company's current business plan and may vary based on various factors including macro-economic and other changes. In view of the dynamic nature of the industry in which we operate, we may have to revise our Company's business plan from time to time and, consequently, the funding requirement and the utilization of proceeds from the Offer may also change. This may also include rescheduling the proposed utilization of Net Proceeds at the discretion of the management of our Company. Various risks and uncertainties, including those set forth in this '*Risk Factors*' section, may limit or delay our efforts to use the Net Proceeds to achieve profitable growth in our business. We may make necessary changes to utilisation of Net Proceeds in compliance with the provisions of the Companies Act. In the event of any variation in actual utilization of the Net Proceeds, any increased fund deployment for a particular activity may be met from funds earmarked from any other activity and/or from our internal accruals. Further, any such revision in the estimates may require our Company to revise our projected expenditure, which may have a bearing on the profitability of our Company.

43. ***Our Promoters and the Selling Shareholders have subscribed to, and purchased, Equity Shares, at a price which could be below the Offer Price. The average cost of acquisition of Equity Shares by our Promoters and Selling Shareholders could also be lower than the Offer Price.***

We have issued Equity Shares to our Promoters and the Selling Shareholders, and our Promoters and the Selling Shareholders have acquired Equity Shares by way of transfers, at a price which could be below the Offer Price. For more details see '*Capital Structure'* on page 96.

The average cost of acquisition per Equity Share for our Promoters and Selling Shareholders is set out below:

Name	Number of Equity Shares acquired	Average Cost of Acquisition per Equity Share (in ₹)*
Promoters		
Ajay Vallabhdas Dattani#	7,327,650	3.40
Anilkumar Vrajdas Dattani#	6,819,700	3.04
Dinesh Vrajdas Dattani#	7,112,800	4.05
Paresh Vrajlal Dattani#	7,012,600	3.51
Nimbus Trust	10,475,000	Nil
D&G Family Trust	10,475,000	Nil
A&J Family Trust	10,475,000	Nil
P&B Family Trust	10,475,000	Nil

#Also, the Selling Shareholders.
**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

Name of Promoter Group Selling Shareholders	Number of Equity Shares Held	Average cost of acquisition per share (in ₹)*
Sonali Ajaykumar Dattani	168,000	30.36
Vajubhai Investments Private Limited	18,000	5.56
Vallabhdas Dattani HUF	18,000	5.56
Dineshkumar Dattani HUF	18,000	5.56
Beena Paresh Dattani	266,400	1.11
Anilkumar Dattani HUF	138,000	29.71
Paresh Kumar V Dattani HUF	228,000	31.14
Jayshree Anilkumar Dattani	9,000	5.56
Ajaykumar Dattani HUF	600	1.67
Vallabhdas Dattani	3,81,250	Negligible

**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*

The Average Cost of Acquisition of Equity Shares by our Promoters and the Selling Shareholders may be lower than the Offer Price.

44. ***Our financial condition and profitability may be adversely affected if all or any of our contingent liabilities materialize.***

As at March 31, 2024, our contingent liabilities as disclosed in the notes to our Restated Consolidated Financial Information aggregated to ₹ 76.99 million. Set out below are our contingent liabilities not provided for as on March 31, 2024:

Particulars	As at March 31, 2024 (₹ in million)
Central excise matters	50.79
Income-tax matters	24.00
Sales tax matters	2.20
Total	**76.99**

'*Financial Statements - Restated Consolidated Financial Information - Notes to Restated Financial Statement - Note 37 - Contingent Liabilities and commitments'* on page 371. While most of these contingent liabilities have been incurred in the normal course of business, if these were to fully materialize or materialize at a level higher than we expect, it may materially and adversely impact our business, results of operations and financial condition. Further, we cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future.

45. Our Company has in the past entered into related party transactions and may continue to do so in the future. During Fiscals 2024, 2023 and 2022, the sum of all related party transactions entered into by our Company as a percentage of revenue from operations was 5.58%, 7.71%, and 3.78%, respectively. We cannot assure you that we could not have achieved more favourable terms if such transactions had not been entered into with related parties and that such transactions will not have an adverse effect on our financial conditions and result of operations.

Our Company has engaged in the past, and may engage in the future, in transactions with related parties, including our Promoters, members of our Promoter Group and Subsidiaries. A summary details of our transactions with related parties are set out below:

(*in ₹ million, except %*)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Sum of all Related Party Transaction	1,651.72	2,567.26	1,178.29
Revenue from Operations	29,575.04	33,292.13	31,853.20
Sum of all Related Party Transaction as a percentage of Revenue from Operations (%)	5.58	7.71	3.70

For summary of related party transactions, see '*Summary of Offer Documents – Summary of Related Party Transactions*' and '*Restated Consolidated Financial Information*' on pages 27 and 296.

Certain of our related party transactions during Fiscals 2024, 2023, and 2022 aggregate to more than 10% of the total transactions of a similar nature, for respective Fiscals. The details of such related party transactions are as follows:

For Fiscal 2024:

Particulars	A	B	C	D=A/C
	Amount (₹ in million)	Basis of calculating	Amount (₹ in million)	%
Salaries and wages	180.05	Employee benefits expense	905.95	19.87
Loan repaid*	-	Repayment of long-term borrowings	673.66	-
Receipt of repayment of loans*	242.75	Receipt of repayment of loans	-	-
Interest income on preference shares (fair value-debt component)*	64.93	Other Income	223.00	29.11

Particulars	A	B	C	D=A/C
	Amount (₹ in million)	Basis of calculating	Amount (₹ in million)	%
Reimbursement of tax component on guarantee commission*	26.60	Reimbursement of tax component on guarantee commission	-	-
Contribution towards corporate social responsibility	-	Expenditure towards corporate social responsibility	62.60	-
Investments made*	1,059.48	Non-current Investments	Nil	-
Loan granted*	70.00	Loan granted	Nil	-

**These transactions are eliminated on consolidation.*

For Fiscal 2023:

Particulars	A	B	C	D=A/C
	Amount (₹ in million)	Basis of calculating	Amount (₹ in million)	%
Salaries and wages	180.00	Employee benefits expense	885.36	20.33
Loan repaid*	-	Repayment of long-term borrowings	973.51	-
Receipt of repayment of loans*	162.45	Receipt of repayment of loans	-	-
Interest income on preference shares (fair value-debt component)*	26.68	Other Income	158.06	16.88
Contribution towards corporate social responsibility	-	Expenditure towards corporate social responsibility	54.10	-
Investments made*	1,845.00	Non-current Investments	Nil	-
Loan granted*	317.00	Loan granted	Nil	-

**These transactions are eliminated on consolidation.*

For Fiscal 2022:

Particulars	A	B	C	D=A/C
	Amount (₹ in million)	Basis of calculating	Amount (₹ in million)	%
Salaries and wages	248.24	Employee benefits expense	947.40	26.20
Loan repaid*	410.27	Repayment of long-term borrowings	1,388.61	29.55
Contribution towards corporate social responsibility	25.85	Expenditure towards corporate social responsibility	28.20	91.67
Investments made*	234.00	Non-current Investments	Nil	-
Loan granted*	25.60	Loan granted	100.00	25.60

**These transactions are eliminated on consolidation.*

For summary of related party transactions, see '*Summary of Offer Documents - Summary of Related Party Transactions*' and '*Restated Consolidated Financial Information'* on pages 27 and 296.

While our Company believes that all such transactions have been conducted on an arm's length basis and in accordance with the Companies Act, 2013 and other applicable laws and contain commercially reasonable terms, there can be no assurance that we could not have achieved more favourable terms had such transactions been entered into with unrelated parties. It is likely that our Company may enter into related party transactions in the future. Such related party transactions may potentially involve conflicts of interest. We cannot assure you that such a transaction, individually or in aggregate, will always be in the best interests of our Company and, or, that it will not have an adverse effect on our business and results of operations.

46. ***We are dependent on our Promoters, Key Managerial Personnel and Senior Management. Failure to retain or replace them will adversely affect our business.***

Our ability to manage, compete and expand in the yarn industry depends upon our ability to attract, motivate, and retain qualified personnel. We are highly dependent on the continued contributions and customer relationships of our management and on our senior leadership led by our Promoters. All of our executive officers, key personnel and senior management are at-will employees and may terminate their employment relationship with us at any time. The loss of the services of our key personnel and any of our other executive officers, and our inability to find suitable replacements, could result in a decline in sales, delays in product development, and harm our business and operations.

At times, we have experienced, and we may continue to experience, difficulty in hiring and retaining personnel with qualifications, in particular our Key Managerial Personnel and Senior Management. While we have formulated a succession policy for orderly succession for appointment to our Board, Key Managerial Personnel and Senior Management which can be accessed on our website at www.sanathan.com/investor-relations under the head "Codes and Policies", we may however, not be able to fill positions in a timely manner or at all or may need to implement measures such as salary cuts due to external reasons.

47. ***We have a large work force, and our employee benefit expense and contract labour charges are one of the larger components of our fixed operating costs. An increase in employee benefit expenses and, or, contract labour charges could reduce our profitability. Further, our operations could be adversely affected by work stoppages or increased wage demands by our employees or any other kind of dispute with our employees.***

We believe our employees and personnel are one of our most important assets and critical to maintaining our competitive position in our industry. Our success depends on our ability to effectively source and staff people with the right mix of skills and experience. If we are unable to effectively utilise our personnel on a timely basis to fulfil the needs of our customers, our business could suffer. Our business model is human resource intensive, and our pool of employees consists of employees as part of *inter alia* production department, plant maintenance and support department and dispatch and supply chain department. As at June 30, 2024, our Company's work force comprised 1,405 permanent employees. In addition, as at June 30, 2024, we had 2,914 persons engaged on a contract basis. Our employee benefit expense and the contract labour charges incurred by us during the Fiscals 2024, 2023, and 2022 was ₹ 1,627.14 million, ₹ 1,520.22 million, and ₹ 1,575.30 million, constituting 5.81%, 4.85%, and 5.79%, respectively, of our total expenses.

Our Company's average attrition rate of permanent employees during Fiscals 2023, 2022 and 2021 is set out below:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Permanent Employees	17.60%	19.10%	20.20%

The attrition rate of our employees is in the ordinary course of business which has not had any financial impact on the Company. We cannot guarantee that we will be able to recruit and retain qualified and capable employees. In addition, our recruiting personnel, methodology, and approach may need to be altered to address a changing candidate pool and profile. We may incur significant costs to attract and recruit skilled personnel, and we may lose new personnel to our competitors before we realise the benefit of our investment in recruiting and training them. If we fail to attract new personnel or fail to retain and motivate our current personnel who are capable of meeting our growing technical, operational, and managerial requirements on a timely basis or at all, our business may be harmed.

48. ***Health, safety, and environmental matters, including compliance with environmental laws and remediation of contamination, could result in substantially increased capital requirements and operating costs.***

Our Company's business and operations are subject to laws and regulations relating to health, safety and the environment. These laws and regulations concern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations, and the investigation and remediation of contamination or other environmental restoration. The risks of substantial costs and liabilities related to these laws and regulations are an inherent part of our Company's business, and future conditions and contamination may develop, arise or be discovered that create substantial environmental compliance, remediation or restoration liabilities and costs. Other developments, such as increased requirements of environmental, health and safety laws and regulations, increasingly strict enforcement thereof by governmental authorities, and claims for damages to property or injury to persons resulting from the environmental, health or safety impacts our Company's operations or past contamination, could prevent or restrict some of our Company's operations, require the expenditure of significant funds to bring our Company into compliance, involve the imposition of clean up requirements and give rise to civil or criminal liability.

While our Company has taken the necessary approvals under the applicable laws there can be no assurance that any regulatory enforcement or private claim will not be levied against our Company in the future which may have a material adverse effect on our Company's business, financial condition, or results of operations. If production at one of our Company's facilities is partially or wholly prevented due to this type of sanction, our Company's business could suffer significantly, and its results of operations and financial condition could be materially and adversely affected. For details in relation to the applicable laws and material approvals taken by our Company in relation to its business, see '*Key Regulations and Policies*' and *'Government and Other Approvals*' beginning on pages 244 and 438, respectively.

49. We operate in a competitive business environment. Competition from existing players and new entrants and consequent pricing pressures and our inability to compete effectively could have a material adverse effect on our operating margins, business growth and prospects, financial condition and results of operations and may lead to a lower market share.

We operate in a competitive industry which is highly fragmented with a large number of small players (*Source: CRISIL Report*). For further details, see '*Our Business - Competition*' on page 241. In the recent past textile industry benefitted from various favourable regulatory changes such as incentives under the national textile policy, incentives under mega textile parks scheme, the technology upgradation fund scheme (TUFS). Incentives through government policies such as the technology upgradation fund scheme, special package for job creation and export promotion in the apparel sector, scheme for integrated textile parks, performance-linked incentive (PLI) scheme in the textile sector, (*Source: CRISIL Report*) are likely to aid in growth of the textile industry. Such incentives are expected to increase competition amongst players in the textile industry and we may face pressures on pricing, product quality, turnaround time, order size etc., which may put strain on our profit margins. Further, our buyers of yarn may backward integrate by setting up spinning facilities or increasing their existing spinning capacities. Such expansion through integration by our buyers may reduce demand for our yarn and affect our results of operations. Some of our competitors may have certain advantages, including greater financial, technical and, or, marketing resources, which could enhance their ability to finance acquisitions, fund growth, respond more quickly to changes in the industry in which we operate and, or, operate in more diversified geographies and product portfolios. As a result, to remain competitive in the market we must, in addition, continuing to meet exacting quality standards, continuously strive to reduce our production and distribution costs and improve our operating efficiencies. We cannot assure you that we will continue to effectively compete with existing players and, or, new entrants in the industry in the future, and failure to compete effectively may have an adverse effect on our business, financial condition, and results of operations. Moreover, the competitive nature of the industry that we operate in may result in lower prices for our products and decreased profit margins, which may materially adversely affect our revenue and profitability.

50. We have incurred significant capital expenditure in the past and will continue to incur significant capital expenditure in the future, and such expenditure may not yield the benefits we anticipate.

During the Fiscals 2024, 2023, and 2022 we incurred capital expenditure of ₹ 1,445.98 million, ₹ 1,176.51 million, and ₹ 508.07 million representing 5.17 %, 3.75%, and 1.87% of our total expenses, respectively. The capital expenditure was mainly incurred for increasing capacity and debottlenecking. We may incur further significant capital expenditure in the future. While the expected benefits while making acquisitions / investments in the past have been realized, we cannot assure that we will be able to get the benefits of the generally growing demand in the textile sector and accordingly the benefits accruing to us from the planned capacity expansion may be less than what is anticipated.

51. If we are subject to any frauds, theft, or embezzlement by our employees, suppliers, contractors or distributors, it could adversely affect our reputation, results of operations, financial condition and cash flows.

Our operations may be subject to incidents of theft. We may also encounter some inventory loss on account of employee/ contractor/ distributor/ vendor fraud, theft, or embezzlement. We have set up various security measures in our manufacturing facility such as deployment of security guards and operational processes such as periodic stock taking. While there has not been any instance of fraud, misconduct, misrepresentation or misselling by our employees in the last 3 financial years and the current financial year, there can be no assurance that we will not experience any fraud, theft, employee negligence, loss in transit or similar incidents in the future, which could adversely affect our reputation, results of operations, financial condition, and cash flows.

52. Any losses, on account of foreign currency exchange rate fluctuations may adversely affect our business, results of operations and financial condition.

We face foreign exchange rate risk to the extent that a part of our revenue, and expenses are denominated in a currency other than the Indian Rupee. While our sales and most of our expenses are denominated in the Indian Rupees, expenses such as import freight, export sales agent’s commission, interest expense on foreign currency, foreign denominated borrowings and our export revenue is denominated and invoiced in a currency other than the Indian Rupee such as USD, EUR and JPY. Consequently, the depreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may adversely affect our results of operations by increasing the cost of operating expenses and financing any debt denominated in foreign currency that we may enter into. For instance, the Indian Rupee has been steadily depreciating against the USD and has between April 1, 2021 and March 31, 2024, depreciated by 13.43%. Any adverse fluctuations of the Indian Rupee *vis-à-vis* foreign currency to which we have an exposure cannot be accurately predicted and our attempts to mitigate the adverse effects of exchange rate fluctuations may not be successful, which may adversely affect our business, results of operations and financial condition.

Our revenues from operations from outside India were ₹ 1,297.33 million, ₹ 3,401.88 million and ₹ 4,155.80 million representing 4.39%, 10.22%, and 13.05%, respectively, of our total revenue from operations for Fiscals 2024, 2023, and 2022, respectively. To mitigate our foreign exchange risks, we hedge major currencies in which we transact business (for example, the USD) by entering into foreign currency denominated forward contracts. Set out below are the details of our outstanding foreign exchange contracts as at March 31, 2023, March 31, 2023, and March 31, 2022:

Particulars	**Designated as**	**As at March 31, 2024**		**As at March 31, 2023**		**As at March 31, 2022**	
		Foreign currency in units	**Fair value (in ₹ million)**	**Foreign currency in units**	**Fair value (in ₹ million)**	**Foreign currency in units**	**Fair value (in ₹ million)**
Foreign currency forward contracts in USD	Derivative instruments	-	-	978,140	80.49	3,750,000	291.43
Foreign currency forward contracts in USD	Hedging instruments	Nil	Nil	Nil	Nil	Nil	Nil

Our foreign exchange gain was ₹ 83.89 million, Nil, and ₹ 75.70 million representing 37.62%, Nil, and 46.90%, respectively, of our total other income for Fiscals 2024, 2023, and 2022, respectively and foreign exchange loss was Nil, ₹ 96.23 million, and Nil representing Nil, 0.31%, and Nil, of our total expenses for Fiscals 2024, 2023, and 2022, respectively. Although, our Company uses foreign exchange contracts to hedge its exposure to movements in foreign currency rates and may, in the future, enter into hedging transactions to minimize our currency exchange risks, we cannot assure you that such measures will enable us to avoid the effect of any adverse fluctuations in the value of the Indian Rupee against the relevant foreign currencies. Further to the extent of the foreign currency exposure, which are unhedged any losses on account of foreign exchange fluctuations may adversely affect our results of operations and cash flows.

53. Our business is dependent on the adequate and uninterrupted supply of electrical power at a reasonable cost. Unavailability of such adequate and uninterrupted supply of electrical power may significantly impact our business and results of operation.

Failure on account of unavailability of electrical power may restrict us in utilizing our full capacity and, hence, may impact our business and results of operation. Adequate and cost-effective supply of electrical power is critical to our operations, which entails significant consumption of electrical power. Currently, we source of our power requirements from the State Electricity Board. Our total power requirement is contributed by rooftop solar power with a capacity of 2.35 MW and certain power back-up facilities, such as 5 DG sets with capacities up to 7,340 KVA and a diesel storage capacity of 40 KL. There can be no assurance that electricity supplied by them will be sufficient to meet our requirements or that we will be able to procure adequate and uninterrupted power supply in the future at a reasonable cost. The average cost of power per unit from the State Electricity Board for Fiscals 2024, 2023, and 2022 was ₹ 5.63 per KW, ₹ 5.74 per KW, and ₹ 4.96 per KW, respectively. The solar energy is captively consumed and therefore there is no monthly billing. While there has not been any instance of any abrupt power failure in our production facility in the last 3 Fiscals and the current Fiscal, any such event in the future may adversely affect our operations. Further, if the per unit cost of electricity is increased by the state electricity boards, our power costs will increase and it may not be possible to pass on any increase in our power costs to our customers, which may adversely affect our profit margins.

54. Our Company has not paid dividends during the last 3 Fiscals and during the current Fiscal. There can be no assurance that our Company will be in a position to pay dividends in the future. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.

Our Board, at its meeting held on November 22, 2021, adopted a dividend distribution policy. The declaration and payment of dividends, if any, will be recommended by the Board of Directors and approved by the Shareholders, at their discretion, subject to the provisions of the Articles of Association and other applicable laws, including the Companies Act. Our Company has not paid dividends on its Equity Shares for Fiscal 2024, Fiscal 2023, Fiscal 2022 and during the current Fiscal. Our ability to pay dividends in future will depend on our earnings, financial condition, and capital requirements. Further, our Promoters and Promoter Group will continue to hold a significant portion of our post-Offer paid-up Equity Share capital and may have a significant ability to control the payment and/or the rate of dividends. Therefore, our Company cannot assure you that it will be able to declare dividends, of any particular amount or with any frequency in the future. For further details, see the '*Dividend Policy'* on page 295.

55. Compliance with provisions of Foreign Account Tax Compliance Act may affect payments on the Equity Shares.

The U.S. "Foreign Account Tax Compliance Act" (**FATCA**) imposes a new reporting regime and potentially, imposes a 30% withholding tax on certain "foreign passthru payments" made by certain non-U.S. financial institutions (including intermediaries).

If payments on the Equity Shares are made by such non-U.S. financial institutions (including intermediaries), this withholding may be imposed on such payments if made to any non-U.S. financial institution (including an intermediary) that is not otherwise exempt from FATCA or other holders who do not provide sufficient identifying information to the payer, to the extent such payments are considered "foreign passthru payments". Under current guidance, the term "foreign passthru payment" is not defined and it is therefore not clear whether and to what extent payments on the Equity Shares would be considered "foreign passthru payments". The United States has entered into intergovernmental agreements with many jurisdictions (including India) that modify the FATCA withholding regime described above. It is not yet clear how the intergovernmental agreements between the United States and these jurisdictions will address "foreign passthru payments" and whether such agreements will require us or other financial institutions to withhold or report on payments on the Equity Shares to the extent they are treated as "foreign passthru payments". Prospective investors should consult their tax advisors regarding the consequences of FATCA, or any intergovernmental agreement or non-U.S. legislation implementing FATCA, to their investment in Equity Shares.

56. Our customers may engage in certain transactions in or with countries or persons that are subject to U.S. and other sanctions.

U.S. law generally prohibits U.S. persons from directly or indirectly investing or otherwise doing business in or with certain countries that are the subject of comprehensive sanctions and with certain persons or businesses that have been specially designated by the OFAC or other U.S. government agencies. Other governments and international or regional organizations also administer similar economic sanctions. We provide services to our customers, who may be doing business with, or located in, countries to which certain OFAC-administered and other sanctions apply. There can be no assurance that we will be able to fully monitor all of our transactions for any potential violation. Although we do not believe that we are in violation of any applicable sanctions, if it were determined that transactions in which we participate violate U.S. or other sanctions, we could be subject to U.S. or other penalties, and our reputation and future business prospects in the United States or with U.S. persons, or in other jurisdictions, could be adversely affected. We rely on our staff to be up-to-date and aware of the latest sanctions in place. Further, investors in the Equity Shares could incur reputational or other risks as the result of our customers' dealings in or with countries or with persons that are the subject of U.S. sanctions.

57. Certain Non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share have been included in this Draft Red Herring Prospectus. These Non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable.

Certain Non-GAAP financial measures and certain other statistical information relating to our operations and financial performance such as EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share (**Non-GAAP Measures**) have been included in this Draft Red Herring Prospectus. These Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. These Non-GAAP financial measures and other statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other companies and are not measures of operating performance or liquidity defined by Ind AS and may not be comparable to similarly titled measures presented by other companies.

EXTERNAL RISKS

58. The occurrence of natural or man-made disasters could adversely affect our results of operations, cash flows and financial condition. Hostilities, terrorist attacks, civil unrest and other acts of violence could adversely affect the financial markets and our business.

The occurrence of natural disasters, including cyclones, storms, floods, earthquakes, tsunamis, fires, explosions, pandemic disease and man-made disasters, and acts of terrorism and military actions, could adversely affect our results of operations, cash flows or financial condition. Terrorist attacks and other acts of violence or war may adversely affect the Indian securities markets. In addition, any deterioration in international relations, especially between India and its neighbouring countries, may result in investor concern regarding regional stability which could adversely affect the price of the Equity Shares.

In addition, certain regions in India have witnessed terrorist attacks and civil disturbances and it is possible that future terrorist attacks or civil unrest, as well as other adverse social, economic and political events in India could have a negative effect on us. Transportation facilities, including vehicles, may be targets of terrorist attacks, which could lead to, among other things, increased insurance and security costs. Regional and global political or military tensions, or conflicts, strained or altered foreign relations, protectionism and acts of war or the potential for war could also cause damage and disruption to our business, which could materially and adversely affect our business, financial condition, cash flows and results of operations. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse effect on our business and the market price of the Equity Shares. We may also face difficulty in accessing certain parts of India at certain times of the year or under adverse or inclement weather conditions.

59. A slowdown in economic growth in India could adversely affect our Company's business.

The structure of the Indian economy has undergone considerable changes in the last decade. These include the increasing importance of external trade and of external capital flows. Any slowdown in the growth of the Indian economy or manufacturing sector or any future volatility in global process could adversely affect our Company's business, financial condition and results of operations. India's economy could be adversely affected by a general rise in interest rates, fluctuations in currency exchange rates, adverse conditions affecting commodity and electricity prices or various other factors.

Further, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy and government policy may change in response to such conditions. The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States, France, Europe or China or Asian emerging market countries, may have an impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss of investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets, and could have an adverse effect on our Company's business, financial condition and results of operations and the price of the Equity Shares. There are also concerns that tightening of monetary policy in emerging markets and some developed markets may lead to a moderation in global growth. In response to such developments, legislators and financial regulators in the United States and other jurisdictions, including India, have implemented a number of policy measures designed to add stability to the financial markets. However, the overall long-term impact of these measures and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have had the intended stabilizing effects. Any significant financial disruption in the future could have an adverse effect on our cost of funding, loan portfolio, business, future financial performance, and the trading price of the Equity Shares.

60. Increasing employee compensation in India may erode some of our Company's competitive advantage and may reduce our Company's profit margins, which may have a material adverse effect on our Company's business, financial condition, cash flows and results of operations.

Employee compensation in India has historically been significantly lower than employee compensation in the United States and Western Europe for comparably skilled professionals. However, compensation increases in India may erode some of this competitive advantage and may negatively affect our Company's profit margins. Employee compensation in India is increasing at a faster rate than in the United States and Western Europe, which could result in increased costs relating to managers and other mid-level professionals. Our Company may need to continue to increase the levels of our Company's employee compensation to remain competitive and manage attrition. Compensation increases may have a material adverse effect on our Company's business, financial condition, cash flows and results of operations.

61. Adverse geopolitical conditions such as an increased tension between India and its neighbouring countries, and Russia-Ukraine conflict, could adversely affect our business, results of operations and financial condition.

Adverse geopolitical conditions such as increased tensions between India and its neighbouring countries, resulting in any military conflict in the region could adversely affect our business and operations. Such events may lead to countries including the Government of India imposing restrictions on the import or export of products or input materials, among others, and affect our ability to procure input materials required for our manufacturing operations. We could also be affected by the introduction of or increase in the levy of import tariffs in India, or in the countries to which we export our products, or changes in trade agreements between countries. For instance, the government of India imposed additional tariffs in the nature of countervailing duty and anti-dumping duty on a number of items imported from China. Any such measure which affects our input material supply or reciprocal duties imposed on Indian products by China or other countries may adversely affect our results of operations and financial condition. Such measures may also have an adverse impact on the products we export, including increasing the cost of such products, which may adversely affect our results of operations and financial condition. Further, prolonged Russia-Ukraine conflict that is currently impacting, *inter alia*, global trade, prices of oil and gas and could have an inflationary impact on the Indian economy.

62. Political, economic or other factors that are beyond our control may have an adverse effect on our business and results of operations.

We are incorporated in India, and our operations are located in India. As a result, we are highly dependent on prevailing economic conditions in India and other economies and our results of operations and cash flows are significantly affected by factors influencing the Indian and global economies.

Other factors that may adversely affect the economy, and hence our results of operations and cash flows, may include:

a. high rates of inflation in India and in countries where we operate our business could increase our costs without proportionately increasing our revenue, and as such decrease our operating margins;

b. any slowdown in economic growth or financial instability in India and in countries where we operate our business;

c. any exchange rate fluctuations, the imposition of currency controls and restrictions on the right to convert or repatriate currency or export assets;

d. any scarcity of credit or other financing, resulting in an adverse impact on economic conditions and scarcity of financing for our expansions;

e. macroeconomic factors and central bank regulation, including in relation to interest rates movements which may in turn adversely impact our access to capital and increase our borrowing costs;

f. prevailing income conditions among consumers and corporates;

g. volatility in, and actual or perceived trends in trading activity on, the relevant market's principal stock exchanges;

h. changes in existing laws and regulations in India and in countries where we operate our business;

i. political instability, terrorism or military conflict in the region or globally, including in various neighbouring countries;

j. occurrence of natural or man-made disasters;

k. any downgrading of debt rating of India or where we operate our business, by a domestic or international rating agency;

l. instability in financial markets;

m. decline in India's foreign exchange reserves which may affect liquidity in the Indian economy;

n. difficulty in developing any necessary partnerships with local businesses on commercially acceptable terms and, or, a timely basis; and

o. any slowdown or perceived slowdown in the Indian economy, or in specific sectors of the Indian economy or certain regions in India, could adversely affect our business, results of operations and financial condition and the price of the Equity Shares.

63. Governmental actions and changes in policy could adversely affect our Company's business.

The Government of India and the State Governments in India have broad powers to affect the Indian economy and our business in numerous ways. Additionally, change in policies in the countries to which we export, may affect our business. Any change in the existing policies of Government of India and/or State Government, or foreign government policies, or new policies affecting the economy of India or any foreign country, where we operate our business, could adversely affect our business operations. Moreover, we also cannot assure you that the Central Government or State Governments in India, or foreign government in countries where we operate will not implement new regulations and policies which will require us to obtain additional approvals and licenses from the Government and other regulatory bodies or impose onerous requirements and conditions on our operations. We cannot predict the terms of any new policy, and we cannot assure you that such a policy will not be onerous. Such a new policy may also adversely affect our business, cash flows, financial condition and prospects.

64. Our Company may be affected by competition law in India and any adverse application or interpretation of the Competition Act could adversely affect our Company's business.

The Competition Act, 2002, of India, as amended (**Competition Act**) regulates practices having an appreciable adverse effect on competition (**AAEC**) in the relevant market in India. Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and results in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, shares the market by way of geographical area or number of guests in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC in the relevant market in India and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the Competition Commission of India (**CCI**) has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. Our Company is currently not a party to an outstanding proceeding, nor has our Company received any notice in relation to non-compliance with the Competition Act and the agreements entered into by our Company. However, if our Company is affected, directly or indirectly, by the application or interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect the business, results of operations and prospects of our Company.

65. A downgrade in ratings of India, may affect the trading price of the Equity Shares.

Our Company's borrowing costs and our Company's access to the debt capital markets depend significantly on the credit ratings of India. India's sovereign rating is Baa3 with a "stable" outlook (Moody's), BBB– with a "stable" outlook (S&P) and BBB– with a "negative" outlook (Fitch). Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our Company's ability to raise additional financing and the interest rates and other commercial terms at which such financing is available, including raising any overseas additional financing. A downgrading of India's credit ratings may occur, for example, upon a change of government tax or fiscal policy, which are outside our Company's control. This could have an adverse effect on our Company's ability to fund our Company's growth on favourable terms or at all, and consequently adversely affect our Company's business and financial performance and the price of the Equity Shares.

66. Financial instability, economic developments and volatility in securities markets in other countries may also cause the price of the Equity Shares to decline.

The Indian economy and its securities markets are influenced by economic developments and volatility in securities markets in other countries. Investors' reactions to developments in one country may have adverse effects on the market price of securities of companies located in other countries, including India. For instance, the economic downturn in the U.S. and several European countries during a part of Fiscals 2008 and 2009 adversely affected market prices in the global securities markets, including India. Following the United Kingdom's exit from the European Union (**Brexit**), there still remains significant uncertainty around the impact of Brexit on the general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. In addition, China is one of India's major trading partners and there are rising concerns of a possible slowdown in the Chinese economy as well as a strained relationship with India, which could have an adverse impact on the trade relations between the two countries. Further, the collapse of the Silicon Valley Bank during Fiscal 2023 also caused economic downturn. Negative economic developments, such as rising fiscal or trade deficits, or a default on national debt, in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India. Any financial disruption could have an adverse effect on our business, future financial performance, shareholders' equity and the price of the Equity Shares.

67. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments and failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operations.

Modernization and technology up gradation is essential to reduce costs and increase the output. Our production technology may become obsolete or may not be upgraded timely, hampering our operations and financial conditions. Although we believe that we have installed plant and machineries with the latest upgraded technology suitable for yarn production, we shall further continue to keep our technology updated. In case of availability of an updated technology in the industry, we may be required to implement new technology as failure to respond to technological advancements and emerging standards and practices on a cost-effective and a timely basis may affect our results of operation. Further, the cost in upgrading our technology may be significant which could substantially affect our finances and operations.

68. Changing laws, rules and regulations and legal uncertainties in India and other countries may adversely affect our business and financial performance.

The regulatory and policy environment in which we operate is evolving and subject to change. Such changes may adversely affect our business, results of operations and prospects, to the extent that we are unable to suitably respond to and comply with any such changes in applicable law and policy. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations. Unfavorable changes in or interpretations of existing, or the promulgation of new, laws, rules and regulations including foreign investment and stamp duty laws governing our business and operations could result in us being deemed to be in contravention of such laws and may require us to apply for additional approvals. For instance, the Supreme Court of India has, in a decision clarified the components of basic wages, which need to be considered by companies while making provident fund payments. Any such decisions in future or any further changes in interpretation of laws may have an impact on our results of operations. For instance, the Government of India has recently introduced (a) the Code on Wages, 2019; (b) the Code on Social Security, 2020; (c) the Occupational Safety, Health and Working Conditions Code, 2020; and (d) the Industrial Relations Code, 2020 which consolidate, subsume and replace numerous existing central labour legislations. While the provisions of these codes have not yet been fully promulgated and notified, we are yet to determine the impact of all or some of such laws on our business and operations which may increase our expenses and affect our results of operations and financial condition. Uncertainty in the applicability, interpretation or implementation of any amendment to, or change in, governing law, regulation or policy, including by reason of an absence, or a limited body, of administrative or judicial precedent may be time consuming as well as costly for us to resolve and may impact the viability of our current businesses or restrict our ability to grow our businesses in the future.

69. Investors outside India may not be able to enforce any judgment of a foreign court against us, except by way of a suit in India.

Our Company is a limited liability company incorporated under the laws of India. All of our directors and executive officers are residents of India. Most of our Company's assets are located in India. As a result, it may be difficult for investors to effect service of process upon us or such persons in India or to enforce judgments obtained against our Company or such parties outside India. India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. India has reciprocal recognition and enforcement of judgments in civil and commercial matters with a limited number of jurisdictions, including the United Kingdom, Singapore, UAE, and Hong Kong. A judgment from certain specified courts located in a jurisdiction with reciprocity must meet certain requirements of the Code of Civil Procedure, 1908, as amended (**Civil Procedure Code**). The United States has not been notified as a reciprocating territory.

In order to be enforceable, a judgment obtained in a jurisdiction which India recognizes as a reciprocating territory must meet certain requirements of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that foreign judgments shall be conclusive regarding any matter directly adjudicated on except (i) where the judgment has not been pronounced by a court of competent jurisdiction; (ii) where the judgment has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or refusal to recognize the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where the judgment has been obtained by fraud; or (vi) where the judgment sustains a claim founded on a breach of any law then in force in India. Under the Civil Procedure Code, a court in India shall, on the production of any document purporting to be a certified copy of a foreign judgment, presume that the judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record; such presumption may be displaced by proving want of jurisdiction. The Civil Procedure Code only permits the enforcement of monetary decrees, not being in the nature of any amounts payable in respect of taxes, or other charges of a like nature or in respect of a fine or other penalty and does not provide for the enforcement of arbitration awards even if such awards are enforceable as a decree or judgment. A foreign judgment rendered by a superior court (as defined under the Civil Procedure Code) in any jurisdiction outside India which the Government of India has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Judgments or decrees from jurisdictions which do not have reciprocal recognition with India cannot be enforced by proceedings in execution in India. Therefore, a final judgment for the payment of money rendered by any court in a non-reciprocating territory for civil liability, whether or not predicated solely upon the general laws of the non-reciprocating territory, would not be enforceable in India. Even if an investor obtained a judgment in such a jurisdiction against us, our officers or directors, it may be required to institute a new proceeding in India and obtain a decree from an Indian court. However, the party in whose favor such final judgment is rendered may bring a new suit in a competent court in India based on a final judgment that has been obtained in the United States or other such jurisdiction within 3 years of obtaining such final judgment. It is unlikely that an Indian court would award damages on the same basis as a foreign court if an action is brought in India. Moreover, it is unlikely that an Indian court would award damages to the extent awarded in a final judgment rendered outside India if it believes that the amount of damages awarded were excessive or inconsistent with public policy in Indian. In addition, any person seeking to enforce a foreign judgment in India is required to obtain the prior approval of the RBI to repatriate any amount recovered, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable. Such amount may also be subject to income tax in accordance with applicable law.

Consequently, it may not be possible to enforce in an Indian court any judgment obtained in a foreign court, or effect service of process outside of India, against Indian companies, entities, their directors and executive officers and any other parties resident in India. Additionally, there is no assurance that a suit brought in an Indian court in relation to a foreign judgment will be disposed of in a timely manner.

70. Financial difficulty and other problems in certain financial institutions in India could have a material adverse effect on the business, results of operations, future cash flows and financial condition of our Company.

Indian financial system may be affected by financial difficulties faced by all or some of the Indian financial institutions whose commercial soundness may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as “systemic risk”, may adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect the business of our Company.

71. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws, unless specifically exempted, capital gains arising from the sale of equity shares in an Indian company are generally taxable in India. The Income Tax Act levies taxes on such long-term capital gains exceeding ₹ 0.1 million arising from sale of equity shares on or after April 1, 2018, while continuing to exempt the unrealized capital gains earned up to January 31, 2018 on such equity shares subject to specific conditions. Accordingly, you may be subject to payment of long-term capital gains tax in India, in addition to payment of a securities transaction tax (**STT**), on the sale of any Equity Shares held for more than 12 months. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long term capital gains tax in India.

Further, any gain realized on the sale of listed equity shares held for a period of 12 months or less will be subject to short term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempted from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country of which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

72. Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Draft Red Herring Prospectus.

We have not attempted to quantify the impact of U.S. GAAP or any other system of accounting principles on the Restated Consolidated Financial Information, prepared and presented in accordance with Ind AS for the Fiscals 2024, 2023, and 2022, included in this Draft Red Prospectus, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or any other accounting principles. U.S. GAAP differs in significant respects from Ind AS. Accordingly, the degree to which the restated financial statements included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Ind AS and SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Draft Red Herring Prospectus should accordingly be limited. Additionally, Ind AS differs in certain respects from IFRS and therefore financial statements prepared under Ind AS may be substantially different from financial statements prepared under IFRS.

73. Rights of shareholders of companies under Indian law may be more limited than under the laws of other jurisdictions.

Our Articles of Association, composition of our Board, Indian laws governing our corporate affairs, the validity of corporate procedures, directors' fiduciary duties, responsibilities and liabilities, and shareholders' rights may differ from those that would apply to a company in another jurisdiction. Shareholders' rights under Indian law may not be as extensive and wide-spread as shareholders' rights under the laws of other countries or jurisdictions. Investors may face challenges in asserting their rights as shareholder our Company than as a shareholder of an entity in another jurisdiction.

74. We face foreign exchange risks that could adversely affect our results of operations.

On listing, the Equity Shares will be quoted in Indian Rupees on the NSE and BSE. Any dividends in respect of the Equity Shares will also be paid in Indian Rupees and subsequently converted into the relevant foreign currency for repatriation, if required. Any adverse movement in currency exchange rates during the time that it takes to undertake such conversion may reduce the net dividend to foreign investors. In addition, any adverse movement in currency exchange rates during a delay in repatriating outside India the proceeds from a sale of the Equity Shares, for example, because of a delay in regulatory approvals that may be required for the sale of the Equity Shares may reduce the proceeds received by Equity Shareholders. For example, the exchange rate between the Indian Rupee and the U.S. dollar has fluctuated in recent years and may continue to fluctuate substantially in the future, which may have an adverse effect on the returns on the Equity Shares, independent of our operating results.

75. ***The requirements of being a listed company may strain our resources.***

Our Company is not a publicly listed company and have not, historically, been subjected to the increased scrutiny of our Company's affairs by shareholders, regulators and the public at large that is associated with being a listed company. As a listed company, our Company will incur significant legal, accounting, corporate governance and other expenses that our Company did not incur as an unlisted company. Our Company will be subject to the SEBI Listing Regulations, which will require our Company to file audited annual and unaudited quarterly reports with respect to our Company's business and financial condition. If our Company experience any delays, our Company may fail to satisfy our Company's reporting obligations and / or our Company may not be able to readily determine and accordingly report any changes in our Company's results of operations as promptly as other listed companies. Further, as a publicly listed company, our Company will need to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, including keeping adequate records of daily transactions. In order to maintain and improve the effectiveness of our Company's disclosure controls and procedures and internal control over financial reporting, significant resources and management attention will be required. As a result, our Company's management's attention may be diverted from our Company's business concerns, which may adversely affect the business, prospects, results of operations and financial condition of our Company.

76. ***Our Company may be subject to pre-emptive surveillance measures like Additional Surveillance Measure (ASM) and Graded Surveillance Measures (GSM) by the Stock Exchanges in order to enhance market integrity and safeguard the interest of investors, once the Equity Shares of our Company are listed.***

The Equity Shares of our Company may be subject to general market conditions which may include significant price and volume fluctuations, once the Equity Shares of our Company are listed. The price of the Equity Shares may fluctuate after the Offer due to several factors such as volatility in the Indian and global securities market, our performance and profitability, or any other political or economic factor. The occurrence of these factors may lead to the surveillance measures stipulated by SEBI and the Stock Exchanges for placing securities under the GSM or ASM framework being triggered in relation to the Equity Shares. If the Equity Shares are covered under such surveillance measures implemented by SEBI and the Stock Exchanges, we may be subject to certain additional restrictions in relation to trading of the Equity Shares such as limiting trading frequency (for example, trading either allowed once in a week or a month) or freezing of price on upper side of trading which may have an adverse effect on the market price of the Equity Shares or may in general cause disruptions in the development of an active trading market for the Equity Shares.

RISKS RELATING TO THE EQUITY SHARES AND THIS OFFER

77. ***The Equity Shares have never been publicly traded and the Offer may not result in an active or liquid market for the Equity Shares. Further, the price of the Equity Shares may be volatile, and you may be unable to resell the Equity Shares at or above the Offer Price.***

Prior to the Offer, there has been no public market for the Equity Shares, and an active trading market on the Indian Stock Exchanges may not develop or be sustained after the Offer. Listing and quotation do not guarantee that a market for the Equity Shares will develop, or if developed, there will be liquidity of such market for the Equity Shares. The Offer Price of the Equity Shares may bear no relationship to the market price of the Equity Shares after the Offer.

The market price of the Equity Shares after the Offer can be volatile as a result of several factors beyond our Company's control, including volatility in the Indian and global securities markets, our results of operations, the performance of our competitors, developments in the Indian and global industry in which we operate, changing perceptions in the market about investments in this sector in India, investor perceptions of our future performance, adverse media reports about us or our sector, changes in the estimates of our performance or recommendations by financial analysts, announcements by third parties or governmental entities of significant claims or proceedings against us, announcements by us or our competitors of significant acquisitions, strategic alliances, joint operations or capital commitments, significant developments in India's economic liberalisation and deregulation policies, and significant developments in India's fiscal regulations. In addition, the Stock Exchanges may experience significant price and volume fluctuations, which may have a material adverse effect on the market price of the Equity

Shares.

General or industry specific market conditions or stock performance or domestic or international macroeconomic and geopolitical factors unrelated to our performance may also affect the price of the Equity Shares. In particular, the stock market as a whole in the past has experienced extreme price and volume fluctuations that have affected the market price of many companies in ways that may have been unrelated to the companies' operating performances. For these reasons, investors should not rely on recent trends to predict future share prices, results of operations or cash flow and financial condition.

78. There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all.

There is no guarantee that the Equity Shares will be listed on the BSE and the NSE in a timely manner or at all. In accordance with Indian law, permission for listing and trading of the Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. In accordance with current regulations and circulars issued by SEBI, the Equity Shares are required to be listed on the BSE and the NSE within such time as mandated under UPI Circulars, subject to any change in the prescribed timeline in this regard. However, we cannot assure you that the trading in the Equity Shares will commence in a timely manner or at all. Any failure or delay in obtaining final listing and trading approvals may restrict your ability to dispose of your Equity Shares. Further, there can be no assurance that the Equity Shares once listed will continue to remain listed on the Stock Exchanges. Indian laws permit a company to delist its equity shares on compliance with prescribed procedures including the requirement to obtain the approval of its shareholders. Further, certain instances of non-compliance with applicable laws can result in the delisting of the Equity Shares. We cannot assure you, therefore, that the Equity Shares, once listed, will continue to remain listed.

79. You may not be able to immediately sell any of the Equity Shares you subscribe to in this Offer on an Indian Stock Exchange.

The Equity Shares are proposed to be listed on the Stock Exchanges. Pursuant to Indian regulations, certain actions must be completed before the Equity Shares can be listed and commence trading, including the crediting of the investor's demat accounts within the timeline specified under applicable law. Further, in accordance with Indian law, permission for listing and trading of the Equity Shares will not be granted until after certain actions have been completed in relation to this Offer and until Allotment of Equity Shares pursuant to this Offer. The Allotment of Equity Shares in the Offer and the credit of Equity Shares to the investor's demat account with the relevant depository participant and listing is expected to be completed within the period as may be prescribed under applicable law. Any failure or delay in obtaining the approvals or otherwise commence trading in the Equity Shares would restrict investors' ability to dispose of their Equity Shares. Our Company cannot assure you that the Equity Shares will be credited to investor's demat accounts, or that trading in the Equity Shares will commence, within the prescribed time periods or at all which could restrict your ability to dispose of the Equity Shares.

80. Any further issuance of Equity Shares, or convertible securities or other equity linked instruments by us may dilute your shareholding.

Our Company may be required to finance our growth through future equity offerings. Any future equity issuances by our Company, including a primary offering of Equity Shares, convertible securities or securities linked to Equity Shares including through exercise of employee stock options, may lead to the dilution of investors' shareholdings in our Company. Any future equity issuances by us or sales of the Equity Shares by the Promoters may adversely affect the trading price of the Equity Shares, which may lead to other adverse consequences including difficulty in raising capital through offering of the Equity Shares or incurring additional debt. In addition, any perception by investors that such issuances or sales might occur may also affect the market price of the Equity Shares. There can be no assurance that we will not issue Equity Shares, convertible securities or securities linked to Equity Shares or that the Shareholders will not dispose of, pledge or encumber their Equity Shares in the future.

81. Sale of Equity Shares by our Promoters and Promoter Group in future may adversely affect the market price of the Equity Shares.

After the completion of the Offer, our Promoters and Promoter Group will own a significant percentage of our Company's issued Equity Shares. Sale of a large number of the Equity Shares by the Promoters could adversely affect the market price of the Equity Shares. Similarly, the perception that any such primary or secondary sale may occur, could adversely affect the market price of the Equity Shares. No assurance can be given that our Promoters will not dispose of, pledge or encumber their Equity Shares in the future.

82. The determination of the Price Band and Offer Price is based on various factors and assumptions and the Offer Price of the Equity Shares may not be indicative of the market price of the Equity Shares after the Offer. Further, the current market price of some securities listed pursuant to certain previous issues managed by the BRLMs is below the respective issue price.

The determination of the Price Band is based on various factors and assumptions and will be determined by our Company in consultation with the BRLMs. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process. These will be based on numerous factors, including factors as described under *'Basis for the Offer Price'* beginning on page 141 and may not be indicative of the market price for the Equity Shares after the Offer. In addition to the above, the current market price of securities listed pursuant to certain previous initial public offerings managed by the Book Running Lead Managers is below their respective issue price. For further details, see '*Other Regulatory and Statutory Disclosures - Price information of past issues handled by the BRLMs*' on page 453. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, our financial performance and results post-listing, and other factors beyond our Company's control. Our Company cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

83. 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.

Our total income, EBITDA, and profit after tax for Fiscal 2024 was ₹ 29,798.04 million, ₹ 2,265.81 million and ₹ 1,338.48 million, respectively. Our market capitalization (based on the Offer Price) to total income (Fiscal 2024) multiple is [●] times; and our price to earnings ratio (based on profit after tax for the year Fiscal 2024) is [●] at the upper end of the Price Band; and our enterprise value to EBITDA ratio (based on EBITDA for Fiscal 2024) is [●].

The Offer Price will be determined by our Company in consultation with the BRLMs based on various factors and assumptions. Furthermore, the Offer Price of the Equity Shares will be determined by our Company in consultation with the Book Running Lead Managers through the Book Building Process, and will be based on numerous factors, including factors as described under *'Basis for the Offer Price'* beginning on page 141 and may not be indicative of the market price for the Equity Shares after the Offer. Accordingly, the Offer Price, multiples and ratio may not be indicative of the market price of the Equity Shares on listing or thereafter. The factors that could affect the market price of the Equity Shares include, among others, broad market trends, our financial performance and results post-listing, and other factors beyond our Company's control. Our Company cannot assure you that an active market will develop, or sustained trading will take place in the Equity Shares or provide any assurance regarding the price at which the Equity Shares will be traded after listing.

84. QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid.

Pursuant to the regulations under the SEBI Act, QIBs and Non-Institutional Investors are not permitted to withdraw or lower their Bids (in terms of quantity of Equity Shares or the Bid Amount) at any stage after submitting a Bid. Retail Individual Investors can revise their Bids during the Bid/Offer Period and withdraw their Bids until Bid/Offer Closing Date. While our Company is required to complete Allotment pursuant to the Offer within 3 Working Days from the Bid/Offer Closing Date, events affecting the Bidders' decision to invest in the Equity Shares, including material adverse changes in international or national monetary policy, financial, political or economic conditions, our business, results of operation or financial condition may arise between the date of submission of the Bid and Allotment. Our Company may complete the Allotment of the Equity Shares even if such events occur, and such events limit the Bidders' ability to sell the Equity Shares Allotted pursuant to the Offer or cause the trading price of the Equity Shares to decline on listing.

85. Investors may be restricted in their ability to exercise pre-emptive rights under Indian law and thereby may suffer future dilution of their ownership position.

Under the Companies Act, a company having share capital and incorporated in India must offer its holders of equity shares pre-emptive rights to subscribe and pay for a proportionate number of shares to maintain their existing ownership percentages before the issuance of any new equity shares, unless the pre-emptive rights have been waived by adoption of a special resolution by holders of three-fourths of the equity shares voting on such resolution.

However, if the law of the jurisdiction the investors are in, does not permit them to exercise their pre-emptive rights without our Company filing an offering document or registration statement with the applicable authority in such jurisdiction, the investors will be unable to exercise their pre-emptive rights unless our Company makes such a filing. If we elect not to file a registration statement, the new securities may be issued to a custodian, who may sell the securities for the investor's benefit. The value such custodian receives on the sale of such securities and the related transaction costs cannot be predicted. In addition, to the extent that the investors are unable to exercise pre-emptive rights granted in respect of the Equity Shares held by them, their proportional interest in our Company would be reduced.

86. Under Indian law, foreign investors are subject to investment restrictions that limit our Company's ability to attract foreign investors, which may adversely impact the trading price of the Equity Shares.

Under foreign exchange regulations currently in force in India, transfer of shares between non-residents and residents are freely permitted (subject to certain exceptions) if they comply with the valuation and reporting requirements specified by the RBI. If a transfer of shares is not in compliance with such requirements and does not fall under any of the exceptions specified by the RBI, then the RBI's prior approval is required. In addition, shareholders who seek to convert Rupee proceeds from a sale of shares in India into foreign currency and repatriate that foreign currency from India require a no-objection or a tax clearance certificate from the Indian income tax authorities. Our Company cannot assure you that any required approval from the RBI or any other Government agency can be obtained on any particular terms or at all. For further details, see '*Restrictions on Foreign Ownership of Indian Securities*' beginning on page 490.

Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020, issued by the DPIIT and the FEMA Rules, any investment, subscription, purchase or sale of equity instruments by entities, investments under the foreign direct investment route by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Our Company cannot assure you that any required approval from the RBI or any other governmental agency can be obtained on any particular terms, in a timely manner or at all.

87. Our Company's ability to raise foreign capital may be constrained by Indian law.

As an Indian company, our Company is subject to exchange controls that regulate borrowing in foreign currencies. Such regulatory restrictions could constrain our Company's ability to obtain financings on competitive terms and refinance existing indebtedness. In addition, our Company cannot assure you that any required regulatory approvals for borrowing in foreign currencies will be granted to our Company without onerous conditions, or at all. Limitations on foreign debt may have an adverse effect on our Company's business growth, financial condition and results of operations.

88. A third party could be prevented from acquiring control of our Company because of anti-takeover provisions under Indian law.

There are provisions in Indian law that may delay, deter or prevent a future takeover or change in control of our Company, even if a change in control would result in the purchase of your Equity Shares at a premium to the market price or would otherwise be beneficial to you. Such provisions may discourage or prevent certain types of transactions involving actual or threatened change in control of our Company. Under the SEBI Takeover Regulations, an acquirer has been defined as any person who, directly or indirectly, acquires or agrees to acquire shares or voting rights or control over a company, whether individually or acting in concert with others. Although these provisions have been formulated to ensure that interests of investors/shareholders are protected, these provisions may also discourage a third party from attempting to take control of our Company. Consequently, even if a potential takeover of our Company would result in the purchase of the Equity Shares at a premium to their market price or would otherwise be beneficial to its stakeholders, it is possible that such a takeover would not be attempted.

89. There are restrictions on daily movements in the trading price of the Equity Shares, which may adversely affect a shareholder's ability to sell Equity Shares or the price at which Equity Shares can be sold at a particular point in time.

Following the listing of Equity Shares through the Offer, the Equity Shares will be subject to a daily "circuit breaker" imposed on listed companies by the Stock Exchanges, which does not allow transactions beyond certain volatility in the trading price of the Equity Shares. This circuit breaker operates independently of the index-based market-wide circuit breakers generally imposed by SEBI on Indian Stock Exchanges. The percentage limit on the Equity Shares' circuit breaker will be set by the Stock Exchanges based on historical volatility in the price and trading volume of the Equity Shares. The Stock Exchanges are not required to inform our Company of the percentage limit of the circuit breaker, and they may change the limit without our knowledge. This circuit breaker would effectively limit the upward and downward movements in the trading price of the Equity Shares beyond the circuit breaker limit set by the Stock Exchanges. As a result of this circuit breaker, there can be no assurance regarding the ability of shareholders to sell Equity Shares or the price at which shareholders may be able to sell their Equity Shares.

90. If security or industry analysts do not publish research, or publish unfavourable or inaccurate research about the business of our Company, the price and trading volume of the Equity Shares may decline.

The trading market for the Equity Shares may depend, in part, on the research and reports that securities or industry analysts publish about us or our business. Our Company may be unable to sustain coverage by established and / or prominent securities and industry analysts. If either none or only a limited number of securities or industry analysts maintain coverage of our Company, or if these securities or industry analysts are not widely respected within the general investment community, the trading price for the Equity Shares would be negatively impacted. In the event our Company obtains securities or industry analyst coverage, if one or more of the analysts downgrade the Equity Shares of our Company or publish inaccurate or unfavourable research about our business, the price of the Equity Shares may decline. If one or more of these analysts cease coverage of our Company or fail to publish reports on our Company regularly, the demand for the Equity Shares of our Company could decrease, which might cause the price and trading volume of the Equity Shares of our Company to decline.

SECTION III: INTRODUCTION

THE OFFER

The following table summarizes details of the Offer:

Offer of Equity Shares(1)	Up to [●] Equity Shares, aggregating up to ₹ 8,000.00 million
which includes:	
Fresh Issue(1)	Up to [●] Equity Shares, aggregating up to ₹ 5,000.00 million
Offer for Sale(2)	Up to [●] Equity Shares aggregating up to ₹ 3,000.00 million
The Offer comprises of:	
A) QIB Portion(3)(4)	Up to [●] Equity Shares
of which:	
(i) **Anchor Investor Portion**(3)	Up to [●] Equity Shares
(ii) **Net QIB Portion available for allocation to QIBs other than Anchor Investors (assuming Anchor Investor Portion is fully subscribed)**	[●] Equity Shares
of which:	
(a) **Available for allocation to Mutual Funds only (5% of the Net QIB Portion)**	[●] Equity Shares
(b) **Balance for all QIBs including Mutual Funds**	[●] Equity Shares
B) Non-Institutional Portion(5)	Up to [●] Equity Shares
of which:	
(i) **One-third of the Non-Institutional Portion reserved for applicants with an application size of more than ₹0.20 million and up to ₹1.00 million**	[●] Equity Shares
(ii) **Two-third of the Non-Institutional Portion reserved for applicants with an application size of more than ₹1.00 million**	[●] Equity Shares
C) Retail Portion (3)(4)(6)	Up to [●] Equity Shares
Pre and post-Offer Equity Shares	
Equity Shares outstanding prior to the Offer (as at the date of this Draft Red Herring Prospectus)	71,943,000 Equity Shares
Equity Shares outstanding after the Offer	[●] Equity Shares
Use of Net Proceeds	See '*Objects of the Offer*' on page 127 for information on the use of Net Proceeds arising from the Fresh Issue. Our Company will not receive any proceeds from the Offer for Sale.

(1) *The Offer has been authorised by our Board pursuant to the resolution passed at its meeting dated March 16, 2024 and the Fresh Issue has been authorised by our Shareholders pursuant to a special resolution passed at their meeting dated March 16, 2024. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to the resolution passed at its meeting dated March 16, 2024.*

(2) *Each Selling Shareholder, severally and not jointly, confirm that the Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale pursuant to the Offer in terms of Regulation 8 of the SEBI ICDR*

Regulations. Each of the Selling Shareholders have, severally and not jointly, consented for the sale of their respective portion of the Offered Shares in the Offer for Sale. For further details of the authorizations received for the Offer, see 'Other Regulatory and Statutory Disclosures' on page 445.

(3) *Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with SEBI ICDR Regulations. The QIB Portion will accordingly be reduced for the Equity Shares allocated to Anchor Investors. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the Anchor Investor Allocation Price. In the event of under-subscription in the Anchor Investor Portion, the remaining Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. In the event the aggregate demand from Mutual Funds is less than as specified above, the balance Equity Shares available for Allotment in the Mutual Fund Portion will be added to the Net QIB Portion and allocated proportionately to the QIB Bidders (other than Anchor Investors) in proportion to their Bids. For further details, see 'Offer Procedure' on page 471.*

(4) *Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category would be allowed to be met with spill-over from any other category or combination of categories, as applicable, at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, subject to applicable law. In the event of under-subscription in the Offer, Allotment of valid Bids will be made in the first instance towards subscription of 90% of the Fresh Issue (**Minimum Subscription**), provided that post satisfaction of the Minimum Subscription, subject to receipt of any remaining valid Bids, Equity Shares will be Allotted (a) in priority towards the balance Fresh Issue; and (b)in respect of the Offered Shares pursuant to the Offer for Sale on a pro-rata basis in a manner proportionate to the respective portion of the Offered Shares of each Selling Shareholder. For further details, see 'Offer Procedure' on page 471.*

(5) *Not less than 15% of the Offer shall be available for allocation to Non-Institutional Investors of which (i) one-third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1 million; and (ii) two third of the Non-Institutional Portion shall be available for allocation to Bidders with an application size of more than ₹ 1 million provided that under-subscription in either of these two sub-categories of Non-Institutional Category specified in (i) and (ii), may be allocated to Bidders in the other sub-category of Non-Institutional Portion in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.*

(6) *Allocation to Bidders in all categories, except in Anchor Investor Portion, Non-Institutional Portion and the Retail Individual Investor Portion, shall be made on a proportionate basis subject to valid Bids received at or above the Offer Price. The allocation to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares, if any, shall be allocated on a proportionate basis. The allocation to each Non-Institutional Investor shall not be less than ₹0.20 million subject to the availability of Equity Shares in Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allocated on a proportionate basis. Allocation to Anchor Investors shall be on a discretionary basis in accordance with the SEBI ICDR Regulations. For further details, see 'Offer Procedure' on page 471. Our Company will not receive any proceeds from the Offer for Sale.*

For further details, including in relation to grounds for rejection of Bids, see '*Offer Structure*' and '*Offer Procedure*' on pages 466 and 471, respectively. For further details of the terms of the Offer, see '*Terms of the Offer*' on page 460.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our Restated Consolidated Financial Information. The information presented below may differ in certain significant respects from financial statements prepared in accordance with generally accepted accounting principles in other countries, including IFRS. For details, see 'Risk Factor - Significant differences exist between Ind AS and other accounting principles, such as U.S. GAAP and IFRS, which may be material to the Financial Statements prepared and presented in accordance with SEBI ICDR Regulations contained in this Prospectus' on page 73. The summary financial information presented below should be read in conjunction with 'Financial Statements', and 'Management's Discussion and Analysis of Financial Condition and Results of Operations' on pages 296 and 396.

RESTATED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Amounts in ₹ million unless stated otherwise)

Particulars	As at		
	March 31, 2024	March 31, 2023	March 31, 2022
Assets			
Non-current assets			
Property, plant and equipment	9,264.74	9,483.66	8,948.71
Capital work-in-progress	1,405.06	187.98	23.90
Intangible assets	24.76	-	-
Intangible assets under development	-	21.28	-
Goodwill	19.09	19.09	19.09
Financial assets			
- Other financial assets	155.31	59.53	83.20
Income-tax assets (net)	-	44.06	35.31
Other non-current assets `	2,074.58	1,236.01	251.30
Total non-current assets	**12,943.54**	**11,051.61**	**9,361.51**
Current assets			
Inventories	4,054.95	4,016.00	4,439.20
Financial assets			
- Investments	1,069.46	475.01	548.40
- Trade receivables	1,256.80	1,417.43	1,361.90
- Cash and cash equivalents	299.33	90.20	79.28
- Bank balances other than cash and cash equivalents	714.71	973.16	708.30
- Other financial assets	16.00	4.35	28.52
Other current assets	1,682.03	1,038.92	1,437.61
Total current assets	**9,093.28**	**8,015.07**	**8,603.21**
Total assets	**22,036.82**	**19,066.68**	**17,964.72**
Equity and liabilities			
Equity			
Equity share capital	719.43	719.43	719.43
Other equity	12,030.31	10,681.67	9,146.95
Total Equity	**12,749.74**	**11,401.10**	**9,866.38**
Liabilities			
Non-current liabilities			
Financial liabilities			
-Borrowings	3,372.01	2,216.41	2,800.20
Provisions	76.22	70.03	65.20

Particulars	As at		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Deferred tax liabilities (net)	775.34	712.14	629.35
Other non-current liabilities	10.06	5.37	9.30
Total non-current liabilities	**4,233.63**	**3,003.95**	**3,504.05**
Current liabilities			
Financial liabilities			
- Borrowings	426.81	593.61	981.70
-Trade payables			
- total outstanding dues of micro enterprises and small enterprises	127.23	147.78	60.10
- total outstanding dues of creditors other than micro enterprises and small enterprises	4,242.23	3,625.38	3,316.13
-Other financial liabilities	73.41	68.20	73.20
Other current liabilities	149.75	201.61	74.16
Provisions	27.56	25.05	28.40
Current tax liabilities (net)	6.46	-	60.60
Total current liabilities	**5,053.45**	**4,661.63**	**4,594.29**
Total liabilities	**9,287.08**	**7,665.58**	**8,098.34**
Total equity and liabilities	**22,036.82**	**19,066.68**	**17,964.72**

RESTATED CONSOLIDATED STATEMENT OF PROFIT AND LOSS

(Amounts in ₹ million unless stated otherwise)

Particulars	For the year		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Income			
Revenue from operations	29,575.04	33,292.13	31,853.20
Other income	223.00	158.06	161.40
Total income	**29,798.04**	**33,450.19**	**32,014.60**
Expenses			
Cost of materials consumed	21,317.15	23,349.10	20,632.70
Purchases of stock-in-trade	6.35	52.26	324.70
Changes in inventories of finished goods, stock-in-trade and work-in-progress	(0.66)	651.48	(719.99)
Employee benefits expense	905.95	885.36	947.40
Finance costs	230.84	224.18	324.60
Depreciation and amortisation expense	443.89	434.86	421.70
Other expenses	5,080.44	5,758.63	5,292.27
Total expenses	**27,983.96**	**31,355.87**	**27,223.38**
Profit before tax	**1,814.08**	**2,094.32**	**4,791.22**
Tax expense			
Current tax			
- for the year	421.42	479.01	1,127.10
- pertaining to earlier years	(8.08)	4.33	26.00
Deferred tax charge	62.26	83.57	83.70
Total Tax Expenses	**475.60**	**566.91**	**1,236.80**
Profit for the year	**1,338.48**	**1,527.41**	**3,554.42**
Other comprehensive income / (loss)			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plan	3.60	(3.18)	2.78
Income-tax effect on above	(0.94)	0.80	(0.70)
Other comprehensive income / (loss) for the year	**2.66**	**(2.38)**	**2.08**
Total comprehensive income for the year	**1,341.14**	**1,525.03**	**3,556.50**
Earnings per share (face value of Rs. 10 each)			
Basic earnings per share (in Rupees)	18.60	21.24	49.40
Diluted earnings per share (in Rupees)	18.60	21.24	49.40

RESTATED CONSOLIDATED STATEMENT OF CASH FLOW

(in ₹ million)

Particulars	For the year		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
(A) Cash flow from operating activities			
Profit before tax	**1,814.08**	**2,094.32**	**4,791.22**
Adjustments for non-cash transactions and items considered separately			
Depreciation and amortisation expense	443.89	434.86	421.70
Re-measurement of defined benefit plan	3.60	3.18	2.78
Share based payments to employees	7.50	9.69	3.30
Gain on disposal of Property, Plant and Equipment (net)	(18.04)	(1.20)	(10.40)
Interest income on bank deposits	(32.80)	(40.01)	(27.60)
Fair value gain on investments measured at fair value through profit or loss	(6.50)	(7.80)	(3.40)
Finance costs	230.84	224.18	324.60
Net loss on foreign currency translation	(2.93)	48.91	9.67
Liabilities / provisions no longer required, written back	(2.06)	(2.90)	(4.30)
Adjustment for government grant	(6.46)	(7.81)	(68.06)
Net changes in the fair value in cash flow hedge	-	-	(2.50)
Net changes in the fair value of derivative financial instruments	-	(2.40)	(2.30)
Write down / (reversal of write down) of inventories to net realisable value	18.02	35.44	(12.60)
Profit on sale of mutual funds	(16.90)	(33.12)	-
Sundry balances written off	-	-	2.40
Allowance for expected credit loss (net)	(5.56)	(25.90)	17.31
Cash flow before changes in working capital	**2,426.68**	**2,729.44**	**5,441.82**
Changes in working capital			
Trade payables	602.23	404.50	(297.03)
Provisions and other liabilities	(33.55)	123.91	(169.08)
Inventories	(56.94)	387.76	(1,437.68)
Trade receivables	179.84	(16.08)	(71.74)
Other financial and non-financial assets	(837.13)	546.25	619.88
Cash generated from operations before taxes	**2,281.13**	**4,175.78**	**4,086.17**
Income-taxes paid (net of refunds)	(363.77)	(552.66)	(1,140.58)
Net cash generated from operating activities (A)	**1,917.36**	**3,623.12**	**2,945.59**
(B) Cash flow from investing activities			
Purchase of property, plant and equipment, capital work-in-progress and intangible asset under development (including capital advances and capital creditors)	(2,159.07)	(2,136.91)	(425.03)
Proceeds from disposal of property, plant and equipment	28.25	4.19	21.60
Deposits matured / (placed) (net)	216.31	(372.16)	(86.12)
Payment for acquisition of subsidiary	-	-	(134.90)

Particulars	For the year		
	March 31, 2024	**March 31, 2023**	**March 31, 2022**
Sale proceeds / (investment) in mutual funds	(570.94)	114.32	(545.00)
Interest received on bank deposits	32.51	40.01	27.60
Net cash used in investing activities (B)	(2,452.94)	(2,350.55)	(1,141.85)
(C) Cash flow from financing activities			
Cash credit facilities and short term borrowings (repaid) / availed (net)	(15.0)	1.76	(445.51)
Long-term borrowings availed	1,664.49	-	100.00
Repayment of long-term borrowings	(673.66)	(1,039.19)	(1,319.51)
Payment of interest	(231.12)	(224.22)	(324.85)
Net cash generated / (used in) from financing activities (C)	**744.71**	**(1,261.65)**	**(1,989.87)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	209.13	10.92	(186.13)
Add: Cash and cash equivalents at the beginning of the year	90.20	79.28	265.31
Add: Cash acquired under business combination	**-**	-	0.10
Cash and cash equivalents at the end of the year	**299.33**	**90.20**	**79.28**
Notes to restated consolidated statement of cash flows:			
Cash and cash equivalents at the end of the year comprise of :			
Balances with banks in current accounts	299.02	89.95	78.97
Cash on hand	0.31	0.25	0.31
Total	**299.33**	**90.20**	**79.28**

**Includes amount earmarked for corporate social responsibility expenditure.*

GENERAL INFORMATION

Our Company was originally 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 Registrar of Companies, West Bengal at Kolkata 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.

Registered and Corporate Office of our Company

The address and certain other details of our Registered Office are as follows:

Sanathan Textiles Limited
SRV NO. 187/4/1/2, Near Surangi Bridge
Surangi, Dadra & Nagar Haveli
Silvassa – 396230, India
Telephone: +91 91 260 3269197
E-mail: investors@sanathan.com
Website: www.sanathan.com

For details of the changes in our Registered Office, please see *'History and Certain Corporate Matters - Changes in the Registered Office'* on page 251.

The address and certain other details of our Corporate Office are as follows:

Sanathan Textiles Limited
D-15, Trade World Building
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel,
Mumbai – 400013, Maharashtra
India.
Telephone: + 91 22 6634 3312/3/4/5/6
E-mail: investors@sanathan.com
Website: www.sanathan.com/

Company registration number and corporate identity number

The registration number and corporate identity number of our Company are as follows:

Company Registration Number: 005690

Corporate Identity Number: U17299DN2005PLC005690

Registrar of Companies

Our Company is registered with the RoC, Gujarat at Ahmedabad situated at the following address:

Address of the RoC

Registrar of Companies
RoC Bhavan, Opposite Rupal Park Society,
Behind Ankur Bus Stop,
Naranpura, Ahmedabad,
Gujarat-380013, India.
Email: roc.ahmedabad@mca.gov.in

Board of Directors

Brief details of our Board of Directors as on the date of this Draft Red Herring Prospectus is set out below:

Name	Designation	DIN	Address
Paresh Vrajlal Dattani	Chairman & Managing Director	00163591	19A, 19th Floor, Tytan, A.B. Dubash Marg, Opp. L.J. Marg, August Kranti Marg, Mumbai – 400026, Maharashtra, India.
Ajay Vallabhdas Dattani	Joint Managing Director	00163739	3-C, 3rd Floor, Plot no. 70, Lalit Kunj, Sir Pochkanwala Road, Off Worli Sea Face, Worli, Mumbai, Mumbai City, Maharashtra – 400030
Anilkumar Vrajdas Dattani	Executive Director	00164175	9 C Ridge Apt, 18 Ridge Road, Opp Sahadri Guest House, Malabar Hill, Mumbai, Maharashtra – 400006.
Dinesh Vrajdas Dattani	Executive Director	00163701	Flat no. 15, 8th Floor, Bhaveshvar Sagar, 20, Nepean Sea Road, Patel Compound, Mumbai - 400036
Debabrata Sarkar	Independent Director	02502618	Mayfair Boulevard, 701, Narayan Apartments, Flat no. 701, Main Avenue Road, Santacruz (West) Mumbai – 400054
Khurshed Thanawalla	Independent Director	00201749	Building No. 6, Manav Mandir Road, Near Manav Mandir School, Malabar Hill, Mumbai Maharashtra – 400006
Rupal Vora	Independent Director	07096253	806, Cumballa Crest, 42 G Deshmukh Marg, HSBC Bank Lane, Peddar Road, Mumbai, Cumballa Hill, Maharashtra - 400026
Vinay Aggarwal	Independent Director	00030483	5A, Shyam Niwas, Flat no. 6, 51B, Desai Road, Mumbai, Maharashtra – 400026

For brief profiles and further details of our Directors, see '*Our Management – Board of Directors*' on page 259.

Company Secretary & Compliance Officer

Dsouza Jude Patrick is the Company Secretary and Compliance Officer of our Company. His contact details are set forth below:

Dsouza Jude Patrick
D-15, Trade World Building
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel
Mumbai 400013
Maharashtra
Telephone: +91 22 6634 3312
E-mail: investors@sanathan.com

Investor Grievances

Investors may contact our Company Secretary and Compliance Officer, or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems, grievances including non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, investors may also write to the BRLMs. All Offer related grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than UPI Bidders bidding through the UPI mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of UPI Bidders applying through the UPI mechanism in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall enclose the

Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove. All grievances relating to Bids submitted with Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

In terms of the SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable), any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within three months of the date of listing of the Equity Shares. In terms of the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), SCSBs are required to compensate the investor immediately on the receipt of complaint. Further, the BRLMs are required to compensate the investor for delays in grievance redressal from the date on which the grievance was received until the actual date of unblock.

Further, the Bidder shall also enclose a copy of the Acknowledgment Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the information mentioned hereinabove. All grievances relating to Bids submitted through Registered Brokers may be addressed to the Stock Exchanges with a copy to the Registrar to the Offer. The Registrar to the Offer shall obtain the required information from the SCSBs for addressing any clarifications or grievances of ASBA Bidders.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs with whom the Bid cum Application Form was submitted by the Anchor Investor.

Book Running Lead Managers

DAM Capital Advisors Limited
One BKC, Tower C, 15th Floor, Unit No. 1511,
Bandra Kurla Complex, Bandra (East),
Mumbai - 400 051, Maharashtra, India
Telephone: +91 22 4202 2500
E-mail: Sanathan.ipo@damcapital.in
Investor grievance e-mail: complaint@damcapital.in
Website: www.damcapital.in
Contact Person: Arpi Chheda
SEBI Registration number: MB/INM000011336

ICICI Securities Limited
ICICI Venture House,
Appasaheb Marathe Marg, Prabhadevi,
Mumbai – 400025, Maharashtra, India
Maharashtra, India
Telephone: + 91 22 6807 7100
Email: sanathan.ipo@icicisecurities.com
Investor grievance e-mail: customercare@icicisecurities.com
Website: www.icicisecurities.com
Contact Person: Gaurav Mittal / Abhijit Diwan
SEBI registration number: INM000011179

Statement of inter se allocation of responsibilities

The responsibilities of the BRLMs for various activities in the Offer are set out below:

Sr. No.	Activity	Responsibility	Co-ordinator
1.	Capital structuring with the relative components and formalities such as composition of debt and equity, type of instruments, and positioning strategy.	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited

Sr. No.	Activity	Responsibility	Co-ordinator
2.	Due diligence of Company including its operations/management/business plans/legal etc., Drafting and design of Draft Red Herring Prospectus, Red Herring Prospectus and Prospectus. Ensure compliance and completion of prescribed formalities with the Stock Exchanges, SEBI and RoC including finalisation of RHP, Prospectus, Offer Agreement, and Underwriting Agreements and RoC filing.	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
3.	Drafting and approval of all statutory advertisements	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
4.	Drafting and approval of basis of allotment advertisement, all publicity material other than statutory advertisements as mentioned above, including corporate advertising and brochures and filing of media compliance report with SEBI.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
5.	Appointment of Registrar to the Offer and the Ad Agency.	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
6.	Appointment of all other intermediaries including Printer, Banker(s) to the Offer, Syndicate, Monitoring Agency, etc. (including coordination of all agreements).	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
7.	Preparation of road show presentation and FAQs for the road show team.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
8.	International institutional marketing of the Offer, which will cover, *inter alia*: • Institutional marketing strategy • Finalising the list and division of international investors for one-to-one meetings. • Finalising international road show and investor meeting schedules	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
9.	Domestic institutional marketing of the Offer, which will cover, *inter alia*: • Finalising the list and division of domestic investors for one-to-one meetings. • Finalising domestic road show and investor meeting schedules.	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
10.	Conduct non-institutional marketing of the Offer.	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
11.	Conduct retail marketing of the Offer, which will cover, *inter alia*: • Finalising media, marketing, public relations strategy and publicity budget. • Finalising collection centres. • Finalising centres for holding conferences for brokers, etc. • Follow-up on distribution of publicity and Offer material including RHP/Prospectus and deciding on the quantum of the Offer material.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
12.	Coordination with Stock Exchanges for book building software, bidding terminals and mock trading	DAM Capital Advisors Limited and ICICI Securities Limited	DAM Capital Advisors Limited
13.	Preparation of CAN for Anchor Investors, Managing Anchor book related activities and submission of letters to regulators post completion of anchor allocation.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited

Sr. No.	Activity	Responsibility	Co-ordinator
14.	Managing the book and finalization of pricing in consultation with Company and Selling Shareholder.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited
15.	Post-Offer activities – management of escrow accounts, finalisation of the basis of allotment based on technical rejections, post Offer stationery and, essential follow-up steps including follow-up with bankers to the Offer and Self Certified Syndicate Banks and coordination with various agencies connected with the post-offer activity such as registrar to the offer, bankers to the offer, Self-Certified Syndicate Banks etc. listing of instruments, demat credit and refunds/ unblocking of funds, announcement of allocation and dispatch of refunds to Bidders, etc., payment of the applicable STT on behalf the Selling Shareholder, coordination for investor complaints related to the Offer, submission of final post issue report.	DAM Capital Advisors Limited and ICICI Securities Limited	ICICI Securities Limited

Syndicate Members

[●]

Legal Counsel to the Company

Bharucha & Partners
13th Floor, Free Press House,
Free Press Journal Marg, Nariman Point
Mumbai - 400 001,
Maharashtra, India.
Telephone: +91 22 6132 3900.

Statutory Auditors of our Company

Walker Chandiok & Co LLP
16th Floor, Tower III,
One International Center,
S B Marg, Prabhadevi (W),
Mumbai – 400 013
Maharashtra, India
Telephone+ 91 22 6626 2699
E-mail: gaurav.shekhawat@walkerchandiok.in
Firm Registration Number: 001076N/N500013
Peer Review Number: 014158

Changes in auditors

There has been no change in the Statutory Auditors of our Company during the last 3 years preceding the date of this Draft Red Herring Prospectus:

Registrar to the Offer

KFin Technologies Limited
(formerly known as at KFin Technologies Private Limited)
Selenium, Tower-B Plot No. 31 &32
Financial District Nanakramguda, Serilingampall,
Hyderabad – 5000 032, Telangana, India
E-mail: stl.ipo@kfintech.com
Website: www.kfintech.com
Investor grievance e-mail: einward.ris@kfintech.com

Contact Person: M. Murali Krishna
SEBI Registration No.: INR000000221
Telephone Number: +91 40 6716 2222

Banker to the Offer

Escrow Collection Bank(s)

[●]

Refund Bank(s)

[●]

Public Offer Account Bank(s)

[●]

Sponsor Banks

[●]

Bankers to our Company

Bank of Baroda
Mid Corporate Nariman Point
Ground Floor, Maker Chambers IV
Nariman Point, Mumbai – 400021
Telephone: 022-22048391
Email: Midbom@bankofbaroda.c.in
Website: www.bankofbaroda.in
Contact Person: Nand Lal Tripathi

Union Bank of India
Large Corporate Branch, Mumbai
14th Floor, Tower F, Maker Tower,
Cuffe Parade, Mumbai – 400005.
Telephone: 022-47791348
Email: ubin0549584@unionbankofindia.bank
Website: www.unionbankofindia.co.in
Contact Person: Shankar Kumar Suman

Standard Chartered Bank
C. Parinee Crescenzo,
38 39 G Block BKC,
Bandra Kurla Complex, Bandra East,
Mumbai, Maharashtra – 400 051.
Telephone: 022 6115 0000
Email: Sameer.Sheth@sc.com
Website: www.sc.com
Contact Person: Sameer Sheth

IndusInd Bank
One World Centre, Level 11,
Tower 1C, Senapati Bapat Road,
Prabhadevi, Mumbai – 400013.
Telephone: 022-71432040
Email: kartik.shankar@indusind.com
Website: www.indusind.com
Contact Person: Kartik Shankar

Designated Intermediaries

Self-Certified Syndicate Banks

The list of SCSBs notified by SEBI for the ASBA process is available at www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognised=yes, or at such other website as may be prescribed by SEBI from time to time. A list of the Designated Branches of the SCSBs with which an ASBA Bidder (other than UPI Bidders using the UPI Mechanism), not bidding through Syndicate/ Sub Syndicate or through a Registered Broker, RTA or CDP may submit the Bid cum Application Forms, is available at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=34 or at such other websites as may be prescribed by SEBI from time to time.

Further the branches of the SCSBs, where the Designated Intermediaries could submit the ASBA Form(s) of Bidders (other than RIBs) is provided on the website of SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35 which may be updated from time to time or at such other website as may be prescribed by SEBU from time to time. Details of nodal officers of SCSBs, identified for Bids made through the UPI Mechanism, are available at www.sebi.gov.in.

Syndicate SCSB Branches

In relation to Bids (other than Bids by Anchor Investors and RIIs) submitted under the ASBA process to a member of the Syndicate, the list of branches of the SCSBs at the Specified Locations named by the respective SCSBs to receive deposits of Bid cum Application Forms from the members of the Syndicate is available on the website of the SEBI (www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=35) and updated from time to time or any such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting Bid cum Application Forms from the Syndicate at Specified Locations, see the website of the SEBI at https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFPI=yes&intmId=35 as updated from time to time or any such website as may be prescribed by SEBI from time to time.

Eligible SCSBs and mobile applications enabled for UPI Mechanism

In accordance with SEBI Circular No. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), UPI Bidders using the UPI Mechanism may only apply through the SCSBs and mobile applications whose names appears on the website of the SEBI which may be updated from time to time. A list of SCSBs and mobile applications, which are live for applying in public issues using UPI Mechanism is available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for SCSBs and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 for mobile applications or at such other websites as may be prescribed by SEBI from time to time.

Registered Brokers

Bidders can submit ASBA Forms in the Offer using the stockbroker network of the Stock Exchanges, i.e., through the Registered Brokers at the Broker Centres. The list of the Registered Brokers eligible to accept ASBA Forms, including details such as postal address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com and www.nseindia.com, as updated from time to time.

Registrar and Share Transfer Agents

The list of the RTAs eligible to accept ASBA Forms at the Designated RTA Locations, including details such as address, telephone number and e-mail address, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx? and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm respectively, as updated from time to time.

Collecting Depository Participants

The list of the CDPs eligible to accept ASBA Forms from Bidders at the Designated CDP Locations, including details such as their name and contact details, is provided on the websites of the Stock Exchanges at www.bseindia.com/Static/Markets/PublicIssues/RtaDp.aspx and www.nseindia.com/products/content/equities/ipos/asba_procedures.htm, as updated from time to time.

Experts

Except as set out below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 20, 2024 from our Statutory Auditors namely, Walker Chandiok & Co LLP., Chartered Accountants, holding a valid peer review certificate from ICAI to include their name as 'expert' as required under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their examination report, dated August 16, 2024 on our Restated Consolidated Financial Information; and the statement of special tax benefits dated August 20, 2024 included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated August 20, 2024 from Mitesh M. Desai, Independent Chartered Engineer to include his name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in his capacity as Independent Chartered Engineer in respect of the certificate dated August 20, 2024 issued by him in connection with capacity details included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated August 20, 2024 from Jain Tripathi & Co, Independent Chartered Accountant to include his name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in his capacity as Independent Chartered Accountant in respect of the certificates dated August 20, 2024 issued by him in connection with certain financial information included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Monitoring Agency

As the size of the Offer exceeds ₹ 1,000.00 million, our Company shall in compliance with Regulation 41 of the SEBI ICDR Regulations, appoint a Monitoring Agency, prior to filing of the Red Herring Prospectus, for monitoring the utilization of the Gross Proceeds. For further details in relation to the proposed utilisation of the Gross Proceeds, see '*Objects of the Offer*' on page 127.

Appraising Entity

None of the objects of the Offer for which the Net Proceeds will be utilised have been appraised by any agency. Accordingly, no appraising entity has been appointed in relation to the Offer. For details, see *'Risk Factors – Objects of the Issue for which the funds are being raised have not been appraised by a bank or financial institutions. Any variation in the utilization our Net Proceeds as disclosed in this Draft Red Herring Prospectus would be subject to certain compliance requirements, including prior Shareholders' approval'* on page 40.

Grading of the Offer

No credit rating agency registered with SEBI has been appointed for grading the Offer.

Credit Rating

As this is an Offer consisting only of Equity Shares, there is no requirement to obtain credit rating for the Offer.

Debenture Trustees

As this is an Offer consisting only of Equity Shares, the appointment of debenture trustees is not required.

Green Shoe Option

No green shoe option is contemplated under the Offer.

Filing of this Draft Red Herring Prospectus

A copy of this Draft Red Herring Prospectus shall be filed electronically through the SEBI intermediary portal at https://siportal.sebi.gov.in/intermediary/index.html, as required under Regulation 25(8) of the SEBI ICDR Regulations and in accordance with the SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023.

It will also be filed with the SEBI at the following address:

Securities and Exchange Board of India

Corporation Finance Department,
Division of Issues and Listing
SEBI Bhavan, Plot No. C4-A,
"G" Block, Bandra Kurla Complex, Bandra (East),
Mumbai – 400 051
Maharashtra, India.

A copy of the Red Herring Prospectus, along with the material contracts and documents required to be filed under Section 32 of the Companies Act will be filed with the RoC and a copy of the Prospectus to be filed under Section 26 of the Companies Act will be filed with the RoC.

Book Building Process

Book building, in the context of the Offer, refers to the process of collection of Bids from investors on the basis of the Red Herring Prospectus and the Bid cum Application Forms and the Revision Forms within the Price Band. The Price Band and the minimum Bid lot which will be decided by our Company in consultation with the BRLMs, and will be advertised in all editions of [●] (a widely circulated English national daily newspaper) and all editions of [●] (a widely circulated Hindi national daily newspaper) and all editions of [●] (a widely circulated Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our registered office is situated), at least 2 Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purposes of uploading on their respective websites. The Offer Price shall be determined by our Company in consultation with the BRLMs after the Bid/Offer Closing Date. For further details, see '*Offer Procedure*' on page 471.

All Bidders, except Anchor Investors, are mandatorily required to use the ASBA process for participating in the Offer by providing details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by the SCSBs and Sponsor Bank, as the case may be. UPI Bidders may participate in the Offer through the ASBA process by either (a) providing the details of their respective ASBA Account in which the corresponding Bid Amount will be blocked by SCSBs; or (b) through the UPI Mechanism. Anchor Investors are not permitted to participate in the Offer through the ASBA process. Pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings whose application sizes are up to ₹ 500,000 shall use the UPI Mechanism.

In accordance with the SEBI ICDR Regulations, QIBs and Non-Institutional Bidders are not allowed to withdraw or lower the size of their Bids (in terms of the quantity of the Equity Shares or the Bid Amount) at any stage. Retail Individual Bidders can revise their Bids during the Bid/Offer Period and withdraw their Bids until the Bid/Offer Closing Date. Further, Anchor Investors cannot withdraw their Bids after the Anchor Investor Bid/Offer Period Date. Allocation to Anchor Investors will be on a discretionary basis, while allocation to QIBs (other than Anchor Investors) will be on a proportionate basis.

The Book Building Process under the SEBI ICDR Regulations and the Bidding process are subject to change from time to time. Investors are advised to make their own judgment about an investment through this process prior to submitting a Bid.

Bidders should note the Offer is also subject to: (i) obtaining final listing and trading approvals from the Stock Exchanges, which our Company shall apply for after Allotment; and (ii) filing of Prospectus with the RoC.

Each Bidder, by submitting a Bid in the Offer, will be deemed to have acknowledged the above restrictions and the terms of the Offer.

For further details on the method and procedure for Bidding and book building procedure, see '*Terms of the Offer*', '*Offer Structure*' and '*Offer Procedure*' on pages 460, 466 and 471, respectively.

Illustration of Book Building Process and Price Discovery Process

For an illustration of the Book Building Process and the price discovery process, see '*Terms of the Offer*', '*Offer Structure*' and '*Offer Procedure*' on pages 460, 466 and 471, respectively.

Underwriting Agreement

After the determination of the Offer Price and allocation of Equity Shares, but prior to the filing of the Prospectus with the RoC, our Company and the Selling Shareholders will enter into an Underwriting Agreement with the Underwriters for the Equity Shares proposed to be offered through the Offer. The extent of underwriting obligations and the Bids to be underwritten in the Offer shall be as per the Underwriting Agreement. The Underwriting Agreement is dated [●]. Pursuant to the terms of the Underwriting Agreement, the obligations of the Underwriters will be several and will be subject to certain conditions to closing, as specified therein.

The Underwriters have indicated their intention to underwrite the following number of Equity Shares:

(The Underwriting Agreement has not been executed as on the date of this Draft Red Herring Prospectus. This portion has been intentionally left blank and will be completed before filing the Prospectus with the RoC.).

Name, address, telephone number and e-mail address of the Underwriters	Indicative Number of Equity Shares to be Underwritten	Amount Underwritten (in ₹ million)
[●]	[●]	[●]

The abovementioned underwriting commitment is indicative only and will be finalised after determination of Offer Price and finalisation of Basis of Allotment and subject to the provisions of the SEBI ICDR Regulations.

In the opinion of our Board (based on representations made to our Company by the Underwriters), the resources of the Underwriters are sufficient to enable them to discharge their respective underwriting obligations in full. The Underwriters are registered as merchant bankers with SEBI under Section 12(1) of the SEBI Act or as stock brokers with Stock Exchange(s). Our Board, at its meeting held on [●], has accepted and entered into the Underwriting Agreement mentioned above on behalf of our Company.

Allocation among the Underwriters may not necessarily be in proportion to their underwriting commitment set forth in the table above.

Notwithstanding the above table, the Underwriters shall be severally responsible for ensuring payment with respect to the Equity Shares allocated to investors respectively procured by them in accordance with the Underwriting Agreement. In the event of any default in payment, the respective Underwriter, in addition to other obligations defined in the Underwriting Agreement, will also be required to procure subscribers for or subscribe to the Equity Shares to the extent of the defaulted amount in accordance with the Underwriting Agreement.

CAPITAL STRUCTURE

The share capital of our Company, as of the date of this Draft Red Herring Prospectus is set forth below:

(in ₹ million, except share data)

Sr. No.	Particulars	Aggregate nominal value	Aggregate value at Offer Price*
A	**AUTHORIZED SHARE CAPITAL^**		
	90,000,000 Equity Shares of face value of ₹ 10 each	900.00	-
B	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL BEFORE THE OFFER**		
	71,943,000 Equity Shares of face value of ₹ 10 each	719.43	-
C	**PRESENT OFFER**		
	Offer of up to [●] Equity Shares of face value of ₹ 10 each aggregating up to ₹ 8,000.00 million(1)(2)(3)	[●]	[●]*
	Of which:		
	Fresh Issue of up to [●] Equity Shares of ₹ 10 each aggregating up to ₹ 5,000.00 million(1)**	[●]	[●]
	Offer for Sale of up to [●] Equity Shares of ₹ 10 each aggregating up to ₹ 3,000.00 million(2)	[●]	[●]
D	**ISSUED, SUBSCRIBED AND PAID-UP SHARE CAPITAL AFTER THE OFFER***		
	[●] Equity Shares of face value ₹ 10 each*	[●]#	-
E	**SECURITIES PREMIUM ACCOUNT**		
	Before the Offer	Nil	
	After the Offer*	[●]	

^For further details of changes to our authorised share capital in the past 10 years, see 'History and Certain Corporate Matters - Amendments to the Memorandum of Association' on page 252.
***Subject to finalization of Basis of Allotment*
#Assuming full subscription in the Offer.
**To be included upon finalization of the Offer Price.*

(1) *The Offer has been authorised by our Board pursuant to the resolution at its meeting held on March 16, 2024 and the Fresh Issue has been authorized by our Shareholders pursuant to the special resolution at their meeting dated March 16, 2024. Further, our Board has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to its resolution dated March 16, 2024.*

(2) *Each Selling Shareholder, severally and not jointly, confirms that the Equity Shares being offered by the Selling Shareholders are eligible for being offered for sale pursuant to the Offer in terms of the SEBI ICDR Regulations. For further details of the authorizations received for the Offer, see 'Other Regulatory and Statutory Disclosures – Authority for the Offer' on page 445. The Selling Shareholders have confirmed and consented to their participation in the Offer for Sale as set forth below:*

Sr. No.	Name of the Selling Shareholder	Amount (in ₹ million)	Date of the consent letter to participate in the Offer for Sale	Date of board resolution/ authorization to participate in the Offer for Sale
1.	Paresh Vrajlal Dattani	Up to ₹ 618.75 million	March 1, 2024	N.A.
2.	Ajay Vallabhdas Dattani	Up to ₹ 693.50 million	March 1, 2024	N.A.
3.	Anilkumar Vrajdas Dattani	Up to ₹ 711.25 million	March 1, 2024	N.A.
4.	Dinesh Vrajdas Dattani	Up to ₹ 743.75 million	March 1, 2024	N.A.
5.	Vajubhai Investments Private Limited	Up to ₹ 5.00 million	March 1, 2024	February 26, 2024
6.	Vallabhdas Dattani HUF	Up to ₹ 5.00 million	March 1, 2024	N.A.
7.	Sonali Ajaykumar Dattani	Up to ₹ 45.00 million	March 1, 2024	N.A.
8.	Dattani Dineshkumar Vrajdas	Up to ₹ 5.00 million	March 1, 2024	N.A.

Sr. No.	Name of the Selling Shareholder	Amount (in ₹ million)	Date of the consent letter to participate in the Offer for Sale	Date of board resolution/ authorization to participate in the Offer for Sale
	HUF			
9.	*Beena Paresh Dattani*	*Up to ₹ 70.00 million*	*March 1, 2024*	*N.A.*
10.	*Anilkumar Vrajdas Dattani HUF*	*Up to ₹ 35.00 million*	*March 1, 2024*	*N.A.*
11.	*Paresh Kumar V Dattani HUF*	*Up to ₹ 60.00 million*	*March 1, 2024*	*N.A.*
12.	*Jayshree Anilkumar Dattani*	*Up to ₹ 2.50 million*	*March 1, 2024*	*N.A.*
13.	*Ajay Kumar V Dattani HUF*	*Up to ₹ 0.25 million*	*March 1, 2024*	*N.A.*
14.	*Vallabhdas Dattani*	*Up to ₹ 5.00 million*	*March 1, 2024*	*N.A.*

(3) Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.

(***Remainder of this page has been intentionally left blank***)

Notes to the Capital Structure

Our Company is in compliance with the Companies Act, 1956 and Companies Act, 2013, as applicable, with respect to issuance of securities since its incorporation till the date of filing of this Draft Red Herring Prospectus.

1. **Equity Share capital history of our Company**

The following table sets forth the history of the Equity Share capital of our Company:

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
October 10, 2005	20,000	Allotment of 5,000 Equity Shares each to Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Pareshkumar Dattani and Dinesh Vrajdas Dattani	10	10	Cash	Initial Subscription to the Memorandum of Association	20,000	200,000
June 30, 2006^	4,375,000	Allotment of (i) 1,128,100 Equity Shares to Ajay Vallabhdas Dattani; (ii) 876,300 Equity Shares to Anilkumar Vrajdas Dattani; (iii) 1,184,200 Equity Shares to Dinesh Vrajdas Dattani and (iv)	10	50	Other than Cash	Succession of business [(1)]	4,395,000	43,950,000

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		1,186,400 Equity Shares to Pareshkumar Vrajdas Dattani.						
July 3, 2006^	22,000	Allotment of (i) 2,000 Equity Shares each to Vajubhai Investments Private Limited, Texco Fibres Private Limited, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Dineshkumar Dattani HUF, Jyotsna V Dattani, Vallabhdas Dattani, Anilkumar Dattani HUF and Paresh Kumar V Dattani HUF (ii) 1,000 Equity shares each to Geeta Dinesh Dattani, Sammir Dineshkumar Dattani, Sweta	10	50	Cash	Further Issue	4,417,000	44,170,000

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		Vinay Dattani and Jayshree Dattani(2)						
September 18, 2006^	3,410,000	Allotment of (i) 1,050,000 Equity Shares to Ajay Vallabhdas Dattani; (ii) 1,020,000 Equity Shares to Dinesh Vrajdas Dattani; and (iii) 1,340,000 Equity Shares to Pareshkumar Dattani	10	10	Cash	Further Issue	7,827,000	78,270,000
July 30, 2007	3,913,500	Allotment of (i) 1,091,550 Equity Shares to Ajay Vallabhdas Dattani; (ii) 440,650 Equity Shares to Anilkumar Vrajdas Dattani; (iii) 1,104,600 Equity Shares to Dinesh Vrajdas Dattani; (iv) 1,250,700 Equity Shares to Pareshkumar	10	N.A.	N.A.	Bonus issue in the ratio of 1 Equity Shares for 2 existing Equity Shares held.	11,740,500	117,405,000

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		Dattani; (v) 1,000 equity shares each to Vajubhai Investments Private Limited, Texco Fibres Private Limited, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Dineshkumar Dattani HUF, Jyotsna V Dattani, Vallabhdas Dattani, Anilkumar Dattani HUF and Paresh Kumar V Dattani HUF; (vi) 500 Equity Shares each to Geeta Dinesh Dattani, Sammir Dineshkumar Dattani, Sweta Vinay Dattani, Jayshree Dattani ; and (vii) 15,000 Equity Shares to						

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		Beena Paresh Dattani[(2)]						
March 29, 2012^	250,000	Allotment of (i) 42,500 Equity Shares to Anilkumar Vrajdas Dattani; (ii) 62,500 Equity Shares to Dinesh Vrajdas Dattani; (iii) 40,000 Equity Shares to Pareshkumar Dattani; (iv) 25,000 Equity Shares each to Sonali Ajaykumar Dattani and Mikesh A Dattani; (v) 20,000 Equity Shares to Anilkumar Dattani HUF; and (vi) 35,000 Equity Shares to Paresh Kumar V Dattani HUF	10	200	Cash	Further Issue	11,990,500	119,905,000

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
March 9, 2019	59,952,500	Allotment of (i) 15,123,250 Equity Shares to Ajay Vallabhdas Dattani; (ii) 13,162,250 Equity Shares to Anilkumar Vrajdas Dattani; (iii) 14,656,500 Equity Shares to Dinesh Vrajdas Dattani; (iv) 14,860,500 Equity Shares to Pareshkumar Vrajdas Dattani; (v) 15,000 Equity Shares each to Vajubhai Investments Private Limited, Vallabhdas Dattani HUF, Dineshkumar Dattani HUF and Jyotsna V Dattani (vi) 140,000 Equity Shares to Sonali Ajaykumar Dattani; (vii) 7,500 Equity	10	N.A	N.A	Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	71,943,000	719,430,000

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		Shares each to Geeta Dinesh Dattani, Sammir Dineshkumar Dattani, Sweta Vinay Dattani and Jayshree Dattani; (viii)1,265,000 Equity Shares to Vallabhdas Dattani; (ix) 115,000 Equity Shares to Anilkumar Dattani HUF; (x) 190,000 Equity Shares to Paresh Kumar V Dattani HUF; (xi) 222,000 Equity Shares to Beena Paresh Dattani; (xii) 125,000 Equity Shares to Mikesh A Dattani; and (xiii) 500 Equity Shares each to Ajaykumar Dattani HUF, Tanvi Dattani, Anjana Dattani, Varun P Dattani,						

Date of allotment	Number of Equity Shares allotted	Details of allottees	Face value per Equity Share (₹)	Issue price per Equity Share (₹)	Form of consideration	Reason / Nature of allotment	Cumulative number of Equity Shares	Cumulative paid-up Equity Share capital (in ₹)
		Sammir Dattani HUF and Mikesh Dattani HUF						

(1) Pursuant to the agreement for succession of partnership firm dated March 20, 2006 and deed of succession dated April 1, 2006, our Company succeeded the business of Sanathan Texturisers as a going concern. For details, please see 'History and Certain Corporate Matters - Details regarding material acquisition of business/undertakings, mergers, amalgamations and revaluation of assets in the last 10 years' on page 253.

(2) The list of allottees attached with the return of allotment (Form-2) filed by our Company with RoC for the allotment dated July 3, 2006 and July 30, 2007 erroneously mentioned that the Equity Shares was allotted jointly and not individually. However, the Equity Shares allotted in both the allotments were made to the individuals and there were no allotments made to the joint holders by the Company. Our Company by way of resolution passed at the Board meeting dated January 3, 2022 rectified the list of allottees and filed Form MGT-14 with RoC for the rectification.

**Additionally, we confirm that, all the allottees are related to the Promoters and Promoter Group of the Company, and are related to the Directors, namely Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani.*

^Our Company has, inadvertently, not passed the board resolution approving the issue of Equity Shares in relation to (i) allotment of 4,375,000 Equity Shares dated June 30, 2006; (ii) allotment of 3,410,000 Equity Shares dated September 18, 2006; and (iii) allotment of 250,000 Equity Shares dated March 29, 2012. Additionally, we cannot trace the RoC payment challan in relation to the allotment of 22,000 Equity Shares dated July 3, 2006. For details see 'Risk Factors - Our board of directors have not passed certain resolutions in relation to certain issue of Equity Shares by our Company. Further, payment challan in relation to the corporate filings made by our Company are not traceable.' on page 56.

(***Remainder of this page has been intentionally left blank***)

2. **Secondary Transactions of Equity Shares of our Company**

Set out below are the secondary transactions of Equity Shares of our Company:

Date of Transfer of Equity Shares	Name of Transferor	Name of transferee	No. of Equity Shares	Face value per equity share (₹)	Transfer price per Equity Share (₹)	Nature of Consideration	Percentage of the pre-Offer Equity Share Capital (%)	Percentage of the post-Offer Equity Share Capital (%)
November 11, 2013	Beena Dattani	Ajay Dattani HUF	100	10	N.A.	N.A.	0.06	[●]
November 11, 2013	Beena Dattani	Tanvi Dattani	100	10	N.A.	N.A.	0.06	[●]
November 11, 2013	Beena Dattani	Anjana Dattani	100	10	N.A.	N.A.	0.06	[●]
November 11, 2013	Beena Dattani	Varun Dattani,	100	10	N.A.	N.A.	0.06	[●]
November 11, 2013	Beena Dattani	Sammir Dattani HUF	100	10	N.A.	N.A.	0.06	[●]
November 11, 2013	Beena Dattani	Mikesh Dattani HUF	100	10	N.A.	N.A.	0.06	[●]
January 27, 2021	Tanvi Dattani	Varun Dattani	600	10	N.A.	N.A.	-	[●]
January 27, 2021	Anjana Dattani	Mikesh Dattani	600	10	N.A.	N.A.	-	[●]
January 27, 2021	Sweta Dattani	Sammir Dattani	9,000	10	N.A.	N.A.	-	[●]

3. **Details of shares issued for consideration other than cash or by way of bonus issue or out of revaluation reserves**

Except as set forth below, we have not issued any Equity Shares for consideration other than cash or by way of a bonus issue or out of revaluation reserves.

Date of allotment	Number of Equity Shares allotted	Face value (₹)	Issue price per equity share (₹)	Form of consideration	Reasons for allotment	Benefits if any that have accrued to our Company
June 30, 2006	4,375,000	10	50	Other than Cash	Succession of business	Business expansion
July 30, 2007	3,913,500	10	N.A.	N.A.	Bonus issue in the ratio of 1 Equity Shares for 2 existing Equity Shares held.	Nil
March 9, 2019	59,952,500	10	N.A.	N.A.	Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	Nil

4. Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its

discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.

5. Our Company does not have any preference share capital as of the date of this Draft Red Herring Prospectus.

6. Our Company has not revalued its assets since incorporation and has not issued any Equity Shares (including bonus shares) by capitalizing any revaluation reserves.

7. Our Company has not allotted any Equity Shares pursuant to any scheme of arrangement approved under Sections 391- 394 of the Companies Act, 1956, or Sections 230-234 of the Companies Act.

8. Our Company has not issued any Equity Shares pursuant to an employee stock option scheme till the date of this Draft Red Herring Prospectus. For further details in relation to our employee stock option plan, see '*Capital Structure - Employee Stock Option Plan*' on page 120.

9. Except for the allotment of Equity Shares pursuant to a bonus issue as disclosed in '*Capital Structure-Details of shares issued for consideration other than cash or by way of bonus issue or out of revaluation reserves*' on page 106, our Company has not issued any Equity Shares at a price that may be lower than the Offer Price during a period of 1 year preceding the date of this Draft Red Herring Prospectus.

10. All transactions in Equity Shares by our Promoters and members of our Promoter Group between the date of filing of this Draft Red Herring Prospectus and the Bid/Offer Closing Date shall be reported to the Stock Exchanges within 24 hours of such transactions.

11. None of the Equity Shares held by our Shareholders are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus.

12. Except for the employee stock options granted pursuant to the ESOP Plan to eligible employees, there are no outstanding options or convertible securities, including any outstanding warrants or rights to convert debentures, loans or other instruments convertible into our Equity Shares as on the date of this Draft Red Herring Prospectus.

13. Shareholding Pattern of our Company

The table below sets out the shareholding pattern of our Company as on the date of this Draft Red Herring Prospectus:

Category (I)	Category of Shareholder (II)	No. of Shareholders (III)	No. of fully paid-up Equity Shares held (IV)	No. of partly paid-up Equity Shares held (V)	No. of shares underlying depository receipts (VI)	Total No. of shares held (VII) = (IV)+(V)+ (VI)	Shareholding as a % of total no. of Equity Shares (calculate as per SCRR) (VIII) As a % of (A+B+C2)	No. of Voting Rights held in each class of securities (IX)				No. of Equity Shares underlying outstanding convertible securities (including warrants) (X)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted Equity Share capital) (XI)= (VII)+(X) As a % of (A+B+C2)	No. of locked- in Equity Shares (XII)		No. of Equity Shares pledged or otherwise encumbered (XIII)		No. of Equity Shares held in dematerialized form (XIV)
								No. of Voting Rights						No. (a)	As a % of total shares held (b)	No. (a)	As a % of total shares held (b)	
								Class (Equity Shares)	Class (others)	Total	Total as a % of (A+B+C)							
(A)	Promoter	8	70,172,750	-	-	70,172,750	97.55%	70,172,750	-	70,172,750	97.55%	-	97.55%	-	-	-	-	70,172,750
	Promoter Group	16	1,770,250	-	-	1,770,250	2.46%	1,770,250		1,770,250	2.46%		2.46%	-	-	-	-	1,770,250
(B)	Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C)	Non Promoter- Non Public	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C1)	Shares underlying depository receipts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(C2)	Shares held by employee trusts	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total (A+B+C)		**24**	**71,943,000**	**-**	**-**	**71,943,000**	**100.00%**	**71,943,000**	-	**71,943,000**	**100.00%**	**-**	**100.00%**	**-**	**-**	-	-	**71,943,000**

14. **Other details of Shareholding of our Company**

As on the date of the filing of this Draft Red Herring Prospectus, our Company has 24 Shareholders.

a. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Ajay Vallabhdas Dattani	7,327,650	10.19
6.	Dinesh Vrajdas Dattani	7,112,800	9.89
7.	Paresh Vrajlal Dattani	7,012,600	9.75
8.	Anilkumar Vrajdas Dattani	6,819,700	9.48
Total		**70,172,750**	**97.55**

b. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of 10 days prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Ajay Vallabhdas Dattani	7,327,650	10.19
6.	Dinesh Vrajdas Dattani	7,112,800	9.89
7.	Paresh Vrajlal Dattani	7,012,600	9.75
8.	Anilkumar Vrajdas Dattani	6,819,700	9.48
Total		**70,172,750**	**97.55**

c. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, on a fully diluted basis, as of the date 1 year prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Ajay Vallabhdas Dattani	7,327,650	10.19
6.	Dinesh Vrajdas Dattani	7,112,800	9.89
7.	Paresh Vrajlal Dattani	7,012,600	9.75
8.	Anilkumar Vrajdas Dattani	6,819,700	9.48
Total		**70,172,750**	**97.55**

d. Set forth below is a list of shareholders holding 1% or more of the paid-up Equity Share capital of our Company, as of the date 2 years prior to the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name of the Shareholder	No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Ajay Vallabhdas Dattani	7,327,650	10.19
6.	Dinesh Vrajdas Dattani	7,112,800	9.89
7.	Paresh Vrajlal Dattani	7,012,600	9.75
8.	Anilkumar Vrajdas Dattani	6,819,700	9.48
Total		**70,172,750**	**97.55**

15. Our Company presently does not intend or propose to alter its capital structure for a period of 6 months from the Bid/Offer Opening Date, by way of sub-division or consolidation of the denomination of the Equity Shares, or by way of further issue of Equity Shares (including issue of securities convertible into or exchangeable, directly or indirectly for the Equity Shares), whether on a preferential basis, or by way of issue of bonus Equity Shares, or on a rights basis, or by way of further public issue of Equity Shares, or otherwise.

16. **Details of Shareholding of our Promoters and the members of our Promoter Group in our Company.**

    a. As on the date of this Draft Red Herring Prospectus, our Promoters hold 70,172,750 Equity Shares constituting 97.55% of the issued, subscribed and paid-up Equity Share capital of our Company, as set forth below:

Sr. No.	Name of the Promoter	Pre-Offer No. of Equity Shares	Percentage of the pre-Offer Equity Share capital (%)	Post-Offer No. of Equity Shares	Percentage of the post-Offer Equity Share capital
Promoters					
1.	Nimbus Trust	10,475,000	14.56	[●]	[●]
2.	D&G Family Trust	10,475,000	14.56	[●]	[●]
3.	A&J Family Trust	10,475,000	14.56	[●]	[●]
4.	P&B Family Trust	10,475,000	14.56	[●]	[●]
5.	Ajay Vallabhdas Dattani	7,327,650	10.19	[●]	[●]
6.	Dinesh Vrajdas Dattani	7,112,800	9.89	[●]	[●]
7.	Paresh Vrajlal Dattani	7,012,600	9.75	[●]	[●]
8.	Anilkumar Vrajdas Dattani	6,819,700	9.48	[●]	[●]
Sub-Total (**A**)		**70,172,750**	**97.55**	[●]	[●]

Build-up of the Promoters' shareholding in our Company

The build-up of the equity shareholding of our Promoters since incorporation of our Company is set forth in the tables below:

(i) Nimbus Trust

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Transfer from Ajay Vallabhdas Dattani	December 10, 2021	10,475,000	10.00	N.A.	Distribution to beneficiary of the Trust	14.56	[●]

(ii) D&G Family Trust

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Transfer from Dinesh Vrajdas Dattani	December 10, 2021	10,475,000	10	N.A.	Distribution to beneficiary of the Trust	14.56	[●]

(iii) A&J Family Trust

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Transfer from Anilkumar Dattani	December 10, 2021	10,475,000	10	N.A.	Distribution to beneficiary of the Trust	14.56	[●]

(iv) P&B Family Trust

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Transfer from Paresh Vrajlal Dattani	December 10, 2021	10,475,000	10	N.A.	Distribution to beneficiary of the Trust	14.56	[●]

(v) Ajay Vallabhdas Dattani

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Initial subscription to the Memorandum of Association	October 10, 2005	5,000	10.00	10.00	Cash	0.01	[●]
Succession of business	June 30, 2006	1,128,100	10.00	50.00	Other than Cash	1.57	[●]
Further Issue	September 18, 2006	1,050,000	10.00	10.00	Cash	1.46	[●]
Bonus issue in the ratio of 1 Equity Shares for 2 existing Equity Shares held	July 30, 2007	1,091,550	10.00	N.A.	N.A.	1.52	[●]
Transfer to Vallabhdas Dattani	January 30, 2019	(250,000)	10.00	N.A.	Gift	(0.35)	[●]
Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	March 9, 2019	15,123,250	10.00	N.A.	N.A.	21.02	[●]
Transfer to Vallabhdas Dattani	October 29, 2021	(363,250)	10.00	N.A.	Gift	(0.50)	[●]
Transfer from Jyotsna V Dattani	November 26, 2021	18,000	10.00	N.A.	Gift	0.02	[●]
Transfer to Nimbus Trust	December 10, 2021	(10,475,000)	10.00	N.A.	Distribution to beneficiary of the Trust	(14.56)	[●]
Total		**7,327,650**				**10.19**	**[●]**

(vi) Dinesh Vrajdas Dattani

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Initial subscription to the	October 10, 2005	5,000	10.00	10.00	Cash	0.01	[●]

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Memorandum of Association							
Succession of business	June 30, 2006	1,184,200	10.00	50.00	Other than Cash	1.65	[●]
Further Issue	September 18, 2006	1,020,000	10.00	10.00	Cash	1.42	[●]
Bonus issue in the ratio of 1 Equity Shares for 2 existing Equity Shares held.	July 30, 2007	1,104,600	10.00	N.A.	N.A.	1.53	[●]
Further Issue	March 29, 2012	62,500	10.00	200.00	Cash	0.09	[●]
Transfer to Anilkumar V Dattani	January 30, 2019	(445,000)	10.00	N.A.	Gift	(0.62)	[●]
Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	March 9, 2019	14,656,500	10.00	N.A.	N.A.	20.37	[●]
Transfer to D&G Family Trust	December 10, 2021	(10,475,000)	10.00	N.A.	Distribution to beneficiary of the Trust	(14.56)	[●]
Total		**7,112,800**				**9.89**	[●]

(vii) Paresh Vrajlal Dattani

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Initial subscription to the Memorandum of Association	October 10, 2005	5,000	10.00	10.00	Cash	0.01	[●]
Succession of business	June 30, 2006	1,186,400	10.00	50.00	Other than Cash	1.65	[●]
Further Issue	September 18, 2006	1,340,000	10.00	10.00	Cash	1.86	[●]

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Transfer to Beena Paresh Dattani	October 25, 2006	(30,000)	10.00	N.A.	Gift	(0.04)	[●]
Bonus issue in the ratio of 1 Equity Shares for 2 existing Equity Shares held	July 30, 2007	1,250,700	10.00	N.A.	N.A.	1.74	[●]
Further Issue	March 29, 2012	40,000	10.00	200.00	Cash	0.05	[●]
Transfer to Anilkumar V Dattani	January 30, 2019	(820,000)	10.00	N.A.	Gift	(1.14)	[●]
Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	March 9, 2019	14,860,500	10.00	N.A.	N.A.	20.66	[●]
Transfer to Sammir Dineshkumar Dattani	October 29, 2021	(345,000)	10.00	N.A.	Gift	(0.48)	[●]
Transfer to P&B Family Trust	December 10, 2021	(10,475,000)	10.00	N.A.	Distribution to beneficiary of the Trust	(14.56)	[●]
Total		**7,012,600**				**9.75**	[●]

(viii) Anilkumar Vrajdas Dattani

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
Initial subscription to the Memorandum of Association	October 10, 2005	5,000	10.00	10.00	Cash	0.01	[●]
Succession of business	June 30, 2006	876,300	10.00	50.00	Other than Cash	1.22	[●]
Bonus issue in the ratio of 1 Equity Shares	July 30, 2007	440,650	10.00	N.A.	N.A.	0.61	[●]

Nature of transaction	Date of allotment / acquisition/ transfer and made fully paid up	No. of Equity Shares	Face value per Equity Share (₹)	Issue / acquisition/ transfer price per Equity Share (₹)	Form of consideration	Percentage of the pre-Offer capital (%)	Percentage of the post-Offer capital (%)
for 2 existing Equity Shares held							
Transfer from Texco Fibres LLP	December 30, 2011	3,000	10.00	83.20	Cash	Negligible	[●]
Further Issue	March 29, 2012	42,500	10.00	200.00	Cash	0.06	[●]
Transfer from Dinesh Vrajdas Dattani	January 30, 2019	445,000	10.00	N.A.	Gift	0.62	[●]
Transfer from Paresh Vrajlal Dattani	January 30, 2019	820,000	10.00	N.A.	Gift	1.14	[●]
Bonus issue in the ratio of 5 Equity Shares for 1 existing Equity Shares held.	March 9, 2019	13,162,250	10.00	N.A.	N.A.	18.29	[●]
Transfer from Vallabhdas V Dattani	February 2, 2021	1,500,000	10.00	N.A.	Gift	2.08	[●]
Transfer to A&J Family Trust	December 10, 2021	(10,475,000)	10.00	N.A.	Distribution to beneficiary of the Trust	(14.56)	[●]
Total		**6,819,700**				**9.48**	[●]

b. All the Equity Shares held by our Promoters were fully paid-up on the respective dates of acquisition of such Equity Shares.

c. All Equity Shares held by our Promoters are in dematerialized form as on the date of this Draft Red Herring Prospectus.

d. None of the Equity Shares held by our Promoters are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus. Further, none of the Equity Shares being offered for sale through Offer for Sale are pledged or otherwise encumbered as on the date of this Draft Red Herring Prospectus.

e. Except as set forth below, no member of the Promoter Group holds Equity Shares in our Company:

Sr. No.	Name of the Shareholder	Pre-Offer		Post- Offer*	
		No. of Equity Shares	% of the total Equity Share Capital	No. of Equity Shares	% of the total Equity Share Capital
Members of the Promoter Group (other than the Promoters)					
1.	Vallabhdas Dattani	381,250	0.53	[●]	[●]
2.	Sammir Dineshkumar Dattani	363,000	0.50	[●]	[●]

Sr. No.	Name of the Shareholder	Pre-Offer		Post- Offer*	
		No. of Equity Shares	% of the total Equity Share Capital	No. of Equity Shares	% of the total Equity Share Capital
3.	Vajubhai Investments Private Limited	18,000	0.03	[●]	[●]
4.	Vallabhdas V Dattani HUF	18,000	0.03	[●]	[●]
5.	Sonali Ajaykumar Dattani	168,000	0.23	[●]	[●]
6.	Dineshkumar V Dattani HUF	18,000	0.03	[●]	[●]
7.	Geeta Dinesh Dattani	9,000	0.01	[●]	[●]
8.	Jayshree Anilkumar Dattani	9,000	0.01	[●]	[●]
9.	Anilkumar V Dattani HUF	138,000	0.19	[●]	[●]
10.	Paresh Kumar V Dattani HUF	228,000	0.32	[●]	[●]
11.	Beena Paresh Dattani	266,400	0.37	[●]	[●]
12.	Mikesh A Dattani	150,600	0.21	[●]	[●]
13.	Ajaykumar V Dattani HUF	600	Negligible	[●]	[●]
14.	Varun P Dattani	1,200	Negligible	[●]	[●]
15.	Sammir Dattani HUF	600	Negligible	[●]	[●]
16.	Mikesh A Dattani HUF	600	Negligible	[●]	[●]
Total		**1,770,250**	**2.46**	[●]	[●]

**Subject to finalisation of Basis of Allotment*

f. Except as disclosed above in the '*Capital Structure - Details of Shareholding of our Promoters and the members of our Promoter Group in our Company*' on page 110, none of our Promoters, who are also our Directors or the members of our Promoter Group have purchased or sold any securities of our Company during the period of 6 months immediately preceding the date of this Draft Red Herring Prospectus. Further, none of our Directors other than our Promoters or their relatives have purchased or sold any specified securities of our Company during the period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

g. There have been no financing arrangements whereby our Promoters, the members of our Promoter Group, our Directors and their relatives have financed the purchase, by any other person of securities, of our Company during the period of 6 months immediately preceding the date of this Draft Red Herring Prospectus.

17. **Details of shareholding of the Selling Shareholders**

The shareholding of the Selling Shareholders and the number of Offered Shares being offered in the Offer for Sale by each of the Selling Shareholder is set out below:

Sr. No.	Name of the Selling Shareholder	Pre-Offer no. of Equity Shares (A)	Percentage of the pre-Offer Equity Share capital	Aggregate Proceeds from the Offered Shares (B)	Post Offer no. of Equity Shares (A-B)	Percentage of the post-Offer Equity Share capital
1.	Ajay Vallabhdas Dattani	7,327,650	10.19	Up to [●] Equity Shares aggregating up to ₹ 693.50 million	[●]	[●]
2.	Dinesh Vrajdas Dattani	7,112,800	9.89	Up to [●] Equity Shares aggregating up to ₹ 743.75 million	[●]	[●]

Sr. No.	Name of the Selling Shareholder	Pre-Offer no. of Equity Shares (A)	Percentage of the pre-Offer Equity Share capital	Aggregate Proceeds from the Offered Shares (B)	Post Offer no. of Equity Shares (A-B)	Percentage of the post-Offer Equity Share capital
3.	Paresh Vrajlal Dattani	7,012,600	9.75	Up to [●] Equity Shares aggregating up to ₹ 618.75 million	[●]	[●]
4.	Anilkumar Vrajdas Dattani	6,819,700	9.48	Up to [●] Equity Shares aggregating up to ₹ 711.25 million	[●]	[●]
5.	Vajubhai Investments Private Limited	18,000	0.03	Up to [●] Equity Shares aggregating up to ₹ 5.00 million	[●]	[●]
6.	Vallabhdas Dattani HUF	18,000	0.03	Up to [●] Equity Shares aggregating up to ₹ 5.00 million	[●]	[●]
7.	Sonali Ajaykumar Dattani	168,000	0.23	Up to [●] Equity Shares aggregating up to ₹ 45.00 million	[●]	[●]
8.	Dattani Dineshkumar Vrajdas HUF	18,000	0.03	Up to [●] Equity Shares aggregating up to ₹ 5.00 million	[●]	[●]
9.	Beena Paresh Dattani	266,400	0.37	Up to [●] Equity Shares aggregating up to ₹ 70.00 million	[●]	[●]
10.	Anilkumar Vrajdas Dattani HUF	138,000	0.19	Up to [●] Equity Shares aggregating up to ₹ 35.00 million	[●]	[●]
11.	Paresh Kumar V Dattani HUF	228,000	0.32	Up to [●] Equity Shares aggregating up to ₹ 60.00 million	[●]	[●]
12.	Jayshree Anilkumar Dattani	9,000	0.01	Up to [●] Equity Shares aggregating up to ₹ 2.50 million	[●]	[●]
13.	Ajay Kumar V Dattani HUF	600	Negligible	Up to [●] Equity Shares aggregating up to ₹ 0.25 million	[●]	[●]
14.	Vallabhdas Dattani	381,250	0.53	Up to [●] Equity Shares aggregating up to ₹ 5.00 million	[●]	[●]
Total		**1,023,250**	**41.05**	**Up to ₹ 3,000.00 million**	**[●]**	**[●]**

18. **Details of shareholding of our Directors, Key Managerial Personnel and Senior Management**

Other than as disclosed under '*Our Management - Shareholding of Directors in our Company*', '*Our Management - Shareholding of Key Managerial Personnel and Senior Managerial Personnel in our Company*' on pages 267 and 281 respectively, none of our Directors, Key Managerial Personnel and Senior Management hold any Equity Shares as on the date of this Draft Red Herring Prospectus.

19. **Details of acquisition of specified securities in the preceding 3 years, 18 months and 1 year**

Save and except for below, our Promoters, the members of our Promoter Group, and the Selling Shareholders have not acquired any specified securities in the last 3 years preceding the date of this Draft Red Herring Prospectus:

Name	Date of Acquisition	Number of Equity Shares Acquired	Face Value (in ₹)	Acquisition price per Equity Share*
Promoters				
Ajay Vallabhdas Dattani#	November 26, 2021	18,000	10	N.A.
Nimbus Trust	December 10, 2021	1,04,75,000	10	N.A.
D&G Family Trust	December 10, 2021	1,04,75,000	10	N.A.
A&J Family Trust	December 10, 2021	1,04,75,000	10	N.A.
P&B Family Trust	December 10, 2021	1,04,75,000	10	N.A.
Promoter Group				
Vallabhdas Dattani#	October 29, 2021	3,63,250	10	N.A.
Sammir Dineshkumar Dattani	October 29, 2021	3,45,000	10	N.A.
Other Shareholders with right to nominate Directors or other special rights - Nil				

**As certified by Jain Tripathi & Co, Independent Chartered Accountant, pursuant to a certificate dated August 20, 2024.*
#Also, the Selling Shareholders.

There are no Shareholders who are entitled to nominate Directors or have any other special rights.

20. **Details of Promoters' contribution and lock-in**

a. Pursuant to Regulation 14 and Regulation 16 of SEBI ICDR Regulations, an aggregate of 20% of the fully diluted post-Offer Equity Share capital of our Company held by the Promoters shall be locked-in for a period of 3 years as minimum promoter's contribution from the date of Allotment (**Minimum Promoters' Contribution**) in the Offer and our Promoters' shareholding in excess of 20% shall be locked-in for a period of 1 year from the date of Allotment.

b. The details of the Equity Shares held by our Promoters, which shall be locked-in for a period of 3 years from the date of Allotment is set out in the following table:

Name of Promoter	No. of Equity Shares locked-in	Date of allotment / acquisition and when made fully paid up	Nature of transaction	Face value (₹)	Offer / acquisition price per Equity Share (₹)	Percentage of pre-Offer paid-up capital (%)	Percentage of post-Offer paid-up capital (%)	Date up to which Equity Shares are subject to lock-in
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]	[●]
Total	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**	**[●]**

c. Our Promoters have given their consent to include such number of Equity Shares held by them as may constitute 20% of the fully diluted post-Issue Equity Share capital of our Company as Minimum Promoter's Contribution, and have agreed not to sell, transfer, charge, pledge or otherwise encumber in any manner, the Minimum Promoter's Contribution from the date of filing this Draft Red Herring Prospectus, until the expiry of the lock-in period specified above, or for such other time as required under SEBI ICDR Regulations, except as may be permitted in accordance with the SEBI ICDR Regulations.

d. The Equity Shares that are being locked-in are not, and will not be, ineligible for computation of Minimum Promoters' Contribution under Regulation 15 of the SEBI ICDR Regulations. In this regard, we confirm that:

i. the Equity Shares offered as part of the Minimum Promoters’ Contribution do not comprise Equity Shares acquired during the immediately 3 preceding years:

- for consideration other than cash involving revaluation of assets or capitalisation of intangible assets; or

- resulting from a bonus issue out of revaluation reserves or unrealised profits, or against Equity Shares that are otherwise ineligible for computation of Minimum Promoters’ Contribution;

ii. The Minimum Promoters’ Contribution does not include Equity Shares acquired during the immediately preceding 1 year at a price lower than the price at which the Equity Shares are being offered to the public in the Offer;

iii. Our Company has not been formed by the conversion of one or more partnership firms or a limited liability partnership firm, and, consequently, the Minimum Promoters’ Contribution does not include Equity Shares issued pursuant to conversion of partnership firm or a limited liability partnership firm; and

iv. The Equity Shares held by our Promoters and offered as part of the Minimum Promoters’ Contribution are not subject to any pledge or any other form of encumbrance.

21. ***Details of Equity Shares held by other Shareholders which will be locked-in for 6 months***

In terms of Regulation 17 of the SEBI ICDR Regulations, the entire pre-Offer Equity Share capital held by persons other than our Promoters will be locked-in for a period of 6 months from the date of Allotment in the Offer, except for Offered Shares, and Equity Shares held by any other category of shareholders which are exempted under Regulation 17 of the SEBI ICDR Regulations.

Any unsubscribed portion of the Offer for Sale will also be subject to the lock-in of 6 months from the date of Allotment.

22. **Lock-in Requirements**

Pursuant to the SEBI ICDR Regulations, the entire pre-Offer capital of our Company shall be locked-in for a period of 6 months from the date of Allotment, except for (i) the Equity Shares Allotted pursuant to the Offer for Sale; (ii) any Equity Shares held by a VCF or Category I AIF or Category II AIF or FVCI, as applicable, provided that such Equity Shares shall be locked in for a period of at least 6 months from the date of purchase by such shareholders; and (iii) as otherwise permitted under the SEBI ICDR Regulations. Further, any unsubscribed portion of the Offered Shares will also be locked in, as required under the SEBI ICDR Regulations. Additionally, in accordance with Regulation 8A of the SEBI ICDR Regulations, the relaxation from lock-in period provided under Regulation 17(c) of the SEBI ICDR Regulations to Equity Shares held by VCFs or Category I AIF or Category II AIF or FVCI shall not be available to any Shareholder(s) holding, individually or with persons acting in concert, more than 20% of pre-Offer shareholding of our Company on fully diluted basis.

23. **Lock-in of Equity Shares Allotted to Anchor Investors**

50% percent of the Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment and the remaining portion shall be locked-in for a period of 90 days from the date of Allotment.

24. **Recording on non-transferability of Equity Shares locked-in**

In accordance with Regulation 20 of the SEBI ICDR Regulations, our Company shall ensure that the details of the Equity Shares locked-in are recorded by the relevant Depository.

25. **Other requirements in respect of lock-in**

Pursuant to Regulation 21 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, as mentioned above, may be pledged as collateral security for a loan with a scheduled commercial bank, a public financial institution, Systemically Important Non-Banking Financial Company or a deposit accepting housing finance company, subject to the following:

a. With respect to the Equity Shares locked-in for 6 months from the date of Allotment, such pledge of the Equity Shares must be one of the terms of the sanction of the loan.

b. With respect to the Equity Shares locked-in as Minimum Promoters' Contribution for 18 months from the date of Allotment, the loan must have been granted to our Company for the purpose of financing one or more of the objects of the Offer, which is not applicable in the context of this Offer.

However, the relevant lock-in period shall continue post the invocation of the pledge referenced above, and the relevant transferee shall not be eligible to transfer the Equity Shares till the relevant lock-in period has expired in terms of the SEBI ICDR Regulations.

In accordance with Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by our Promoter and locked-in, may be transferred to any member of our Promoter Group or a new promoter, subject to continuation of lock-in applicable with the transferee for the remaining period and compliance with provisions of the SEBI Takeover Regulations.

Further, in terms of Regulation 22 of the SEBI ICDR Regulations, Equity Shares held by persons other than our Promoters prior to the Offer and locked-in for a period of 6 months, may be transferred to any other person holding Equity Shares which are locked-in along with the Equity Shares proposed to be transferred, subject to the continuation of the lock-in with the transferee and compliance with the provisions of the SEBI Takeover Regulations.

26. **Employee Stock Option Plan**

Our Company has formulated an employee stock option plan namely Sanathan Textiles Limited – Employee Stock Option Plan - 2021 (**ESOP Plan**) as approved by our Board on November 21, 2021 and our Shareholders on November 25, 2021.

The maximum number of Equity Shares that may be issued pursuant to the exercise of options granted to participants under the ESOP Plan shall not exceed 800,000 Equity Shares of the Company. The ESOP Plan has been framed in compliance with the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 (**ESOP Regulations**). The employee stock options in terms of the ESOP Plan were, and shall only be, issued to the employees of the Company, from time to time, in accordance with the prevailing applicable laws.

<u>Salient Features</u>

- Purpose and objectives of the ESOP Plan:

  a. To provide means to enable the Company to attract and retain appropriate human talent in the employment of the Company;

  b. To motivate the employees of the Company with incentives and reward opportunities;

  c. To achieve sustained growth of the Company and the creation of shareholder value by aligning the interests of the employees with the long-term interests of the Company; and

  d. To create a sense of ownership and participation amongst the employees or otherwise increase their proprietary interest.

- The ESOP Plan shall be applicable to the Company, its existing and future holding and Subsidiary companies in India and abroad, and any successor company thereof and options may be granted to the identified Employees, as determined by the Nomination and Remuneration Committee at its sole discretion.

- The options granted under ESOP Plan would vest not earlier than one year from the date of grant of such options in accordance with the SEBI Regulations subject to the maximum vesting period of up to 10 years.

- The grantee may, at any time during the exercise period, and subject to fulfilment of conditions of the grant and vesting, as applicable, exercise the options by submitting exercise application to the Company, for issuance and allotment of Equity Shares pursuant to the vested options, accompanied with the:

  a. payment of an amount equivalent to the option exercise price in respect of such Equity Shares; and/or

  b. such other documentation as the compensation committee may specify to confirm extinguishment of the rights comprising in the options then exercised, subject to applicable law.

- The exercise price shall be as decided by the compensation committee subject to a minimum of the face value per share per option. the exercise price, as determined by the compensation committee will be appropriately specified in the relevant letter of grant given to the grantee at the time of the grant of options. further the exercise price can be different for different set of employees for options granted on same / different dates.

The vesting schedule in relation to the ESOP Plan is as follows:

Year	Vesting Period	Allocation
Year 1	June 30, 2026	15%
Year 2	June 30, 2027	20%
Year 3	June 30, 2028	25%
Year 4	June 30, 2029	40%

The details of the ESOP Plan, as certified by Jain Tripathi & Co, Independent Chartered Account, through a certificate dated August 20, 2024, are as follows:

Particulars	From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total options outstanding as at the beginning of the period	2,75,000	2,86,500	3,09,500	NIL
Total options granted	NIL	NIL	NIL	3,22,000
Exercise price of options in ₹ (as on the date of grant options)	550	550	550	550
Options forfeited/lapsed/cancelled	12,500	11,500	23,000	12,500
Variation of terms of options	There has been no variation in terms of option.			
Money realized by exercise of options	NIL	NIL	NIL	NIL
Total number of options outstanding in force	2,62,500	2,75,000	2,86,500	3,09,500
Total options vested (excluding the options that have been exercised)	39,375	NIL	NIL	NIL

<table>
<tr><th colspan="2">Particulars</th><th>From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus</th><th>Fiscal 2024</th><th>Fiscal 2023</th><th>Fiscal 2022</th></tr>
<tr><td colspan="2">Options exercised (since implementation of the ESOP Plan)</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td colspan="2">The total number of Equity Shares arising as a result of exercise of granted options (including options that have been exercised)</td><td>NIL</td><td>NIL</td><td>NIL</td><td>NIL</td></tr>
<tr><td>Employee wise details of options granted to:</td><td>Name of the KMP to whom options were granted</td><td colspan="2">No. of Options Granted</td><td>No. of Options outstanding as at the date of this Draft Red Herring Prospectus</td><td>Resultant number of Equity shares out of outstanding options</td></tr>
<tr><td>(a) Key managerial personnel</td><td>Nidhi Batavia*

Jude Patrick D’souza</td><td>-

2,000</td><td>11,000

2,000</td><td>11,000

2,000</td><td>11,000

2,000</td></tr>
<tr><td colspan="2">(b) Senior management</td><td colspan="4">Refer Table A below</td></tr>
<tr><td colspan="2">Any other employee who receives a grant in any one year of options amounting to 5% or more of the options granted during the year</td><td colspan="4">None of the employees (including KMP) have been provided the grant in any one year for 5% or more of the options granted during the year.</td></tr>
<tr><td colspan="2">Identified employees who were granted options during any one year equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the Company at the time of grant</td><td>N.A.</td><td>N.A.</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td colspan="2">Diluted earnings per share pursuant to the issue of Equity Shares on exercise of options in accordance with IND AS 33 ‘Earnings Per Share’</td><td>N.A.</td><td>N.A.</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td colspan="2">Where the Company has calculated the employee compensation cost using the intrinsic value of the stock options, the difference, if any, between</td><td colspan="2">None of the employees (including KMP) have been provided the grant during the period. Hence there is no calculation of compensation cost using the intrinsic value of the stock options.</td><td colspan="2">None of the employees (including KMP) have been provided the grant in any one year for 5% or more of the options granted during the year.</td></tr>
</table>

Particulars	From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus	Fiscal 2024	Fiscal 2023	Fiscal 2022
employee compensation cost so computed and the employee compensation calculated on the basis of fair value of the stock options and the impact of this difference, on the profits of the Company and on the earnings per share of the Company				
Description of the pricing formula and method and significant assumptions used to estimate the fair value of options granted during the year including, weighted average information, namely, risk-free interest rate, expected life, expected volatility, expected dividends, and the price of the underlying share in the market at the time of grant of option	**Refer Table B below**			
Fair value of the underlying Equity Share at the time of grant of option (₹)*	363	363	363	363
Exercise Price per Equity Share (₹)*	550	550	550	550
Life of the options granted (vesting and exercise period (in years).	6.46	6.46	4.56	5.56
Expected Volatility (%)	42%-50% p.a.	42%-50% p.a.	42%-50% p.a.	42%-50% p.a.
Dividend yield (%)	0%	0%	0%	0%
Risk free rate (%)	4.98%-6.07% p.a.	4.98%-6.07% p.a.	4.98%-6.07% p.a.	4.98%-6.07% p.a.
Impact on the profits and on the Earnings Per Share of the last three years if the accounting policies specified in the Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2022 had been followed, in respect of options granted in the last three Years	₹ 21.38 million (There is no impact on EPS as ESOPS are anti-dilutive)	₹ 20.49 million (There is no impact on EPS as ESOPS are anti-dilutive)	₹ 12.98 million (There is no impact on EPS as ESOPS are anti-dilutive)	₹ 3.29 million (There is no impact on EPS as ESOPS are anti-dilutive)

Particulars	From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus	Fiscal 2024	Fiscal 2023	Fiscal 2022
Intention of key managerial personnel and whole-time directors who are holders of Equity Shares allotted on exercise of options to sell their shares within three months after the listing of Equity Shares pursuant to the Offer	No options granted to KMP's have been exercised yet and there has been no allotment of any equity shares.			
Intention to sell Equity Shares arising out of the ESOP Plan or allotted under an ESOP Plan within three months after the listing of Equity Shares by directors, senior managerial personnel and employees having Equity Shares arising out of the ESOP Plan, amounting to more than 1% of the issued capital (excluding outstanding warrants and conversions)	Based on declarations received by KMPs, equity shares allotted on exercise of options granted will not be sold within three months after the date of listing of Equity shares pursuant to the offer. However, the options have been vested as on date.			

**Nidhi Batavia has resigned from the Company with effect from January 26, 2024. Accordingly, the ESOPs granted to her will stand terminated in terms of Clause 10.3 of the ESOP Plan.*

Table A: Employee wise details of options granted to Senior Management:

Name of the employee to whom options were granted	No. of options granted	No. of options outstanding as at the date of this Draft Red Herring Prospectus	Resultant number of Equity Shares out of outstanding options
Palanisamy Mandira Moorthy	11,000	11,000	11,000
Sentilvel Nachimuthu Chettia	11,000	11,000	11,000
Raj Kapadia	11,000	11,000	11,000
Kaushikkumar Jagjivandas Mody	11,000	11,000	11,000
Gulvinder Singh Aulakh	8,000	8,000	8,000
Deepak Prasad	5,000	5,000	5,000

Table B: Description of the pricing formula and method and significant assumptions used:

Particulars	From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus	Fiscal 2024	Fiscal 2023	Fiscal 2022
Method of valuation	Black and Scholes Model			
Expected Volatility (%)	45%			

Particulars	From April 1, 2024 until the date of filing of this Draft Red Herring Prospectus	Fiscal 2024	Fiscal 2023	Fiscal 2022
Dividend Yield (%)	NIL			
Average remaining contractual life of the options outstanding at end of the year (Years)	4 years			
Risk free interest rate	6.44%			
Weighted average exercise prices and weighted average fair value of options whose exercise price where:				
a) Exercise price equals market price on the date of grant	N.A.			
- Fair Value of options granted (₹)	N.A.			
-Exercise Price (₹)	N.A.			
b) Exercise price greater than market price on the date of grant	N.A.			
- Fair Value of options granted (₹)	N.A.			
-Exercise Price (₹)	N.A.			
c) Exercise price less than market price on the date of grant	N.A.			
- Fair Value of options granted (₹)	N.A.			
-Exercise Price (₹)	N.A.			

The ESOP Plan has been implemented through the direct route.

The impact on the equity share capital of the Company at the time of exercise of options by the eligible employees will be an increase in the paid-up share capital of the Company and a decrease in the percentage of the shareholding of the existing shareholders.

Our Company confirms that upon completion of the Offer, the ESOP Plan shall be in compliance with the SEBI (Shares Based Employee Benefits and Sweat Equity) Regulations, 2021.

27. Our Company, our Directors and the BRLMs have no existing buyback arrangements and or any other similar arrangements for the purchase of Equity Shares being offered through the Offer.

28. The Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of this Draft Red Herring Prospectus. All Equity Shares transferred pursuant to the Offer shall be fully paid-up at the time of Allotment, failing which no Allotment shall be made.

29. As on the date of this Draft Red Herring Prospectus, the BRLMs and its associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) do not hold any Equity Shares of our Company. The BRLMs and its affiliates may engage in the transactions with and perform services for our Company in the ordinary course of business or may in the future engage in commercial banking and investment banking transactions with our Company and/or our Subsidiary, for which they may in the future receive customary compensation.

30. As on the date of this Draft Red Herring Prospectus, the BRLMs and its associates (as defined in the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992) are not directly/indirectly related to the Shareholders.

31. None of our Promoters or the members of our Promoter Group will participate in the Offer except to the extent of their participation in the Offer for Sale.

32. Neither the (i) BRLMs or any associate of the BRLMs (other than mutual funds sponsored entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs or AIFs sponsored by the entities which are associates of the BRLMs or FPIs other than individuals, corporate bodies and family offices sponsored by the entities which are associates of the BRLMs) or pension funds sponsored by entities which are associate of the BRLMs; nor (ii) any person related to the Promoter or Promoter Group can apply under the Anchor Investor Portion.

33. Except for issuance of Equity Shares pursuant to exercise of employee stock options pursuant to the ESOP Plan and the issuance of Equity Shares pursuant to the Pre-IPO Placement and Fresh Issue, there will be no further issue of Equity Shares whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from filing of this Draft Red Herring Prospectus with SEBI until the Equity Shares have been listed on the Stock Exchanges or all application monies have been refunded on account of non-listing, under-subscription etc, as the case may be.

34. Our Company will ensure that there shall be only one denomination of the Equity Shares, unless otherwise permitted by law.

35. No person connected with the Offer shall offer any incentive, whether direct or indirect, in any manner whatsoever, whether in cash or kind or service or otherwise, to any Bidder for making a Bid, except for fees or commission for services rendered in relation to the Offer.

SECTION IV: PARTICULARS OF THE OFFER

OBJECTS OF THE OFFER

The Offer comprises the Fresh Issue and an Offer for Sale by the Selling Shareholders.

Offer for Sale

The Offer for Sale comprises up to [●] Equity Shares aggregating up to ₹ 3,000.00 million.

Our Company will not receive any proceeds from the Offer for Sale and the proceeds received from the Offer for Sale will not form part of the Net Proceeds. Each Selling Shareholder will be entitled to proceeds from the Offer for Sale to the extent of their respective portion of the Offered Shares, after deducting their respective proportion of Offer related expenses and relevant taxes thereon, in accordance with the Offer Agreement.

Fresh Issue

The Fresh Issue comprises an offer of up to [●] Equity Shares aggregating up to ₹ 5,000.00 million. The proceeds of the Fresh Issue, after deducting Offer related expenses, are estimated to be ₹ [●] million (**Net Proceeds**).

Requirement of Funds

Our Company proposes to utilise the Net Proceeds towards the following objects:

1. Repayment and/ or pre-payment, in full or part, of certain borrowings availed by our Company;
2. 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; and
3. General corporate purposes.

(collectively, referred to herein as the '**Objects**')

In addition, our Company expects to receive the benefits of listing of the Equity Shares on the Stock Exchanges and enhancement of our Company's visibility and brand image and creation of a public market for our Equity Shares in India.

The main objects clause and objects incidental and ancillary to the main objects as set out in the Memorandum of Association enables our Company to undertake its existing activities and the activities proposed to be funded from the Net Proceeds.

Net Proceeds

The details of the proceeds of the Fresh Issue are set out in the table below.

(in ₹ million)

Particulars	Amount*
Gross Proceeds from the Fresh Issue(1)	5,000.00
(Less) Fresh Issue related expenses	[●]
Net Proceeds(2)	**[●]**

**To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC.*

(1) *Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.*

(2) *For details with respect to sharing of fees and expenses amongst our Company and the Selling Shareholders, see 'Objects of the Offer - Offer related expenses' on page 137.*

Utilisation of Net Proceeds and proposed schedule of implementation and deployment of Net Proceeds

(in ₹ million)

Sr. No.	Particulars	Amount to be funded from the Net Proceeds	Ratio to the total Gross Proceeds	Estimated deployment during Fiscal 2025	Estimated deployment during Fiscal 2026
1.	Repayment or pre-payment, in full or in part, of certain of our outstanding borrowings availed by our Company	1,600.00	32.00%	1,600.00	-
2.	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	2,150.00	43.00%	-	2,150.00
3.	General corporate purposes (1)	[●]	[●]	[●]	[●]
Total(1)(2)		**[●]**	**[●]**	**[●]**	**[●]**

(1) *To be finalised upon determination of the Offer Price and updated in the Prospectus prior to filing with the RoC. The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.*

(2) *Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.*

The fund requirements, the deployment of funds and the intended use of the Net Proceeds as described herein are based on our current business plan, management estimates, prevailing market conditions and other commercial and technical factors. However, such fund requirements and deployment of funds have not been appraised by any bank, or financial institution. For further details see '*Risk Factor - The objects of the Offer for which funds are being raised have not been appraised by any bank or financial institution and are based on management estimates.*' on page 59. We may have to revise our funding requirements and deployment on account of a variety of factors such as financial and market conditions, macro-economic factors, change in government policy, changes in business and strategy, competition, negotiation with vendors, variation in cost estimates including due to passage of time, incremental pre-operative expenses and other external factors such as changes in the business environment and interest or exchange rate fluctuations, which may not be within the control of our management. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose at the discretion of our management, subject to compliance with applicable laws. For further details, please see, '*Risk Factors - Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.'* on page 40.

In the event that the estimated utilisation of the Net Proceeds in a scheduled fiscal year is not completely met, due to factors such as (i) the timing of completion of the Offer; (ii) market conditions outside the control of our Company; and (iii) any other economic, business and commercial considerations, then such unutilised amounts shall be utilised (in part or full) in the next fiscal year, as may be determined by our Company, in accordance with applicable laws. Subject to applicable law, in the event of any increase in the actual utilization of funds earmarked for the purposes set forth above, such additional funds for a particular activity will be met by way of funding means available to us, including from internal accruals and any additional equity and/or debt arrangements. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations.

Means of finance

Our Company proposes to fund the requirements of the Objects of the Offer from the Net Proceeds. Accordingly, there is no requirement to make firm arrangements of finance through verifiable means towards at least 75% of the stated means of finance, excluding the amount to be raised from the Fresh Issue and existing identifiable internal accruals, as required under Regulation 7(1)(e) of the SEBI ICDR Regulations. Further, if the actual utilisation towards any of the Objects is lower than the proposed deployment such balance will be used towards general corporate purposes, provided that the total amount to be utilised towards general corporate purposes will not exceed 25% of the Gross Proceeds in accordance with Regulation 7(2) of the SEBI ICDR Regulations. Please also see, '*Risk Factors - Any variation in the utilization of the Net Proceeds as disclosed in this Draft Red Herring Prospectus shall be subject to certain compliance requirements, including prior Shareholders' approval.'* on page 40.

Details of the Objects of the Fresh Issue

Our Board at its meeting held on August 16, 2024 approved the proposed Objects and the respective amounts proposed to be utilized from the Net Proceeds for each Object.

1. **Repayment and/or pre-payment of certain borrowings, in full or part, availed by our Company**

   Our Company has entered into various financing arrangements with banks and other lenders, which include term loans and working capital facilities, including fund based and non-fund based borrowings. For details of our Company's outstanding financial indebtedness, see '*Financial Indebtedness*' on page 383.

   As of June 30, 2024, our total sanctioned and outstanding indebtedness was ₹ 11,165.77 million million and ₹ 6,562.79 million, respectively. Our Company proposes to utilise an estimated amount of ₹ 1,600.00 million from the Net Proceeds towards full or partial repayment or pre-payment of certain borrowings availed by our Company. Our Company may avail further loans after the date of this Draft Red Herring Prospectus. Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding amounts under these borrowings may vary from time to time and our Company may, in accordance with the relevant repayment schedule, repay or refinance some of our existing borrowings or avail of additional credit facilities. In terms of our Company's borrowing arrangements, prepayment of certain indebtedness may attract prepayment charges. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds. If the Net Proceeds are insufficient for payment of pre-payment penalty, interest or other related costs, as applicable, such payment shall be met through the internal accruals of our Company. If at the time of the Red Herring Prospectus, any of the below-mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the working capital borrowings are increased, then our Company may utilise the Net Proceeds for part or full pre-payment / repayment of any such refinanced facilities or repayment of any additional facilities obtained by our Company and details of such borrowings will be included in the Red Herring Prospectus. However, the aggregate amount to be utilised from the Net Proceeds towards repayment or pre-payment of certain of our borrowings (including refinanced or additional facilities availed, if any), in part or full, would not exceed ₹ 1,600.00 million. We believe that such repayment/ pre-payment will help deleverage our Company, reduce our debt servicing costs and enable utilisation of our Company's internal accruals for further investment in our Company's business growth and expansion. Additionally, our Company believes that our capacity to leverage will improve our ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business.

   The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided below, shall be based on various factors including (i) cost of the borrowings to our Company, including applicable interest rates, (ii) any conditions attached to the borrowings restricting our Company's ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, prior to completion of the Offer; (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

For the purposes of the Offer, our Company has intimated and has obtained the necessary consents from our lenders, as is respectively required under the relevant facility documentation for undertaking activities for the Offer, and for the deployment of the Net Proceeds and the proceeds of the Pre-IPO Placement towards the Objects. The following table provides details of certain sanctioned borrowings of our Company as at June 30, 2024 aggregating ₹ 2,415.87 million and an outstanding amount aggregating ₹ 2,072.85 million, which are currently proposed to be fully or partially repaid (earlier or scheduled) or pre-paid from the Net Proceeds:

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Sr. No.	Name of the lender	Date of the facility agreement / sanction letter	Purpose as mentioned in the sanction letter	Amount sanctioned as at June 30, 2024 *(in ₹ million)*	Amount outstanding as at June 30, 2024 *(in ₹ million)*	Rate of Interest as at June 30, 2024 (% per annum)	Repayment date / schedule
1.	Bank of Baroda	Principal Term Loan Agreement dated January 10, 2013, and Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated August 5, 2022.	To part-finance purchase of IDY machinery	72.90	65.30	9.40% (0.50% above-1-year Minimum Cost of Funds based Lending Rate ('MCLR') + SP with monthly rest annual reset)	9.5 years (38 quarterly instalments) with last installment by December 2030
2.	Bank of Baroda	Principal Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement dated April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth	For acquiring capital assets for expansion of PFY division	25.30	10.50	9.40% (0.50% above-1-year MCLR + SP with monthly rest annual reset)	Total period of 7 years and 9 months including 12 months of moratorium (28 quarterly instalments) with last installment by July 2025

Sr. No.	Name of the lender	Date of the facility agreement / sanction letter	Purpose as mentioned in the sanction letter	Amount sanctioned as at June 30, 2024 *(in ₹ million)*	Amount outstanding as at June 30, 2024 *(in ₹ million)*	Rate of Interest as at June 30, 2024 (% per annum)	Repayment date / schedule
		Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated August 5, 2022.					
3.	Bank of Baroda	Principal Term Loan Agreement dated January 10, 2013, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019 and Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated August 5, 2022.	To part-finance the cost of project of cotton spinning unit	1,344.00	1,216.70	9.30% (0.50% above-1-year MCLR + SP with monthly rest annual reset)	10 years (40 quarterly instalments) with last installment by January 2031
4.	Bank of Baroda	Principal Vehicle Loan Agreement dated August 2, 2023	To finance purchase of Vehicle	17.57	15.12	8.70% (1 Year MCLR 8.65% (at present) credit spread of 0.05% (at present))	5 years (60 monthly instalments) with last installment by August 2028

Sr. No.	Name of the lender	Date of the facility agreement / sanction letter	Purpose as mentioned in the sanction letter	Amount sanctioned as at June 30, 2024 *(in ₹ million)*	Amount outstanding as at June 30, 2024 *(in ₹ million)*	Rate of Interest as at June 30, 2024 (% per annum)	Repayment date / schedule
5.	Bank of Baroda	Principal Vehicle Loan Agreement dated September 7, 2023	To finance purchase of Vehicle	19.80	17.35	8.75% (1 Year MCLR 8.70% (at present) credit spread of 0.05% (at present))	5 years (60 monthly instalments) with last installment by September 2028
6.	Bank of Baroda	Principal Vehicle Loan Agreement dated August 28, 2023	To finance purchase of Vehicle	11.38	9.97	8.75% (1 Year MCLR 8.70% (at present) credit spread of 0.05% (at present))	5 years (60 monthly instalments) with last installment by September 2028
7.	Bank of Baroda	Principal Vehicle Loan Agreement dated November 17, 2023	To finance purchase of Vehicle	18.02	16.20	8.75% (1 Year MCLR 8.75% (at present) credit spread of 0.00% (at present))	5 years (60 monthly instalments) with last installment by November 2028
8.	Union Bank of India*	Principal Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October	Financing the project of capacity expansion in the existing project of the Company at Survey Plot No. 187/4//1/2, Near Surangi Bridge, Village Dapada, Surangi, Silvassa, D & N.H. (UT) 396230	906.80	721.71	Rupee term loan - 1 year MCLR + 1.50% p.a., i.e. 10.40% Foreign currency term loan - 6 months LIBOR + 425 bps, i.e. For Term Loan 183 - 8.328% & for Term Loan 170 - 8.269%	10 years (40 quarterly installments) with last installment by March 2029

Sr. No.	Name of the lender	Date of the facility agreement / sanction letter	Purpose as mentioned in the sanction letter	Amount sanctioned as at June 30, 2024 *(in ₹ million)*	Amount outstanding as at June 30, 2024 *(in ₹ million)*	Rate of Interest as at June 30, 2024 (% per annum)	Repayment date / schedule
		17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021, and Sanction Letter dated September 26,2023					

Foreign currency loans have been converted into ₹ (in million) using closing exchange rate of June 28, 2024 i.e., ₹ 83.45 per USD and ₹ 89.25 per Euro.
Note: In accordance with paragraph 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, our Statutory Auditors, by way of their certificate dated August 20, 2024, have confirmed that our Company has utilised the loans for the purposes for which they were availed.

2. **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.**

We intend to utilise a portion of our Net Proceeds aggregating to ₹ 2,150.00 million in the form of equity or debt or a combination of both or in any other manner as may be mutually decided between the Company and our subsidiary viz. Sanathan Polycot Private Limited, in accordance with Applicable Law for repayment and/ or pre-payment, in full or part, of certain borrowings availed by Sanathan Polycot Private Limited from banks and financial institutions. The actual mode of such deployment has not been finalised as on the date of this Draft Red Herring Prospectus.

Sanathan Polycot Private Limited has entered into various financing arrangements with banks and other lenders, which include term loans and working capital facilities, including fund based and non-fund based borrowings. As of June 30, 2024, the total sanctioned and outstanding indebtedness of Sanathan Polycot Private Limited was ₹ 9,500.00 million and ₹ 2,880.31 million, respectively. Our Company proposes to utilise an estimated amount of ₹ 2,150.00 million from the Net Proceeds towards investment in Sanathan Polycot Private Limited, for repayment and/ or pre-payment, in full or part, of certain borrowings availed by Sanathan Polycot Private Limited. Sanathan Polycot Private Limited may avail further loans after the date of this Draft Red Herring Prospectus. Given the nature of these borrowings and the terms of repayment or pre-payment, the aggregate outstanding amounts under these borrowings may vary from time to time and Sanathan Polycot Private Limited may, in accordance with the relevant repayment schedule, repay or refinance some of our existing borrowings or avail of additional credit facilities. In terms of the borrowing arrangements of Sanathan Polycot Private Limited, prepayment of certain indebtedness may attract prepayment charges. Such prepayment charges, as applicable, will also be funded out of the Net Proceeds. If the Net Proceeds are insufficient for payment of pre-payment penalty, interest or other related costs, as applicable, such payment shall be met through the internal accruals of Sanathan Polycot Private Limited. If at the time of the Red Herring Prospectus, any of the below-mentioned loans are repaid in part or full or refinanced or if any additional credit facilities are availed or drawn down or if the limits under the working capital borrowings are increased, then our Company may utilise the Net Proceeds for investment in Sanathan Polycot Private Limited for part or full pre-payment / repayment of any such refinanced facilities or repayment of any additional facilities obtained by Sanathan Polycot Private Limited and details of such borrowings will be included in the Red Herring Prospectus. However, the aggregate amount to be utilised from the Net Proceeds towards investment in Sanathan Polycot Private Limited, for repayment and/ or pre-payment, in full or part, of certain borrowings availed by Sanathan Polycot Private Limited would not exceed ₹ 2,150.00 million. We believe that such repayment/ pre-payment will help deleverage Sanathan Polycot Private Limited, reduce its debt servicing costs and enable utilisation of the internal accruals of Sanathan Polycot Private Limited for further investment in its business growth and expansion. Additionally, its capacity to leverage will improve its ability to raise further resources in the future to fund potential business development opportunities and plans to grow and expand our business.

The selection of borrowings proposed to be repaid/ prepaid out of the borrowings provided below, shall be based on various factors including (i) cost of the borrowings to Sanathan Polycot Private Limited, including applicable interest rates, (ii) any conditions attached to the borrowings restricting Sanathan Polycot Private Limited's ability to prepay the borrowings and time taken to fulfil such requirements, (ii) receipt of consents for prepayment or waiver from any conditions attached to such prepayment from our respective lenders, prior to completion of the Offer; (iii) terms and conditions of such consents and waivers, (iv) levy of any prepayment penalties and the quantum thereof, (v) provisions of any law, rules, regulations governing such borrowings, and (vi) other commercial considerations including, among others, the amount of the loan outstanding and the remaining tenor of the loan.

The following table provides details of certain sanctioned borrowings of Sanathan Polycot Private Limited as at June 30, 2024 aggregating ₹ 9,500.00 million and an outstanding amount aggregating ₹ 2,880.31 million, which are currently proposed to be fully or partially repaid (earlier or scheduled) or pre-paid from the Net Proceeds:

Sr. No.	Name of the lender	Date of the facility agreement / sanction letter	Purpose as mentioned in the sanction letter	Amount sanctioned as at June 30, 2024 *(in ₹ million)*	Amount outstanding as at June 30, 2024 *(in ₹ million)*	Rate of Interest as at June 30, 2024 (% per annum)	Repayment date / schedule
1.	Union Bank of India	Principal Term Loan Agreement dated April 29, 2023	Financing cost of construction of factory and purchase of machinery for polyester and cotton plant.	5,225.00	1,281.36	1 Year MCLR + 0.65% i.e., 9.30% p.a.	32 Quarterly Installments (with last installments by December 2033 for Polyester division and December 2032 for Cotton Division)
2.	Punjab National Bank	Principal Term Loan Agreement dated June 30, 2023	Financing cost of construction of factory and purchase of machinery for polyester and cotton plant.	4,275.00	1,598.95	1 Year MCLR 8.60% + 5.30 - 4.60% i.e., 9.30% p.a. On obtaining rating of 'A & above' by any external rating agency, rate of interest shall be 9.05% p.a.	32 Quarterly Installments (with last installments by December 2033 for Polyester division and December 2032 for Cotton Division)

Note: In accordance with paragraph 9(A)(2)(b) of Part A of Schedule VI of the SEBI ICDR Regulations, the Statutory Auditors of Sanathan Polycot Private Limited, by way of their certificate dated August 20, 2024, have confirmed that our subsidiary i.e., Sanathan Polycot Private Limited, has utilised the loans for the purposes for which they were availed.

Pre-payment: Sanathan Polycot Private Limited shall at any time have the option to prepay the lenders on pro-rata basis in part or in full the loan together with all interests, prepayment premium and other charges and monies due and payable to the lenders up to the date such prepayment on payment of prepayment premium equal to 2% of amount prepaid. However, no prepayment premium shall be payable if, Sanathan Polycot Private Limited: (a) seeks to prepay the lenders from internal accruals / fresh capital issue by providing a 30 days prior notice; (b) seeks to repay at the instance of lenders. Any prepayment made by Sanathan Polycot Private Limited shall be on a pro-rata basis amongst all the lenders providing the facility. In case of partial prepayment, the prepayment amount shall be applied to the remaining instalments on a FIFO basis

3. General corporate purposes

We propose to utilise up to ₹ [●] million of the Net Proceeds towards general corporate purposes and the business requirements of our Company as approved by the Board, from time to time, subject to such utilisation for general corporate purposes not exceeding 25% of the Gross Proceeds, in compliance with the SEBI ICDR Regulations.

The general corporate purposes for which our Company proposes to utilise the Net Proceeds include further strengthening our existing ecosystem, meeting ongoing general corporate exigencies, expenses incurred in the ordinary course of business, strategic initiatives, business development initiatives, meeting ongoing general corporate contingencies, payment of lease liabilities, organic or inorganic growth, payment of commission and/or fees to consultants, other expenses including salaries, employee welfare activities, administration, insurance, repairs and maintenance, payment of taxes and duties and any other purpose, as may be approved by our Board or a duly constituted committee thereof from time to time, subject to compliance with applicable law, including provisions of the Companies Act. However, our Company will not utilise the funds earmarked towards general corporate purposes raised through the Fresh Issue for (i) repayment and/or pre-payment of certain borrowings, in full or part, availed by our Company; and, or, (ii) 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, for which the funds are raised through the Fresh Issue. The quantum of utilisation of funds towards each of the above purposes will be determined by our Board, based on the amount available under this head and the business requirements of our Company, from time to time. Our Company's management shall have flexibility in utilising surplus amounts, if any. In the event that we are unable to utilise the entire amount that we have currently estimated for use out of Net Proceeds in a Fiscal, we will utilise such unutilised amount(s) during Fiscal 2026. Further, our Company will utilise the amount in accordance with applicable law.

Offer related expenses

Except for (i) listing fees and stamp duty payable on issue of Equity Shares pursuant to Fresh Issue, which shall be solely borne by our Company, and (ii) the stamp duty payable on transfer of Offered Shares which shall be borne solely by the respective Selling Shareholder, our Company and the Selling Shareholders will share the costs and expenses (including all applicable taxes) directly attributable to the Offer, (including fees and expenses of the Lead Managers, legal counsel and other intermediaries, advertising and marketing expenses, printing, underwriting commission, procurement commission (if any), brokerage and selling commission and payment of fees and charges to various regulators in relation to the Offer) in proportion to the number of Equity Shares issued and Allotted by the Company through the Fresh Issue and sold by each of the Selling Shareholders through the Offer for Sale. The Company agrees to advance the cost and expenses of the Offer and the Company will be reimbursed by each of the Selling Shareholders for their respective proportion of such costs and expenses. The Selling Shareholders agree that such payments, expenses and taxes, will be deducted from the proceeds from the sale of Offered Shares, in accordance with Applicable Law and as disclosed in the Offer Documents, in proportion to its respective Offered Shares. In the event of withdrawal of the Offer or the Offer is not successful or consummated, all costs and expenses with respect to the Offer shall be borne by our Company and the Selling Shareholders on a *pro rata* basis to the Equity Shares offered by the Company in the Fresh Issue and Equity Shares offered by each of the Selling Shareholders in the Offer for Sale, respectively and in accordance with Applicable Law.

The total expenses of the Offer are estimated to be approximately ₹ [●] million. The expenses of this Offer include, among others, listing fees, underwriting fees, selling commission, fees payable to the Book Running Lead Managers, fees payable to legal counsels, fees payable to the Registrar to the Offer and Sponsor Bank(s), Escrow Collection Bank to the Offer, processing fee to the SCSBs for processing ASBA Forms, brokerage and selling commission payable to the Registered Brokers, Collecting RTAs and CDPs, printing and stationery expenses, advertising and marketing expenses, fees paid to SEBI, Stock Exchanges, Depositories and all other incidental and miscellaneous expenses for listing the Equity Shares on the Stock Exchanges.

The break-up for the estimated Offer expenses is as follows:

Sr. No.	Activity	Estimated amount(1) (in ₹ million)	As a % of total estimated offer Expenses(1)	As a % of Offer Size(1)
1.	BRLM's fees and commissions (including underwriting commission, brokerage and selling commission)	[●]	[●]	[●]

Sr. No.	Activity	Estimated amount(1) (in ₹ million)	As a % of total estimated offer Expenses(1)	As a % of Offer Size(1)
2.	Brokerage, selling commission, bidding charges, processing fees for the Members of the Syndicate, Registered Brokers, SCSBs, RTAs and CDPs(2)(3)(4)(5)(6)	[●]	[●]	[●]
3.	Fees payable to the Registrar to the Offer	[●]	[●]	[●]
4.	Other expenses:			
	(i) Listing fees, SEBI filing fees, upload fees, BSE and NSE processing fees, book building software fees and other regulatory expenses	[●]	[●]	[●]
	(ii) Printing and stationery	[●]	[●]	[●]
	(iii) Advertising and marketing expenses	[●]	[●]	[●]
	(iv) Fee payable to legal counsel, the statutory auditor, independent chartered accounts, independent chartered engineers	[●]	[●]	[●]
	(v) Miscellaneous^	[●]	[●]	[●]
Total estimated Offer Expenses		[●]	[●]	[●]

^Includes fee payable to independent company secretary, monitoring agency etc.

(1) *Amounts will be finalised and incorporated in the Prospectus on determination of Offer Price include applicable taxes, where applicable*

(2) *Selling commission payable to the SCSBs on the portion for Retail Individual Bidders and Non-Institutional Bidders, which are directly procured and uploaded by them would be as follows:*

*Portion for Retail Individual Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)**
*Portion for Non-Institutional Bidders**	*[●]% of the Amount Allotted (plus applicable taxes)**

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

No processing/uploading charges shall be payable by our Company and the Selling Shareholders to the SCSBs on the applications directly procured by them.

The selling commission payable to the SCSBs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

SCSBs will be entitled to a processing fee for processing the ASBA Form procured by the members of the Syndicate (including their sub-Syndicate members), CRTAs or CDPs from Retail Individual Bidders and Non-Institutional Bidders (excluding UPI Bids) and submitted to the SCSBs for blocking as follows:

*Portion for Retail Individual Bidders **	*₹[●] per valid ASBA Forms (plus applicable taxes)*
*Portion for Non-Institutional Bidders **	*₹[●] per valid ASBA Forms (plus applicable taxes)*

**Based on valid ASBA Forms*

Processing fees payable to the SCSBs for capturing Syndicate Member/Sub-syndicate (Broker)/Sub-broker code on the ASBA Form for Non- Institutional Bidders with bids above ₹500,000 would be ₹[●] plus applicable taxes, per valid application.

(3) *Brokerage, selling commission and processing/ uploading charges on the portion for Retail Individual Bidders (using the UPI Mechanism), and Non-Institutional Bidders which are procured by the members of the Syndicate (including their sub-Syndicate members), CRTAs, CDPs or for using 3 in 1 type accounts- linked online trading, demat & bank account provided by some of the brokers which are members of Syndicate (including their sub-Syndicate members) would be as follows:*

*Portion for Retail Individual Bidders **	*[●]% of the Amount Allotted (plus applicable taxes)**
*Portion for Non-Institutional Bidders **	*[●]% of the Amount Allotted (plus applicable taxes)**

**Amount Allotted is the product of the number of Equity Shares Allotted and the Offer Price.*

(4) *The selling commission payable to the Syndicate / sub-Syndicate members will be determined:*

i. *For Retail Individual Bidders and Non-Institutional Bidders (up to ₹ 0.5 million) on the basis of the application form number / series, provided that the application is also bid by the respective Syndicate / sub-Syndicate members. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate member, is bid by an SCSB, the selling commission will be payable to the SCSB and not the Syndicate / sub-Syndicate member.*

For Non-Institutional Bidders (Bids above ₹ 0.5 million) on the basis of the Syndicate ASBA Form bearing SM Code & Sub-Syndicate Code of the application form submitted to SCSBs for Blocking of the Fund and uploading on the Exchanges platform by SCSBs. For clarification, if a Syndicate ASBA application on the application form number / series of a Syndicate / sub-Syndicate member, is bid by an SCSB, the selling commission will be payable to the Syndicate / sub-Syndicate members and not the SCSB.

The payment of selling commission payable to the sub-brokers / agents of sub-syndicate members are to be handled directly by the respective sub-Syndicate member.

The selling commission payable to the CRTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

(5) *Uploading charges:*

i. *Payable to members of the Syndicate (including their sub-Syndicate members), on the applications made using 3 in 1 accounts, would be ₹[●] plus applicable taxes, per valid application bid by the Syndicate member (including their sub-Syndicate members).*

ii. *Bid uploading charges payable to the SCSBs on the portion of QIB and Non-Institutional Bidders (excluding UPI Bids) which are procured by the members of the Syndicate/sub-Syndicate/Registered Broker/CRTAs/ CDPs and submitted to SCSB for blocking and uploading would be ₹[●] per valid application (plus applicable taxes)*

The selling commission and bidding charges payable to Registered Brokers the CRTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the Bid Book of BSE or NSE
The Bidding/uploading charges payable to the Syndicate/sub-Syndicate members, CRTAs and CDPs will be determined on the basis of the bidding terminal id as captured in the bid book of BSE or NSE.

Selling commission payable to the registered brokers, CRTAs and CDPs on the portion for Retail Individual Bidders and Non-Institutional Bidders which are directly procured by the Registered Brokers and submitted to SCSB for processing would be as follows: Portion for Retail Individual Bidders and Non-Institutional Bidders: ₹[●] per valid ASBA Form (plus applicable taxes).

(6) *Uploading charges/ Processing fees for applications made by UPI Bidders using the UPI Mechanism would be as under:*

Members of the Syndicate / RTAs / CDPs (uploading charges)	₹[●] per valid application (plus applicable taxes)
Sponsor Bank (Processing fee) – [●]	₹[●] per valid application (plus applicable taxes) The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other applicable laws
Sponsor Bank (Processing fee) – [●]	₹[●] per valid application (plus applicable taxes). [●] will also be entitled to a one time escrow management fee of ₹ [●] (plus applicable taxes) The Sponsor Banks shall be responsible for making payments to the third parties such as remitter bank, NPCI and such other parties as required in connection with the performance of its duties under applicable SEBI circulars, agreements and other applicable laws

The processing fees for applications made by UPI Bidders may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable).

Interim use of Net Proceeds

Our Company, in accordance with the policies established by our Board from time to time, will have the flexibility to deploy the Net Proceeds. Pending utilization of the Net Proceeds for the purposes described above, our Company will, in accordance with applicable law, temporarily invest the Net Proceeds in deposits in one or more scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934, for the necessary duration, as may be approved by our Board. Our Company confirms that it shall not use the Net Proceeds for buying, trading or otherwise dealing in shares of any other listed company or for any investment in the equity markets.

Bridge Loan

As on the date of this Draft Red Herring Prospectus, Our Company has not raised any bridge loans from any bank or financial institution which are required to be repaid from the Net Proceeds.

Monitoring of Utilization of Funds

Since the Fresh Issue size is in excess of ₹ 1,000 million, our Company will appoint a credit rating agency registered with SEBI for monitoring the utilisation of the Gross Proceeds, in terms of Regulation 41 of the SEBI ICDR Regulations. Our Audit Committee and the monitoring agency will monitor the utilisation of the Net Proceeds and submit the report required under Regulation 41(2) of the SEBI ICDR Regulations, on a quarterly basis, specifying the purpose for which Gross Proceeds have been utilised, until such time as the Gross Proceeds have been utilised in full.

Our Company will disclose the utilisation of the Gross Proceeds, including interim, use under a separate head in our balance sheet for such Fiscals as required under applicable law, specifying the purposes for which the Gross Proceeds have been utilised. Our Company will also, in its balance sheet for the applicable fiscals, provide details, if any, in relation to all such Gross Proceeds that have not been utilised.

Pursuant to the SEBI Listing Regulations, our Company shall, on a quarterly basis, disclose to the Audit Committee the uses and applications of the Gross Proceeds. The Audit Committee will make recommendations to our Board for further action, if appropriate. On an annual basis, our Company shall prepare a statement of funds utilised for purposes other than those stated in this Draft Red Herring Prospectus and place it before the Audit Committee and make other disclosures as may be required until such time as the Gross Proceeds remain unutilised. Such disclosure shall be made only until such time that all the Gross Proceeds have been utilised in full. The statement shall be certified by the statutory auditor of our Company. Further, in accordance with Regulation 32(1) of the SEBI Listing Regulations, our Company shall furnish to the Stock Exchanges on a quarterly basis, a statement indicating (i) deviations, if any, in the actual utilisation of the proceeds of the Fresh Issue from the Objects of the Fresh Issue as stated above; and (ii) details of category wise variations in the actual utilisation of the proceeds of the Fresh Issue from the Objects of the Fresh Issue as stated above. This information will also be published in newspapers simultaneously with the interim or annual financial results and explanation for such variation (if any) will be included in our Director's report, after placing the same before the Audit Committee.

Variation in Objects of the Offer

In accordance with Sections 13(8) and 27 of the Companies Act, and Regulation 59 and Schedule XX of the SEBI ICDR Regulations, any material deviation in the Objects of the Offer will require our Company to obtain the approval of the Shareholders by way of a special resolution. In addition, the notice issued to the Shareholders in relation to the passing of such special resolution (**Postal Ballot Notice**) shall specify the prescribed details and be published in accordance with the Companies Act. The Postal Ballot Notice shall simultaneously be published in the newspapers, one in English and one in Gujarati, the vernacular language of the jurisdiction where our Registered Office is situated. Pursuant to the Companies Act, our Promoters will be required to provide an exit opportunity to the Shareholders who do not agree to such material deviation of the Objects, subject to the provisions of the Companies Act and in accordance with such terms and conditions, including in respect of pricing of the Equity Shares, in accordance with the Companies Act and provisions of Schedule XX of the SEBI ICDR Regulations.

Appraising Agency

None of the Objects of the Offer for which the Net Proceeds will be utilized have been appraised by any agency.

Other Confirmations

No part of the Net Proceeds will be utilized by our Company as consideration to our Promoters, members of our Promoter Group, our Directors, our Group Company, Key Managerial Personnel or Senior Management. Our Company has not entered into or is not planning to enter into any arrangement/ agreements with our Directors, our Promoters, the members of our Promoter Group, Key Managerial Personnel, Senior Management or our Group Company in relation to the utilization of the Net Proceeds of the Offer. Further, except in the ordinary course of business, there is no existing or anticipated interest of such individuals and entities in the Objects of the Fresh Issue as set out above.

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 [●] times the face value and the Cap Price is [●] 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, 218, 396, 296 and 81, 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 in India with presence across the polyester, cotton and technical textile 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 predicable 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 221.

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 296.

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	

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.*

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	[●]	[●]	[●]
Diluted EPS as per the Restated Consolidated Financial Information for the year ended March 31, 2024	[●]	[●]	[●]

3. **Industry P/E ratio***

Particulars	P/E Ratio
Highest	40.18
Lowest	22.49
Average	**29.28**

**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	

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.*

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

   a. As on March 31, 2024, as per the Restated Consolidated Financial Information: ₹ 177.22 per Equity Share

   b. After the completion of the Offer:

      i. At the Floor Price: ₹ [●]

      ii. At the Cap Price: ₹ [●]

iii. At the Offer Price: ₹ [●]

6. **Comparison with Listed Industry Peers**

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	40.18	18.48%
Vardhman Textiles Ltd.	2	95,046.80	22.20	22.20	314.69	23.34	7.00%
Indo Count Industries Ltd.	2	35,570.69	17.06	17.06	105.48	22.49	16.35%
Filatex India Ltd.	1	42,859.00	2.49	2.49	27.13	25.00	9.19%
Garware Technical Fibres Ltd.	10	13,256.11	102.16	102.16	621.49	35.38	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**:*

1. *Basic EPS and Diluted EPS refer to the Basic EPS and Diluted EPS sourced from the financial statements of the respective company.*
2. *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.*
3. *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. The annual report of Vardhman Textiles Ltd., Filatex India Ltd. and Garware Technical Fibres Ltd. for Fiscal 2024 are not available in the public domain as of the date of this Draft Red Herring Prospectus, consequently, while calculating the net worth of these companies, any balance of re-measurement of defined benefit plan which may be reclassified subsequently to profit or loss and any employee stock options outstanding reserve have not been considered.*
4. *NAV per equity share has been computed as the total equity attributable to common shareholders (excluding non-controlling 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 August 16, 2024. Further, our Company's Audit Committee has on August 16, 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 this Draft 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 August 20, 2024, who hold a valid certificate issued by the Peer Review Board of the ICAI. The Independent Chartered Accountants certificate dated August 20, 2024 has been included in the section '*Material Contracts and Documents for Inspection*' of this Draft 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 Fiscals 2024, 2023 and 2022 is set out below:

(₹ in million, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from operations	29,575.04	33,292.13	31,853.20
EBITDA (1)	2,265.81	2,595.30	5,376.12
EBITDA margin (2)	7.66%	7.80%	16.88%
Profit after tax	1,338.48	1,527.41	3,554.42
Return on equity (3)	11.09%	14.36%	43.95%
Return on capital employed (4)	11.80%	15.54%	35.83%
Net debt (5)	3,499.49	2,719.82	3,702.62
Net debt / EBITDA	1.54	1.05	0.69
Fixed asset turnover ratio (6)	3.19	3.51	3.56
Working capital cycle (7)	54 days	44 days	65 days

Notes:

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Average Shareholder's Equity. (Average Shareholder's Equity = (Opening Total Equity + Closing Total Equity)/2)

(4) EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Total Debt + Deferred Tax Liabilities)

(5) Current Borrowings + non-current borrowings – cash and cash equivalents.

(6) Revenue from operations / Net block of property, plant and equipment.

(7) 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 381.

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.	EBITDA margin	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

Sr. no.	KPI	Explanation
		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 this Draft Red Herring Prospectus, see '*Our Business*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 218 and 396, 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.

a. Comparison with listed industry peers (Fiscal 2024)

Particulars	For Fiscal 2024					
	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	2,265.81	12,366.90	10,158.60	5,590.18	2,378.50	2,716.16
EBITDA margin	7.66%	20.41%	10.69%	15.72%	5.55%	20.49%
Profit after tax	1,338.48	8,053.50	6,367.00	3,379.25	1,106.60	2,081.80
Return on equity	11.09%	19.97%	7.14%	17.41%	9.61%	18.50%
Return on capital employed	11.80%	19.78%	8.32%	16.84%	11.31%	20.83%
Net debt	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	3.19	2.50	2.54	2.79	3.39	5.22
Working capital cycle	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.

b. Comparison with listed industry peers (Fiscal 2023)

Particulars	For Fiscal 2023					
	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)	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	1,527.41	8,141.0	8,047.50	2,767.77	898.96	1,722.00
Return on equity (3)	14.36%	23.62%	9.76%	16.36%	8.23%	17.33%
Return on capital employed (4)	15.54%	22.58%	10.97%	15.57%	11.76%	19.93%
Net debt (5)	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 (6)	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.

c. Comparison with listed industry peers (Fiscal 2022)

	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#**
Particulars	**Consolidated**	**Consolidated**	**Consolidated**	**Consolidated**	**Standalone**	**Consolidated**
Revenue from Operations (₹ million)	31,853.20	48,224.80	96,223.40	28,420.18	38,280.94	11,893.99
EBITDA (1)	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	3,554.42	8,418.40	15,510.40	3,586.13	3,027.27	1,647.81
Return on equity (3)	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)	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

**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.

Notes:
(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income
(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.
(3) Profit after tax / Average Shareholder's Equity. (Average Shareholder's Equity = (Opening Total Equity + Closing Total Equity)/2)
(4) EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Total Debt + Deferred Tax Liabilities)
(5) Current Borrowings + non-current borrowings – cash and cash equivalents.
(6) Revenue from operations / Net block of property, plant and equipment.
(7) 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).

8. **Weighted average cost of acquisition (WACA), Floor Price and Cap Price**

   a. *The price per share of our Company based on the primary/ new offer of shares (equity/ convertible securities)*

   Our Company has not issued any Equity Shares or convertible securities equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s)), in the last 18 months preceding the date of this Draft Red Herring Prospectus, in a single transaction or multiple transactions combined together over a span of rolling 30 days.

b. *The price per share of our Company based on secondary sale/ acquisitions of shares (equity/ convertible securities)*

There have been no secondary sale/ acquisitions of Equity Shares or any convertible securities, where our Promoters or the members of our Promoter Group are a party to a transaction, during the 18 months preceding the date of this Draft Red Herring Prospectus, where either acquisition or sale is equal to or more than 5% of the fully diluted paid-up share capital of our Company (calculated based on the pre-Offer capital before such transaction(s) and excluding employee stock options granted but not vested), in a single transaction or multiple transactions combined together over a span of rolling 30 days.

Since there are no such transaction to report to under (a) and (b), the following are the details based on the last 5 primary or secondary transactions (secondary transactions where Promoter or the members of our Promoter Group or Selling Shareholders are a party to the transaction), not older than 3 years prior to the date of this Draft Red Herring Prospectus irrespective of the size of transactions:

Date of transaction	Number of Equity Shares allotted	Name of the Transferor	Name of the Transferee	Face value (₹)	Issue price per equity share (₹)	Nature of consideration	Total consideration
December 10, 2021	1,04,75,000	Ajay Vallabhdas Dattani	Nimbus Trust	10	N.A.	Transfer	N.A.
December 10, 2021	1,04,75,000	Dinesh Vrajdas Dattani	D&G Family Trust	10	N.A.	Transfer	N.A.
December 10, 2021	1,04,75,000	Anilkumar Vrajdas Dattani	A&J Family Trust	10	N.A.	Transfer	N.A.
December 10, 2021	1,04,75,000	Paresh Vrajlal Dattani	P&B Family Trust	10	N.A.	Transfer	N.A.
November 26, 2021	18,000	Jyotsna V Dattani	Ajay Vallabhdas Dattani	10	N.A.	Transfer	N.A.
Total	**4,19,18,000**					-	**N.A.**
Weighted average cost of acquisition (WACA) for Secondary Transactions (in ₹)							**N.A.**

For further details in relation to the share capital history of our Company, see *'Capital Structure'* on page 96.

Based on the above transactions, below are the details of the weighted average cost of acquisition, as compares to the Floor Price and the Cap Price:

Past Transactions	Weighted average cost of acquisition (in ₹)	Floor Price (i.e., ₹ ([●])*	Cap Price (i.e., ₹ [●])*
Weighted average cost of acquisition of primary transactions / secondary transactions, as mentioned at paragraphs 8(a) and 8(b) above	Nil	[●] times	[●] times

**To be updated at Prospectus stage.*

9. **Justification for Basis for the Offer Price**

Set out below is an explanation for Offer Price being ₹ [●] in comparison to our WACA of primary and secondary transactions set out in paragraph 8(a) and 8(b) above along with our Company's key performance indicators and financial ratios for the Fiscals 2024, 2023, and 2022, and in view of the external factors which may have influenced the pricing of the Offer, if any. For details of our key performance indicators, see '*Key Performance Indicators'* at paragraph 7 above.

[●]*

**To be included upon finalisation of Price Band*

10. **The Offer Price will be [●] times the face value of the Equity Shares**

The Offer Price of ₹ [●] has been determined by our Company, in consultation with the BRLMs, on the basis of assessment of market demand from investors for Equity Shares through the Book Building Process and is justified in view of the above qualitative and quantitative parameters. Investors should read the above information along with *'Risk Factors', 'Our Business', 'Restated Consolidated Financial Information'* and *'Management's Discussion and Analysis of Financial Conditions and Results of Operations'* on pages 34, 218, 296, and 396. The trading price of the Equity Shares could decline due to the factors mentioned in '*Risk Factors'* or any other factors that may arise in the future and you may lose all or part of your investments.

11. **Disclosure of KPIs**

Our Company shall continue to disclose the KPIs disclosed above on a periodic basis, at least once in a year (or a lesser duration, as our Company may determine) for a duration that is at least the later of (i) 1 year after the listing date or the period specified by SEBI; (ii) till the utilisation of the Net Proceeds. Any changes in these KPIs in the aforementioned period, will be explained by our Company. The ongoing KPI will continue to be certified by a member of an expert body as specified under the SEBI ICDR Regulations.

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS

Report on Statement of Direct Tax Benefits

To,

The Board of Directors,
Sanathan Textiles Limited,
SRV No. 187/4/1/2, Near Surangi Bridge,
Surangi, Dadra and Nagar Haveli,
Dadra and Nagar Haveli – 396230.

Date: 20 August 2024

Subject: Statement of possible special tax benefits (the 'Statement') available to Sanathan Textiles Limited (the 'Company') and its shareholders prepared in accordance with the requirement under Schedule VI – Part A - Clause (9)(L) of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 (the 'SEBI ICDR Regulations")

This report is issued in accordance with the Engagement Letter dated 26 February 2024 and addendum to the engagement letter dated 02 August 2024.

We hereby report that the enclosed **Annexure II and III** prepared by the Company, initialled by us for identification purpose, states the possible special tax benefits available to the Company and its shareholders, under direct and indirect taxes (together the **'Tax Laws"**), presently in force in India as on the 20 August 2024, which are defined in **Annexure I**. These possible special tax benefits are dependent on the Company and its shareholders fulfilling the conditions prescribed under the relevant provisions of the Tax Laws. Hence, the ability of the Company and its shareholders to derive these possible special tax benefits is dependent upon their fulfilling such conditions, which is based on business imperatives the Company may face in the future and accordingly, the Company and its shareholders may or may not choose to fulfil.

The benefits discussed in the enclosed **Annexures II and III** cover the possible special tax benefits available to the Company and its shareholders and do not cover any general tax benefits available to the Company and its shareholders. Further, the preparation of the enclosed **Annexures II and III** and its contents is the responsibility of the Management of the Company and has been approved by the IPO committee of the Company at its meeting held on 20 August 2024. We were informed that the Statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. Further, the benefits discussed in the Annexures II and III are not exhaustive. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the proposed initial public offering of equity shares of the Company (the **'Offering'**) particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the possible special tax benefits, which an investor can avail. Neither we are suggesting nor advising the investors to invest money based on the Statement.

We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes (Revised 2016) (the **'Guidance Note'**) issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with ethical requirements of the Code of Ethics issued by the Institute of Charted Accountants of India.

We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, 'Quality Control for Firms that perform Audits and Reviews of Historical Financial information, and Other Assurance and Related Services Engagements.'

We do not express any opinion or provide any assurance as to whether:

i) the Company and its shareholders will continue to obtain these possible special tax benefits in future; or

ii) the conditions prescribed for availing the possible special tax benefits where applicable, have been/would be met with.

The contents of the enclosed Annexures are based on the information, explanation and representations obtained from the Company, and on the basis of our understanding of the business activities and operations of the Company.

Our views expressed herein are based on the facts and assumptions indicated to us. No assurance is given that the revenue authorities / courts will concur with the views expressed herein. Our views are based on the existing provisions of the Tax Laws and its interpretation, which are subject to change from time to time. We do not assume responsibility to update the views consequent to such changes. We shall not be liable to the Company for any claims, liabilities or expenses relating to this assignment except to the extent of fees relating to this assignment, as finally judicially determined to have resulted primarily from bad faith or intentional misconduct. We will not be liable to the Company and any other person in respect of this Statement, except as per applicable law.

This report is addressed to and is provided to enable the Board of Directors of the Company to include this report in the Draft Red Herring Prospectus, prepared in connection with the Offering to be filed by the Company with the Securities and Exchange Board of India and the concerned stock exchanges. It is not to be used, referred to or distributed for any other purpose without our prior written consent.

For **Walker Chandiok & Co LLP**
Chartered Accountants
Firm Registration No. 001076N/N500013

Huned Contractor
Partner
Membership No.: 041456

UDIN: 24041456BKFFGL3045

Date: 20 August 2024
Place: Mumbai

ANNEXURE I

List of Direct and Indirect Tax Laws

S.No.	Details of tax laws
1.	Income-tax Act, 1961 and Income-tax Rules, 1962 (read with applicable circulars and notifications) as amended by the Finance (No. 2) Act 2024.
2.	Income-tax Rules, 1962
3.	The Central Goods and Services Tax Act, 2017
4.	The Integrated Goods and Services Tax Act, 2017
5.	The State Goods and Services Tax Act, 2017
6.	The Customs Act, 1962
7.	The Customs Tarriff Act, 1975
8.	Foreign Trade (Development and Regulation) Act, 1992
9.	Foreign Trade Policy, 2023

ANNEXURE II

STATEMENT OF POSSIBLE SPECIAL TAX BENEFITS AVAILABLE TO SANATHAN TEXTILES LIMITED AND ITS SHAREHOLDERS UNDER THE APPLICABLE DIRECT TAX LAWS IN INDIA.

A. Direct Taxation

Benefits available to Sanathan Textiles Limited (the 'Company') and the Shareholders of the Company under the Income-tax Act, 1961 ('the Act') (read with Income Tax Rules, circulars, notifications) as amended by the Finance (No.2) Act 2024, (hereinafter referred to as 'Indian Income Tax Regulations'):

1 <u>Special Tax Benefits available to the Company</u>

a) <u>Lower corporate tax rate on income of domestic companies – Section 115BAA of the ITA</u>

Section 115BAA of the Act, introduced vide The Taxation Laws (Amendment) Act, 2019, lays down certain conditions on fulfillment of which domestic companies are entitled to avail a beneficial tax rate of 22% (plus applicable surcharge and cess). The option to apply this tax rate is made available from Financial Year ('FY') 2019-20 relevant to Assessment Year ('AY') 2020-21.

The Company has opted to pay tax as per new tax regime under Section 115BAA of the Act, from FY 2020-21. Such option once exercised shall apply to all subsequent assessment years. Where such an option is exercised, the Company will not be allowed to claim any of the following deductions/exemptions:

(i) Deduction under Section 10AA of the Act (deduction for units in Special Economic Zone);

(ii) Deduction under clause (iia) of sub-Section (1) of Section 32 of the Act (Additional depreciation);

(iii) Deduction under Section 32AD, Section 33AB, or Section 33ABA of the Act (Investment allowance in backward areas, Investment deposit account, site restoration fund);

(iv) Deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-Section (1) or sub-Section (2AA) or sub-Section (2AB) of Section 35 of the Act (Expenditure on scientific research);

(v) Deduction under Section 35AD or Section 35CCC of the Act (Deduction for specified business, agricultural extension project);

(vi) Deduction under Section 35CCD of the Act (Expenditure on skill development);

(vii) Deduction under any provisions of Chapter VI-A other than of Section 80JJAA or Section 80M of the Act;

(viii) Deduction under Section 80LA of the Act other than deduction applicable to a unit in the International Financial Services Centre, as referred to in sub-Section (1A) of Section 80LA of the Act;

(ix) No set-off of any loss brought forward or unabsorbed depreciation from any earlier assessment year(s), if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above; and

(x) No set-off of any loss or allowance for unabsorbed depreciation deemed so under Section 72A of the Act, if such loss or depreciation is attributable to any of the deductions referred from clause (i) to (viii) above.

Additionally, the provisions of Section 115JB of the Act i.e., Minimum Alternate Tax ('MAT') shall not apply to the company once the option under Section 115BAA of the Act, as specified under sub-Section (5A) of Section 115JB of the Act. Further, the company will not be allowed to carry forward and set off any credit under Section 115JAA of the Act, if any, commonly referred to as MAT credit. The Company has submitted the prescribed Form 10-IC with the Income-tax authorities on 15 February 2021 i.e., within the specified due date for filing Income-tax return.

b) Deductions in respect of employment of new employees – Section 80JJAA of the ITA

As pr Section 80JJAA of the Act, the Company to whom Section 44AB of the Act, applies and derives income from business, is entitled to a deduction of an amount equal to thirty percent in respect of additional employee cost (relating to specified category of employees) incurred during the previous year. Such deduction is available for a period of three assessment years effective from the year in which such employment is provided. The eligibility to claim the deduction is subject to fulfilment of prescribed conditions specified in sub-Section (2) of Section 80JJAA of the Act. The Company is also required to submit the prescribed form with the Income-tax authorities within the specified due date.

c) Deduction with respect to inter-corporate dividends – Section 80M of the ITA

As per Section 80M of the Act, dividend received by the company from any other domestic company, or a foreign company shall be eligible for deduction while computing its total income for the relevant year. The amount of such deduction would be restricted to the amount of dividend distributed by the company upto one month prior to the date of filing of its Income-tax return for the relevant year.

Since the Company has investments in India, it may avail the above-mentioned benefit under Section 80M of the Act.

d) Deductions in respect of specified expenditure

As per the provisions of Section 35D of the Act, the Company may be entitled to amortize preliminary expenditure, being specific expenditure incurred in connection with the issue for public subscription or being other expenditure as prescribed under this Section. This is subject to the specified limit under the Act i.e., maximum 5% of the cost of the project or 5% of the capital employed in the business of the Company. The deduction is allowable for an amount equal to one-fifth of such expenditure for each of five successive previous years beginning with the previous year in which the business commences or as the case may be, the previous year in which the extension of the undertaking is completed, or the new unit commences production or operation. The Company is also required to submit the prescribed form with the Income-tax authorities within the specified due date.

2 Special Tax Benefits available to the Shareholders of the Company

a) Section 115BAC of the Act provides for the concessional tax regime to any person being an Individual or Hindu Undivided Family or Association of Persons (other than a co-operative society), or Body of Individuals, whether incorporated or not, or an artificial juridical person. With effect from Assessment Year 2025-26 onwards, income tax under the said provision shall be computed as per rates mentioned in below table:

Sr. No.	Total income	Proposed tax rates
1	Upto INR 3,00,000/-	Nil
2	INR 3,00,001/- to INR 7,00,000/-	5%
3	INR 7,00,001/- to INR 10,00,000/-	10%
4	INR 10,00,001/- to INR 12,00,000/-	15%
5	INR 12,00,001/- to INR 15,00,000/-	20%
6	Above INR 15,00,000/-	30%

The concessional tax regime is default tax regime for the abovementioned persons. However, the option to opt out of concessional tax regime and opt for old tax regime is available to the above class of taxpayers. The person willing to opt out shall exercise such option:

(i) by filing the prescribed form, on or before the due date specified under sub-Section (1) of Section 139 of the ITA for furnishing the return of income for the relevant assessment year in case of a person having income from business or profession, and such option once exercised shall apply to subsequent assessment years. However, option of old tax regime exercised can be withdrawn only once during a previous year other than the year in which it was exercised. Once withdrawn, the person shall never be eligible to exercise the option of old tax regime except where such person ceases to have any income from business or profession; or

(ii) in all other cases, along with the return of income to be furnished under sub-Section (1) of Section 139 of the ITA for the relevant assessment year.

Under the concessional tax regime, the person shall not be allowed to claim any of the following deductions/exemptions:

1. exemption or deduction under the provisions of clause (5) or clause (13A) or prescribed under clause (14) (other than those as may be prescribed for this purpose) or clause (17) or clause (32), of Section 10 of the ITA;
2. deduction under Section 10AA of the ITA (deduction for units in Special Economic Zone);
3. deduction under clause (ii) or clause (iii) of Section 16 of the ITA;
4. deduction under clause (b) of Section 24 of the ITA [in respect of the property referred to in sub-Section (2) of Section 23 of the ITA]
5. deduction under clause (iia) of sub-Section (1) of Section 32 of the ITA (Additional depreciation);
6. deduction under Section 32AD, Section 33AB, or Section 33ABA of the ITA (Investment allowance in backward areas, Investment deposit account, site restoration fund);
7. deduction under sub-clause (ii) or sub-clause (iia) or sub-clause (iii) of sub-Section (1) or sub-Section (2AA) of Section 35 of the ITA (Expenditure on scientific research);
8. deduction under Section 35AD or Section 35CCC of the ITA (Deduction for specified business, agricultural extension project);
9. deduction under any provisions of Chapter VI-A other than the provisions of sub-Section (2) of Section 80CCD or sub-Section (2) of Section 80CCH or Section 80JJAA of the ITA;
10. no set off of any loss brought forward or unabsorbed depreciation from any earlier assessment year(s), if such loss or depreciation is attributable to any of the deductions referred from clause 1 to 9 above; and
11. no set off of loss under the head 'Income from House Property' with any other head of income.

b) Dividend income earned by the shareholders would be taxable in their hands at the applicable rates. However, in the case of a domestic corporate shareholder, benefit of deduction under Section 80M of the Act would be available on fulfilling the conditions (as discussed in 1(c) above).

In case of the shareholders who are individuals, Hindu Undivided Family, Association of Persons, Body of Individuals, whether incorporated or not and every artificial juridical person, the surcharge would be restricted to 15%, irrespective of the amount of dividend.

Further, the shareholders would be entitled to take credit of the Tax Deducted at Source, if any, by the Company against the taxes payable by them.

c) As per Section 115A of the Act, dividend income earned by a non-resident (not being a company) or by a foreign company, shall be taxed at the rate of 20% subject to fulfilment of prescribed conditions under the Act.

d) As per Section 112A of the Act, long-term capital gains arising from the transfer of an equity share on which securities transaction tax ('STT') is paid at the time of acquisition and sale, shall be taxed at the rate of 10% (without applying indexation) of such capital gains. This is subject to fulfilment of prescribed additional conditions as per Notification No. 60/2018/F. No.370142/9/2017-TPL dated 01 October 2018. It is worthwhile to note that tax shall be levied where such aggregate capital gains exceed INR 1,00,000/- in a year. The Finance (No. 2) Act 2024 has changed the rate of tax to 12.5% (without applying indexation) w.e.f. 23 July 2024 and enhance the limit to INR 1,25,000.

   Further, surcharge on long-term capital gains arising from any capital asset, is restricted to 15%.

e) As per Section 111A of the Act, short-term capital gains arising from transfer of equity shares on which securities transaction tax (STT) is paid at the time of acquisition and sale, shall be taxed at the rate of 15%. Further, surcharge on short-term capital gains taxable under Section 111A, is restricted to 15%.

   The Finance (No. 2) Act 2024 has increased the tax rate from 15% to 20% w.e.f. 23 July 2024.

f) As per Section 90(2) of the Act, non-resident shareholders are entitled to be governed by the beneficial provisions under the respective Double Taxation Avoidance Agreement ('DTAA'), if any, applicable to such non-residents. This is subject to fulfilment of conditions prescribed to avail treaty benefits.

   Further, any income by way of capital gains, dividends accruing to non-residents may be subject to withholding tax per the provisions of the Act or under the relevant DTAA, whichever is beneficial. However, where such non-resident has obtained a lower withholding tax certificate from the tax authorities, the withholding tax rate would be as per the said certificate. The non-resident shareholders may be able to avail credit of any taxes paid by them in India, subject to local laws of the country in which such shareholder is resident.

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Act. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in this statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for professional tax advice. Given the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her tax consultant for the specific tax implications arising out of their participation in the issue.

3. The Statement has been prepared on the basis that the shares of the Company are proposed to be listed on a recognized stock exchange in India and the Company will be issuing the equity shares.

4. The Statement is prepared based on information available with the Management of the Company and there is no assurance that:

   i. the Company or its shareholders will continue to obtain these benefits in future;

   ii. the conditions prescribed for availing the benefits have been/ would be met with; and

   iii. the revenue authorities/courts will concur with the view expressed herein.

5. This Annexure covers only certain relevant direct tax law benefits and does not cover any indirect tax law benefits or benefit under any other law.

6. In respect of non-resident Shareholders, the tax rates and consequent taxation will be further subject to any benefits available under the relevant Double Taxation Avoidance Agreements(s), if any, between India and the country in which the non-resident has fiscal domicile.

7. No assurance is provided that the revenue authorities /courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

For and on behalf of Sanathan Textiles Limited

Paresh Kumar V. Dattani

Chairman and Managing Director

Place: Mumbai

Date: 20 August 2024

ANNEXURE III

STATEMENT OF POSSIBLE SPECIAL INDIRECT TAX BENEFITS AVAILABLE TO SANATHAN TEXTILES LIMITED (FORMERLY KNOWN AS SANATHAN TEXTILES PRIVATE LIMITED) (THE 'COMPANY') AND ITS SHAREHOLDERS

Outlined below are the special indirect tax benefits available to the Company and its shareholders under the Central Goods and Services Tax Act, 2017, the State Goods and Services Tax, 2017, the Integrated Goods and Services Tax Act, 2017 ('GST law'), the Customs Act, 1962, Customs Tariff Act, 1975 ('Customs law'), Foreign Trade (Development and Regulation) Act, 1992 and Foreign Trade Policy, 2023 ('FTP') (collectively referred as 'Indirect Tax') read with Rules, Circulars, and Notifications

I. Special tax benefits available to the Company

a. **<u>Advance authorisation</u>**

Advance Authorisation is a scheme under FTP that allows duty free import of inputs, which are physically incorporated in an export product. In addition to any inputs, packaging material, fuel, oil, catalyst which is consumed / utilised in the process of production of export product, is also allowed to be imported duty free.

The quantity of inputs allowed for a given product is based on specific norms defined for that export product. The Directorate General of Foreign Trade (DGFT) provides a sector - wise list of Standard Input - Output Norms (SION) under which the exporters may choose to apply. Alternatively, exporters may apply for their own ad - hoc norms in cases where the SION does not suit the exporter.

The inputs imported are exempt from duties like Basic Customs Duty, Additional Customs Duty, Education Cess, Anti-dumping duty, Safeguard Duty and Transition Product - Specific Safeguard duty, Integrated tax, and Compensation Cess, wherever applicable, subject to certain conditions.

Advance Authorisation covers manufacturer exporters or merchant exporters tied to supporting manufacturer(s)

b. **<u>Export Promotion Capital Goods (EPCG) Scheme</u>**

The objective of the Export Promotion Capital Goods (EPCG) Scheme is to facilitate import of capital goods for producing quality goods and services and enhance manufacturing competitiveness. EPCG Scheme allows import of capital goods that are used in pre-production, production and post-production without the payment of customs duty.

Capital goods imported under the benefit under the scheme is subject to an export value equivalent to 6 times of duty saved on the importation of such capital goods within 6 years from the date of issuance of the authorisation. EPCG scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers.

c. **<u>Remission of duties and taxes on Exported Products (RoDTEP)</u>**

The Remission of duties and taxes on exported products scheme has replaced Merchandise Export from India Scheme (MEIS). Under the scheme, rebate of these taxes will be given in the form of duty credit/electronic scrip. The scheme was notified from 1 January 2022 with the intention to boost exports. The rate of duty of remission for the products under RoDTEP scheme has been notified by the Government of India and it ranges from 0.5 percent to 4 percent.

II. Special tax benefits available to the Shareholders

a. There are no special tax benefits available to shareholders for investing in the shares of the Company.

Notes:

1. These special tax benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provisions of the Indirect Tax Regulations. Hence, the ability of the Company or its shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which based on the business imperatives, the Company or its shareholders may or may not choose to fulfil.

2. The special tax benefits discussed in the Statement are not exhaustive and is only intended to provide general information to the investors and hence, is neither designed nor intended to be a substitute for a professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications.

3. The Statement has been prepared on the basis that the shares of the Company are to be listed on a recognised stock exchange in India and the Company will be issuing equity shares.

4. The Statement is prepared on the basis of information available with the Management of the Company and there is no assurance that:

   i. The Company or its shareholders will continue to obtain these benefits in future;

   ii. The conditions prescribed for availing the benefits have been/ would be met with; and

   iii. The revenue authorities / courts will concur with the view expressed herein.

5. The above views are basis the provisions of law, their interpretation and applicability as on date, which may be subject to change from time to time.

For and on behalf of **Sanathan Textiles Limited**

Paresh Kumar V. Dattani

Chairman and Managing Director

Place: Mumbai

Date: 20 August 2024

SECTION V: ABOUT THE COMPANY

INDUSTRY OVERVIEW

Unless otherwise indicated, industry and market data used in this section has been derived from industry report titled 'Assessment of textile industry with special focus on yarn manufacturing market in India' prepared by CRISIL dated April 12, 2024, prepared and issued by CRISIL, read with Addendum dated August 16, 2024, appointed by us pursuant to engagement letter dated January 29, 2024, and exclusively commissioned and paid for by us in connection with the Offer. Unless otherwise indicated, all industry and other related information derived from the 'Assessment of textile industry with special focus on yarn manufacturing market in India' and included herein with respect to any particular year refers to such information for the relevant calendar year. CRISIL was appointed by our Company and is not connected to our Company, our Directors, and our Promoters. A copy of the CRISIL Report is available on the website of our Company at https://www.sanathan.com/investor-relations. Also see, 'Certain Conventions, Use of Financial Information and Market Data and Currency of Presentation – Industry and Market Data' on page 17. The data included herein includes excerpts from the CRISIL Report and may have been re-ordered by us for the purposes of presentation. There are no parts, data, or information (which may be relevant for the proposed Offer), that has been left out or changed in any manner. The CRISIL Report has also been included in 'Material Contracts and Documents for Inspection - Material Documents' on page 504. The data used in the industry sources and publication involves risks, uncertainties and numerous assumptions and is subject to change based on various factors, including those discussed in the 'Risk Factors' on page 34. Accordingly, investors should not place undue reliance on, or base their investment decision on this information. Industry sources and publications may also base their information on estimates, projections, forecasts, and assumptions that may prove to be incorrect. Accordingly, investors must rely on their independent examination of, and should not place undue reliance on, or base their investment decision solely on this information. The investors should not construe any of the contents set out in this section as advice relating to business, financial, legal, taxation or investment matters and are advised to consult their own business, financial, legal, taxation, and other advisors concerning the transaction.

1. Global macroeconomic assessment

India among the world's fastest-growing large economies

India was one of the fastest-growing economies in CY2018 and CY2019. In CY2020, GDP of most countries, including developed ones such as the US and the UK, except China, contracted due to the pandemic. India's GDP shrank 5.8% in CY2020 (fiscal 2021). In CY2021, GDP growth of all major economies rebounded as economic activity resumed and due to the low base of CY2020. Among major economies, India, with a growth rate of ~9.1%, was the fastest growing in CY2021 (fiscal 2022), followed by China at 8.4%. The country also overtook the UK as the fifth-largest economy in the world in the April-June quarter of CY2022 and registered a GDP growth of 7.2% in CY2022 (fiscal 2023). Moving forward, India's GDP is projected to grow at ~6.7% and 6.5% in CY2023 (fiscal 2024) and CY2024 (fiscal 2025) respectively. Additionally, India is expected to grow faster than China as well as the global average in CY2024 (fiscal 2025).

Real GDP growth by geographies

Regions	CY2018	CY2019	CY2020	CY2021	CY2022 E	CY2023 E	CY2024 P	CY2025 P
US	2.9	2.3	-2.8	5.9	1.9	2.5	2.1	1.7
Euro area	1.8	1.6	-6.1	5.6	3.4	0.5	0.9	1.7
UK	1.7	1.6	-11.0	7.6	4.3	0.5	0.6	1.6
China	6.8	6.0	2.2	8.4	3.0	5.2	4.6	4.1
India*	6.5	3.9	-5.8	9.1	7.2	6.7	6.5	6.5
Advanced economies	2.3	1.7	-4.2	5.6	2.6	1.6	1.5	1.8
Emerging market and developing economies	4.6	3.6	-1.8	6.9	4.1	4.1	4.1	4.2
World	**3.6**	**2.8**	**-2.8**	**6.3**	**3.5**	**3.1**	**3.1**	**3.2**

Note: E:Estimated, P: Projection as per IMF update
** Numbers for India are for financial year (2020 is fiscal 2021 and so on) and as per the IMF's October 2023 World Economic outlook. CRISIL's GDP forecast for India: 6.8% in fiscal 2025, As per second advanced estimates of National Income from MOSPI, India GDP growth: 9.8% in fiscal 2022, 7.0% in fiscal 2023 and 7.6% in fiscal 2024*

Source: IMF economic database, World Bank national accounts data, OECD national accounts data, CRISIL MI&A

India's per capita GDP has been growing faster than the global average

Global GDP per capita clocked a CAGR of 3.1% between CY2018 and CY2023, as per the International Monetary Fund (IMF) data. Meanwhile, India's per capita registered a CAGR of 5.8% between CY2018 (fiscal 2019) and CY2023 (fiscal 2024)

GDP per capita, current prices (U.S. dollars)

Regions	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023 E	CY2024 P	CY2025 P	CAGR (CY2018 -23E)
Canada	46,626	46,450	43,384	52,388	55,037	53,247	55,528	57,899	2.7%
China	9,849	10,170	10,525	12,572	12,670	12,541	13,156	14,031	5.0%
Euro area	39,865	39,001	37,915	42,404	40,819	44,566	46,926	49,067	2.3%
India	**1,974**	**2,050**	**1,913**	**2,238**	**2,392**	**2,612**	**2,848**	**3,102**	**5.8%**
Japan	39,850	40,548	40,133	39,933	33,854	33,950	34,555	36,657	-3.2%
United Kingdom	43,378	42,797	40,347	46,422	45,461	48,913	52,426	55,732	2.4%
US	62,788	65,077	63,577	70,160	76,343	80,412	83,063	85,877	5.1%
Advanced economies	48,077	48,350	47,220	52,474	53,129	55,921	58,172	60,674	3.1%
Emerging market and developing economies	5,364	5,415	5,152	5,972	6,357	6,455	6,772	7,130	3.8%
World	11,457	11,500	11,077	12,468	12,895	13,333	13,872	14,477	3.1%

Source: IMF, CRISIL MI&A

2. Macroeconomic overview of India

2.1 Review of India's GDP Growth

Healthy growth of GVA in fiscal 2023 in line with GDP growth

On the supply side, gross value added (GVA) at current prices grew 15.4% in fiscal 2023, compared with 17.9% growth in fiscal 2022. In absolute terms, current GVA was valued at Rs 247 trillion in fiscal 2023, up from Rs 214 trillion in fiscal 2022. Additionally, in fiscal 2024, GVA is expected to reach Rs 267 trillion, up from Rs 247 trillion, registering a growth of ~8.0%. Overall, GVA has registered a CAGR of ~10.4% between fiscal 2012 and fiscal 2024.

Within GVA, i) financial, real estate & professional services, ii) agriculture, forestry and fishing, and iii) trade, hotels, transport, communication & services related to broadcasting are the top three contributors to the overall GVA in fiscal 2024(FAE) with the share of 21.8%, 18.0% and 17.6% respectively.

GVA at current prices

Rs trillion	FY12	FY19	FY20	FY21	FY22 (RE)	FY23 (PE)	FY24 (FAE)	Share in GVA FY24	FY12 - FY24 CAGR
Agriculture, forestry and fishing	15	30	34	37	41	46	48	18.0%	10.2%

Rs trillion	FY12	FY19	FY20	FY21	FY22 (RE)	FY23 (PE)	FY24 (FAE)	Share in GVA FY24	FY12 - FY24 CAGR
Mining and quarrying	3	4	4	3	4	6	6	2.3%	7.4%
Manufacturing	14	28	27	28	34	36	38	14.2%	8.6%
Electricity, gas, water supply & other utility services	2	4	5	5	6	7	8	3.0%	13.0%
Construction	8	14	14	13	17	20	22	8.3%	9.1%
Trade, Hotels, Transport, Communication & Services related to Broadcasting	14	32	35	29	36	44	47	17.6%	10.5%
Financial, Real Estate & Professional Services	15	35	39	40	46	53	58	21.8%	11.8%
Public Administration, Defence & Other Services	10	24	27	26	30	34	39	14.7%	11.8%
Total GVA at current prices	81	172	184	182	214	247	267		10.4%

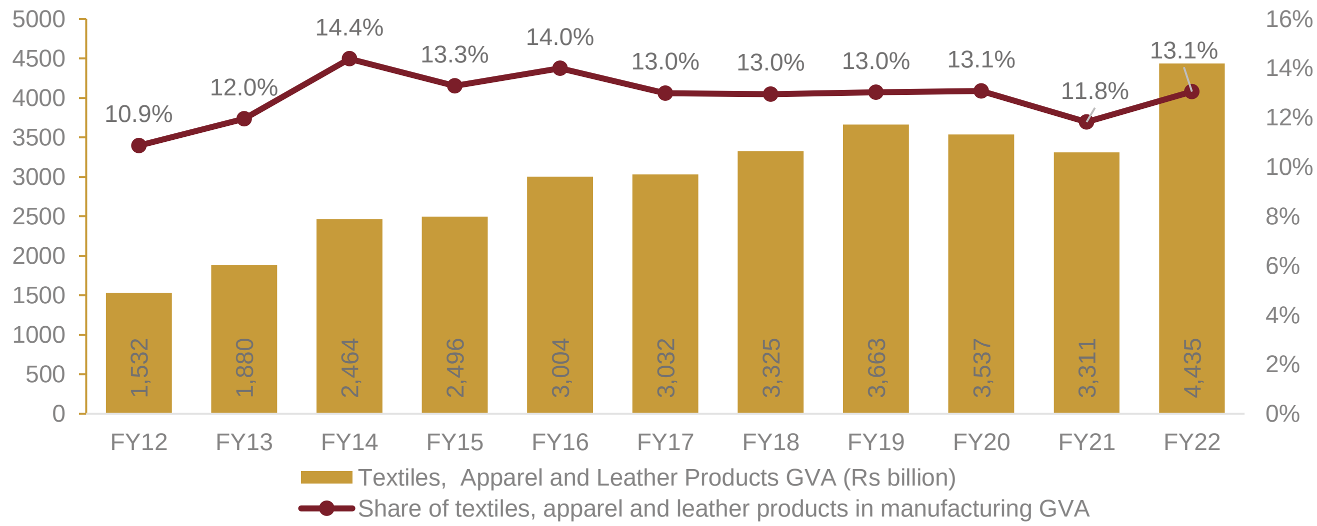
Note: RE: revised estimate, PE: provisional estimate, FAE: First advance estimates

Source: MoSPI, CRISIL MI&A

Share of textile, apparel and leather industry improved in manufacturing GVA at current prices in India

The contribution of textile, apparel and leather industry in India in the overall manufacturing GVA of the country improved to 13.1% in fiscal 2022, up from 10.9% in fiscal 2012. In absolute terms, GVA of textile, apparel and leather industry at current prices grew to Rs 4,435 billion in fiscal 2022, on a base of Rs 1,532 billion in fiscal 2012, thereby registering a CAGR of 11.2%.

Textiles, Apparel and Leather products GVA (current price)



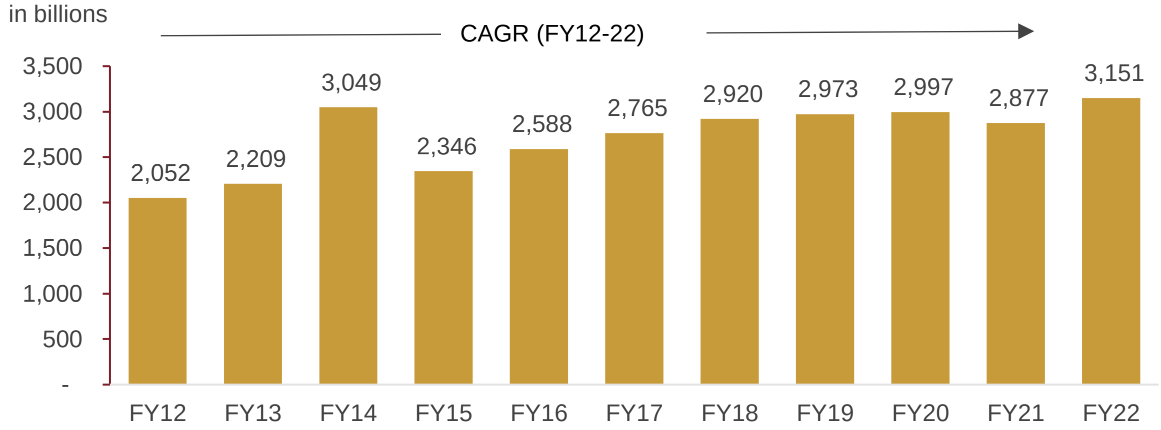
Source: Ministry of Statistics and Programme implementation, CRISIL MI&A

2.2 Fundamental growth drivers of GDP

Investments in textile and wearing apparel segment have grown at ~4.4% CAGR between fiscals 2012 and 2022

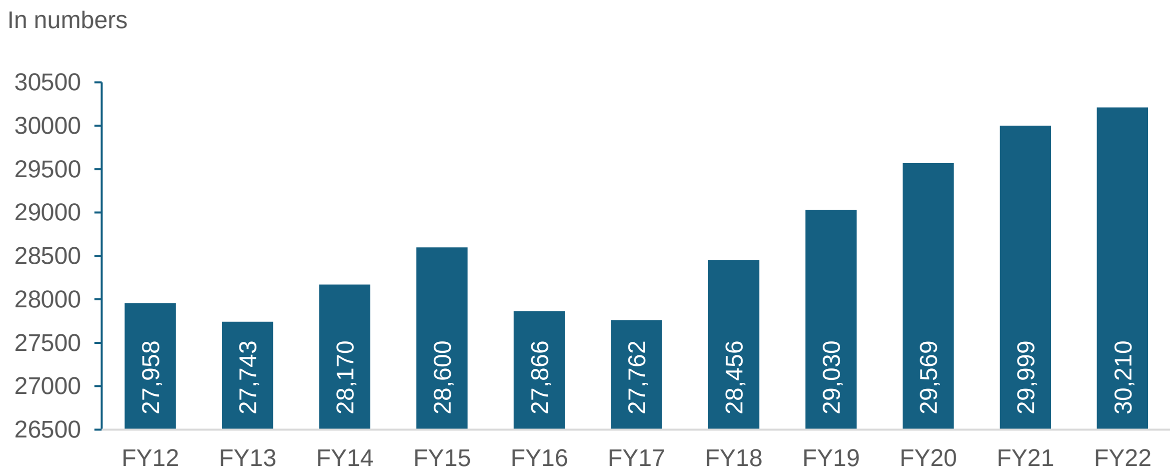
The investments in the textile and wearing apparel segment in India increased from Rs. 2,052 billion in fiscal 2012 to Rs. 3,151 billion in fiscal 2022, growing at a CAGR of ~4.4%. The increase in investments has led to the total number of textile and apparel factories reaching the figure of ~ 30,210 in fiscal 2022, increased from 27,958 in fiscal 2012. The Government of India has also been introducing several schemes for the textile and apparel sectors such as the Amended Technology Upgradation Fund Scheme (ATUFS), Scheme for Integrated textiles park (SITP), Samarth scheme, etc. ATUFS has the objective to modernize and upgrade the technology of the Indian textile industry. SITP is for providing world class infrastructure facilities. In addition to these, many other schemes specific to silk, jute, wool, handloom, and handicraft sectors are also being implemented.

Investments in textile and wearing apparel industries



Note: fiscal 2022 numbers are as per latest ASI data released in February 2024
The above chart represents invested capital numbers, which is the total of fixed capital and physical working capital.
Source: ASI, MoSPI, CRISIL MI&A

Total number of factories for Textile and wearing apparel



Note: FY22 numbers are as per latest ASI data released in February 2024
Source: ASI, MoSPI, CRISIL MI&A

For fiscal 2025, budget allocation to Ministry of Textiles has been increased by ~28%

Government of India increased the budget allocated to Ministry of Textiles by ~28% in fiscal 2025 to Rs 44 billion compared to the revised allocated budget to Ministry of Textiles in fiscal 2024 of Rs 34 billion. Out of Rs 44 billion, the major component will be of revenue nature, followed by capital expenditure. Few major schemes that will be benefitted from this budget includes Amended Technology Upgradation Fund Scheme (ATUFS) (~Rs 7 billion allocated), National Handloom Development Programme (~Rs 2 billion allocated), and National Handicrafts Development Programme (NHDP) (~Rs 2 billion allocated), National Technical Textiles Mission (~ Rs 4 billion allocated) and PM-MITRA (~Rs 3 billion allocated).

Multiple government led schemes will support growth of textile sector in India

The Government of India has announced multiple schemes to increase the economies of scale, export potential and competitiveness in the textile sector. The Government of India has also been introducing several schemes for the textile and apparel sectors including Pradhan Mantri Mega Integrated Textile Region and Apparel (PM MITRA), Production Linked Incentive Scheme (PLI scheme), Kasturi Cotton Bharat, National Technical Textile Mission (NTTM), Amended Technology Upgradation Fund Scheme (ATUFS), and Scheme for Capacity Building in Textiles Sector (SAMARTH). If implemented well, both will boost MMF-based RMG exports, and drive demand for MMF and yarn.

Scheme	Details
PM MITRA	PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks Scheme aims to develop world class infrastructure including plug and play facility with a capital outlay of Rs 44.45 billion up to 2027-2028. PM MITRA Parks Scheme are inspired by the 5F vision of Hon'ble Prime Minister - Farm to Fibre to Factory to Fashion to Foreign. Investments of nearly Rs.700 billion and employment generation of 20 lakh is envisaged.
PLI Scheme	The Government has approved the Production Linked Incentive (PLI) Scheme for Textiles with an approved outlay of Rs 106.83 billion over a five-year period to promote production of MMF Apparel, MMF Fabrics and products of Technical Textiles in the country to enable Textile sector to achieve size and scale and to become competitive
Kasturi Cotton Bharat	Kasturi Cotton Bharat programme of Ministry of Textiles is a first of its kind branding, traceability and certification exercise carried out jointly by the Government of India, Trade Bodies and Industry to promote Indian Cotton. The Ministry of Textiles is driving this initiative in a mission-oriented approach, allocating budgetary support in alignment with Rs.150 million contribution from Trade & Industry Bodies. Spanning three years from 2022-23 to 2024-25, this collaborative effort anticipates a positive impact on the entire Indian Textile Industry, fostering an elevated global perception and value for Indian Cotton.
National Technical Textile Mission (NTTM)	The Government has launched a National Technical Textiles Mission (NTTM) with an outlay of Rs 14.8 billion, and a mission to develop usage of technical textiles in various flagship missions, programmes of the country including strategic sectors. The key pillars of NTTM include 'Research Innovation & Development', 'Promotion and Market Development', 'Education, Training and Skilling' and 'Export Promotion'. The mission got its extension until 31st March 2026, with a subsequent sunset clause applicable until 31st March 2028.
Amended Technology Upgradation Fund Scheme (ATUFS)	ATUFS was notified in January 2016 with an outlay of Rs.178.22 billion to incentivize mobilization of new investments of about Rs.950 billion and to create new employment for about 35 lakh persons by the 202. Under ATUFS, ratio of MSME: Non MSME is 89:11, while under previous versions of TUFS it was 30:70. Higher incentives of 15% (Rs 300 million) for entities for employment potential segments viz. Technical Textiles and garment/made ups.
SAMARTH	The Government, with a view to enhance the skills of the workforce in the textile sector has formulated Samarth Scheme under a broad skilling policy framework with the objective of providing opportunity for sustainable livelihood. The implementation period of the scheme is up to March 2024. The programme is implemented through Implementing Partners (IPs) comprising Textile

Scheme	Details
	Industry/Industry Associations, State Government agencies and Sectoral Organizations of the Ministry of Textiles. Under the Scheme 2,47,465 persons have been trained as on 11.12.2023.
Advance Licensing Scheme	The Advance Licensing Scheme allows duty-free import of raw materials to be used in goods that are exported to encourage exports.
Export Promotion Capital Goods Scheme (EPCG)	The EPCG Scheme, initiated in the 1990s, aims to boost India's international manufacturing competitiveness by facilitating the duty-free import of capital goods which are require in pre-production, production, and post-production activities. Manufacturers can benefit from this scheme, importing these goods without incurring customs duty. To maintain this duty exemption, the importer must achieve an export value six times the duty saved on the imported capital goods within six years from the authorization date. This implies that the importer (being export-oriented) needs to have earnings in foreign currency equivalent of 600% of the customs duty saved in domestic currency, within 6 years of availing benefits of the scheme.
Duty drawback	The duty drawback scheme has also been introduced to promote exports from India. Under this scheme, exporters are allowed refund of the excise and import duties paid on raw materials so as to make the products more competitive in the international market. The duty drawback rates are prescribed for each product after considering the rate of excise and import duty on its raw materials. The textile sector is also covered under this scheme

Source: PIB, Ministry of Textiles, CRISIL MI&A

Expenditure in clothing & footwear logged a CAGR of 4.6% growth during the last decade

Within PFCE, expenditure in clothing & footwear logged a CAGR of 4.6% between fiscal 2012 to fiscal 2022. During the same period, PFCE logged a CAGR of 5.9% Expenditure on clothing and footwear witnessed a decline during fiscal 2021, due to Covid-19 induced economic slowdown and change in consumers spending behavior. The decline in clothing and footwear expenditure was in line with the overall decline in discretionary spending in fiscal 2021, during which the share of discretionary spending decreased to 56.6% from 59.6% in fiscal 2021. However, expenditure on clothing and footwear saw major uptick in fiscal 2022 and stood at ~Rs. 4,898 billion compared to Rs 3,960 billion in fiscal 2021. As income levels improve and, consequently, discretionary spending increases, CRISIL MI&A expects spend on clothing to increase further in future.

Within clothing and footwear PFCE, clothing occupies the dominant share followed by footwear. As of fiscal 2022, the share of clothing PFCE in the clothing and footwear PFCE increased to 81% compared to 79% in fiscal 2021. Additionally, share of total clothing and footwear PFCE in the total PFCE also improved to 5.6% in fiscal 2022 compared to 5.1% in fiscal 2021.

Breakup of clothing and footwear PFCE

PFCE	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
PFCE (Rs Billion)											
Clothing PFCE	2,504	2,609	3,098	3,038	3,255	3,336	3,406	3,521	3,428	3,119	3,949
Footwear PFCE	612	549	668	819	956	897	907	969	1,107	841	949
Clothing and Footwear	3,115	3,158	3,766	3,857	4,211	4,233	4,313	4,490	4,534	3,960	4,898
Percentage share in clothing and footwear PFCE											
Clothing (%)	80%	83%	82%	79%	77%	79%	79%	78%	76%	79%	81%

PFCE	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22
Footwear (%)	20%	17%	18%	21%	23%	21%	21%	22%	24%	21%	19%
Clothing and footwear share in PFCE	**6.3%**	**6.1%**	**6.8%**	**6.5%**	**6.6%**	**6.1%**	**5.9%**	**5.7%**	**5.5%**	**5.1%**	**5.6%**

Note: RE: revised estimate, PE: provisional estimate

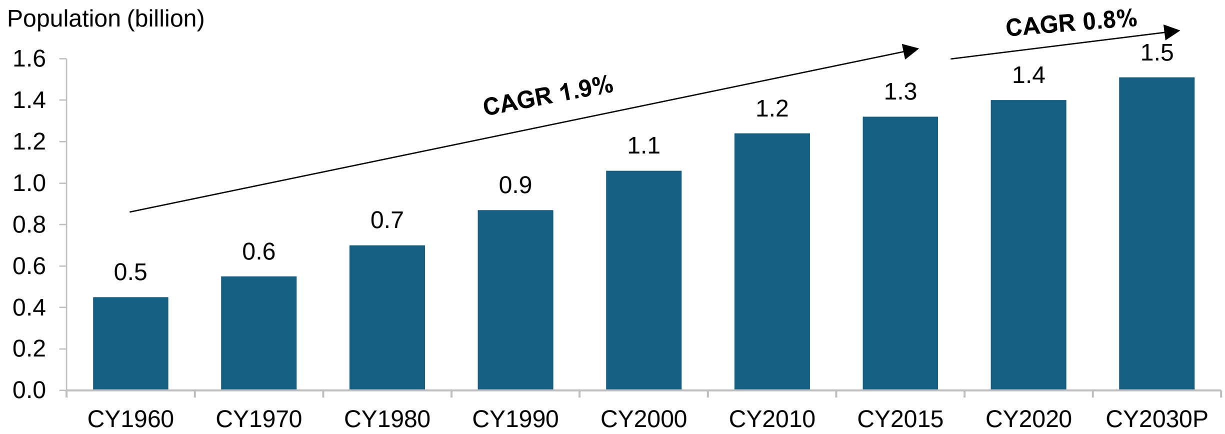
Source: MoSPI, CRISIL MI&A

Growing population, increasing urbanisation and a young demographic profile to strengthen India's consumer base and consumer demand

State of World Population Report" of 2023, India's population by mid-year of 2023 is estimated to have surpassed China by around ~2.9 million. This demographic expansion along with increasing per capita income will lead to increase consumer spending in India.

Also, India's urban population is expected to continue to rise on the back of economic growth. The share of urban population is projected to increase to nearly 40% by 2030, according to a UN report on urbanisation.

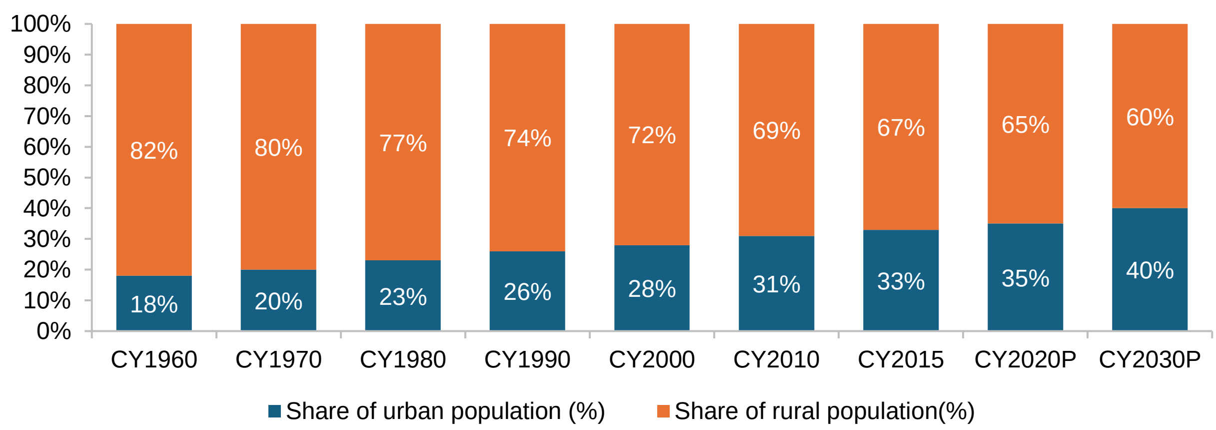
India's population growth



P: Projected

Source: UN Department of Economic and Social Affairs, World Population Prospects 2022, CRISIL MI&A

India's urban vs. rural population (in million)



P: projected

Source: World Urbanization Prospects: The 2018 Revision, UN, CRISIL MI&A

As per the United Nations' 2022 Revision of World Population Prospects, India's youth (0-24 years) accounted for nearly half its population in 2010, significantly higher than that for some of its peers (Brazil at 42.5%, China at 35.1% and the Russian Federation at 29.7%). The fact that ~31% of the population is aged below 15 indicates the high proportion of the country's young population is expected to remain so in the coming years.

This share is, in fact, expected to reach ~39% by 2030, and remain significantly higher than that of its peers (Brazil at 31.5%, China at 25.4% and the Russian Federation at 27.7%). This also indicates a higher proportion of population entering the workforce.

Decline in poverty levels indicates rise in middle- and high-income group in India

The proportion of poor in India (defined as those living on Rs 125,000 per annum or less) declined from ~16% in fiscal 2016 to ~14% in fiscal 2021. Conversely, the proportion of those in the middle- and high-income groups increased from 85% to ~86%. By fiscal 2031, this share is expected to reach ~95%, supported by growth in per capita income.

Robust growth in per capita income over FY12-23

India's per capita income, a broad indicator of living standards, rose from Rs 63,462 in fiscal 2012 to Rs 99,404 in fiscal 2023, logging 4.2% CAGR. Growth was led by better job opportunities, propped up by overall GDP growth.

Per capita net national income at constant prices

	FY12	FY13	FY14	FY15	FY16	FY17	FY18	FY19	FY20	FY21	FY22RE	FY23RE	FY24SAE
Per-capita NNI (Rs)	63,462	65,538	68,572	72,805	77,659	83,003	87,586	92,133	94,270	86,054	94,054	99,404	106,134
Y-o-Y growth (%)		3.3	4.6	6.2	6.7	6.9	5.5	5.2	2.3	-8.7	9.3	5.7	6.8

Note: RE: revised estimates, PE: provisional estimates, SAE: Second Advance Estimates
Source: Second advance estimates of national income 2023-24, CSO, MoSPI, CRISIL MI&A

3. Assessment of global textiles industry

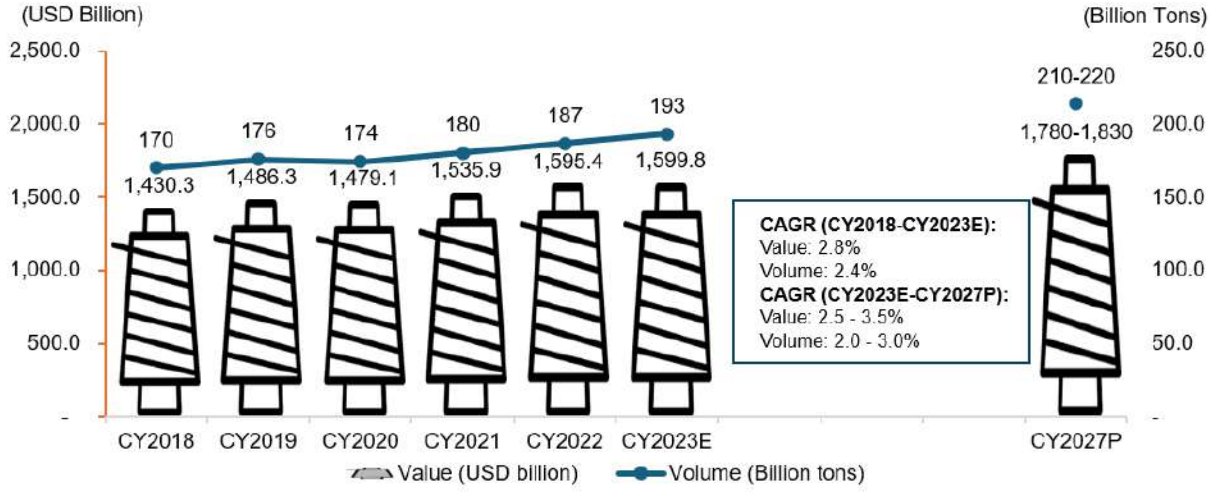
3.1 An overview of global textiles industry

Global textile market expected to grow at 2.5-3.5% CAGR between CY2023-CY2027 in value terms

The global textile industry has grown consistently between CY2018 to CY2023, barring CY2020, which saw a decline due to Covid-19. Global trade restrictions due to disrupted supply chain and decline in textile product consumption amid imposed lockdown had negatively impacted the market resulting in a decline of ~0.5% in CY2020 compared to CY2019. However, the market recovered in CY2021, registering a Y-o-Y growth of 3.8% due to the easing of Covid-19 restrictions and release of pent-up demand.

Going ahead, the industry is expected to grow at a CAGR of 2.5 - 3.5% between CY2023 to CY2027 to reach ~USD 1,780-1,830 billion in CY2027. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period.

Global textile market



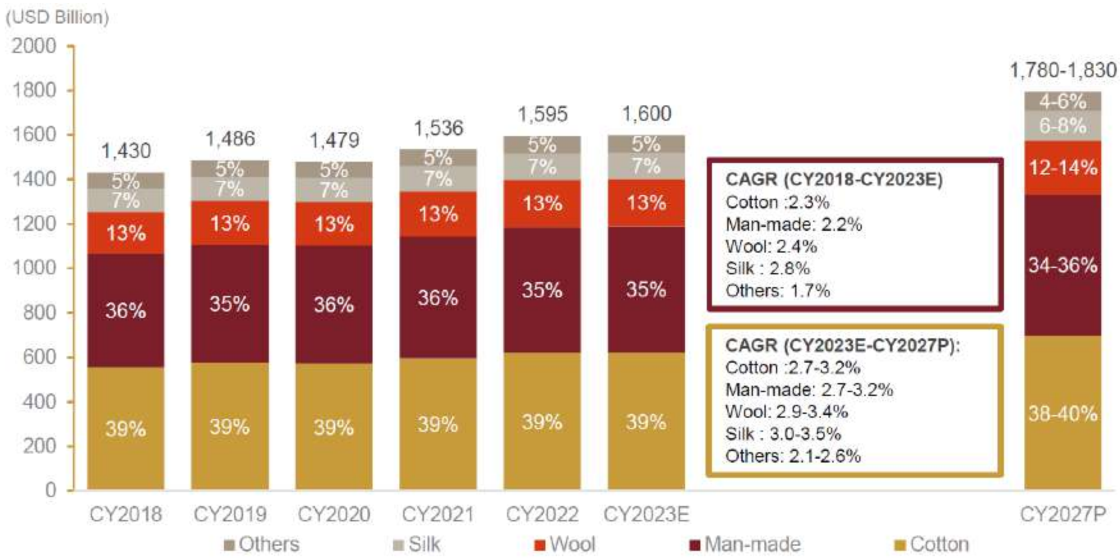
Source: Grandview Research, CRISIL MI&A

Cotton is expected to remain the largest contributor of textiles industry at ~38-40% share in CY2027

From CY2018-CY2023, cotton has continued to dominate the textile market, accounting for around 39% of total textile sales. The high demand for cotton can be attributed to its exceptional qualities like strength, absorbency, and colour retention. Its share is expected to remain in similar range (38-40%) in CY2027 as well.

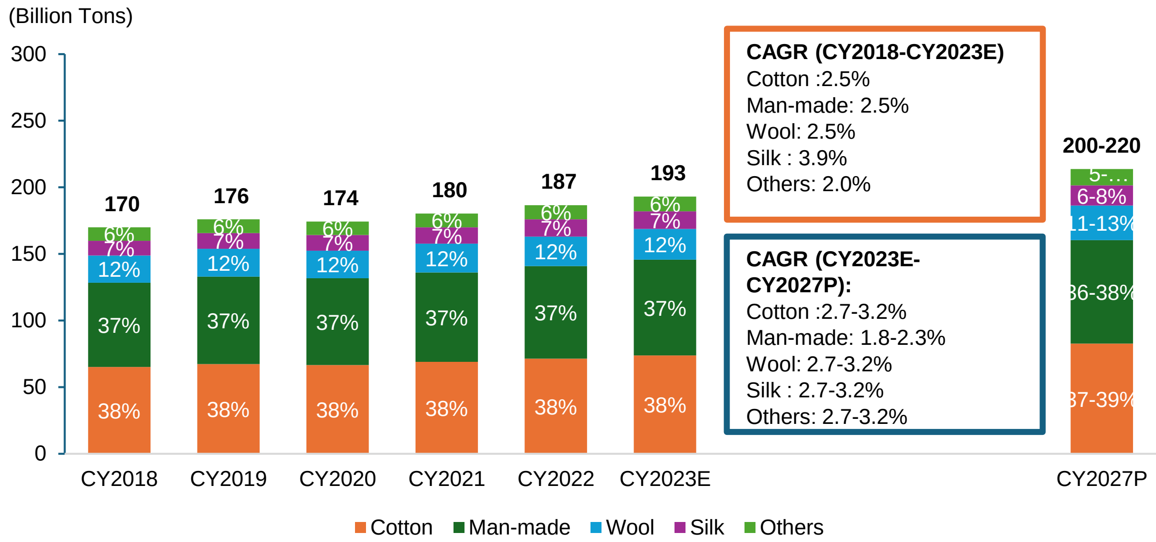
Man-made textiles had the second largest market share between CY2018-CY2023 and is expected to remain in similar range in CY2027 as well due to easy availability of raw materials, growing population and increasing demand of apparels in various textures and designs.

Global textile sales by raw material (value)



Source: Grandview Research, CRISIL MI&A

Global textile sales by raw material (volume)



Source: Grandview Research, CRISIL MI&A

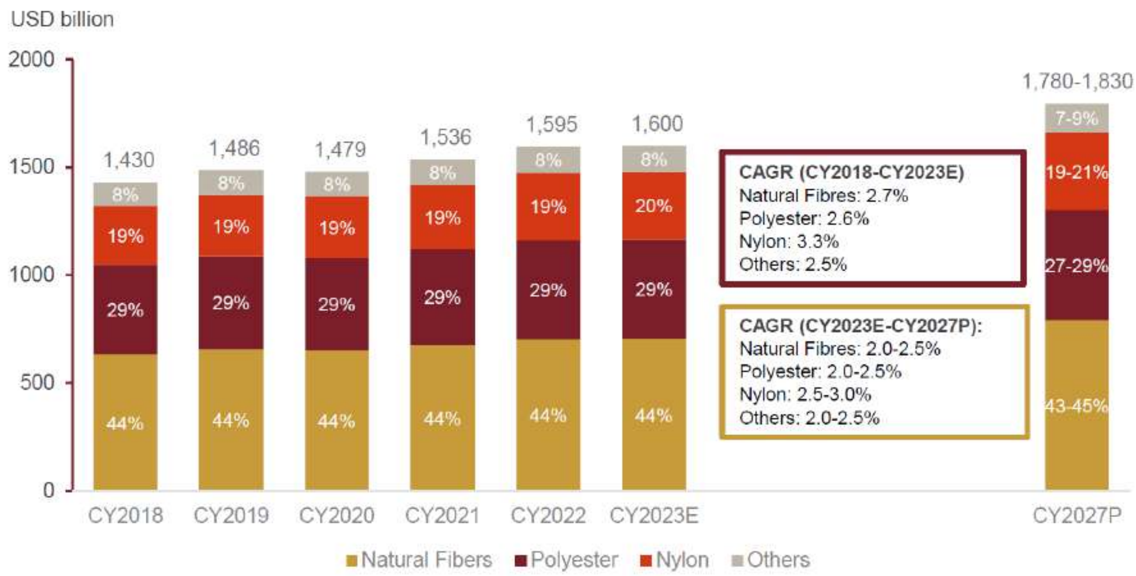
With cotton crop being susceptible to weather fluctuations and pest outbreaks, global cotton production has been volatile over the years.

Natural fibres dominated the market with 44% share in CY2023, followed by polyester

Natural fibers dominated the textile market between CY2018-CY2023, accounting for ~44% share in value terms due to their wide range of applications in the fashion and clothing industry as well as increased environmental awareness, combined with a consumer trend toward sustainable products. Moving forward, natural fibres are expected to continue holding their dominant share.

Polyester had the second highest market share between CY2018-CY2023 at 29%, owing to its various features such as high strength, chemical and wrinkle resistance, and quick drying. It is utilized in both households and industries as a cushioning and insulating material in pillows, as well as in the manufacturing of carpets, air filters, coated fabrics, and other products.

Fibre-wise segmentation of global textiles



Source: Grandview Research, CRISIL MI&A

3.2 International price trends of key raw materials in textile industry

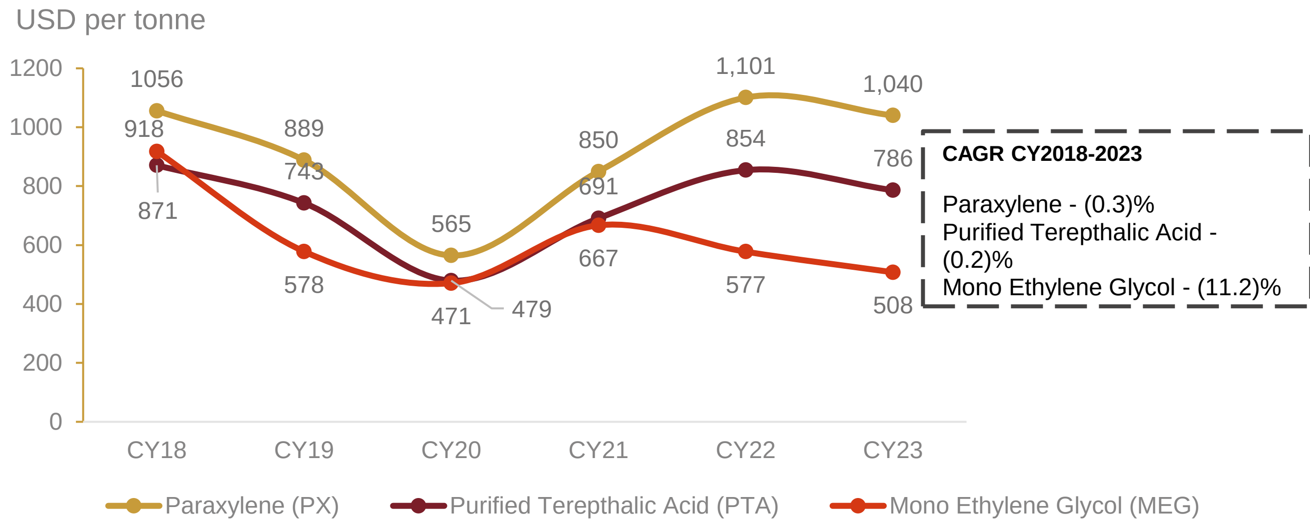
Polyester feedstock prices dip in 2023 in tandem with crude oil

Paraxylene (PX), Purified Terephthalic Acid (PTA) and Mono Ethylene Glycol (MEG) are the major raw materials used in manufacturing of Polyester Stable Fibre (PSF) and Polyester Filament Yarn (PFY). Paraxylene is the primary raw material for both PTA and MEG, while Naphtha - a crude oil derivative - acts as a significant raw material for PX.

From CY2018-CY2020, the raw material prices have experienced a dip, however, post CY2020, the prices have seen a rise till CY2022 (except for MEG) aligning with the crude oil price trends. MEG witnessed a decline in CY2022, owing to the oversupply in international markets leading to a price decline of ~13%.

In CY2023, all the raw materials prices declined attributed to correction in crude oil prices amidst the global economic slowdown in major economies such as United States of America (US) and European Union (EU).

Trend of polyester feedstock prices CY2018-2023



Year	CY2018	CY2019	CY2020	CY2021	CY2022	CY2023
Crude oil Price (USD per barrel)	71	64	42	70	100	83

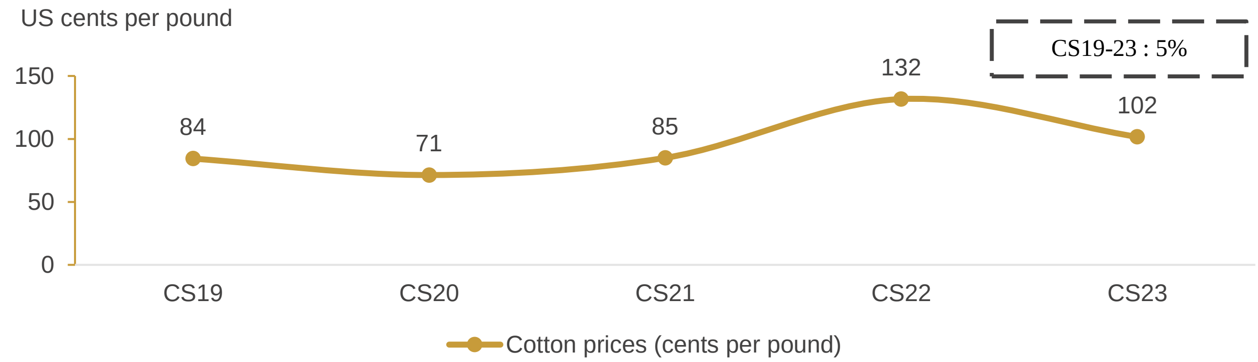
Note:
CY (calendar year) period from January to December of that particular year
Prices of PX, PTA and MEG are as per Cost and Freight (CFR) Southeast Asia
Price of crude oil is for dated brent
Source: Industry publication, CRISIL MI&A

Cotton prices saw a decline in CS2023 owing to increased production

Cotton is one of the major raw materials in textile industry used for production of apparel and natural fibers.

The cotton prices saw an uptick of ~55% in CS2022, owing to demand revival post Covid-19 coupled with global macroeconomic tensions involving Russia – Ukraine war. Further, in CS2023, the prices saw a dip of ~23% owing to increased production in major countries like Brazil.

Trend of cotton prices CS19-23E



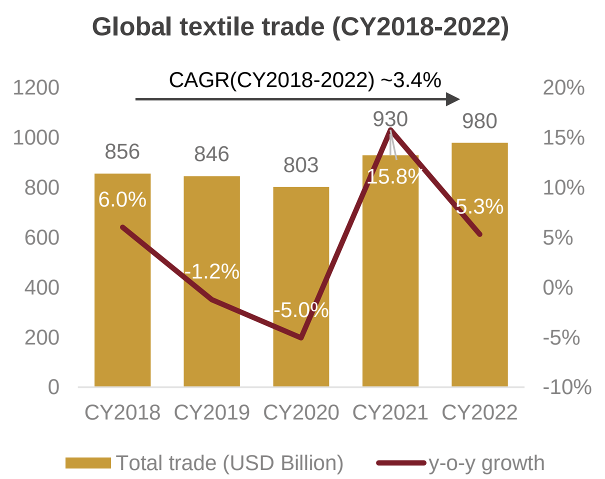
Note: The price mentioned above is average price for given season (August 1 to July 31). For example, CS22 indicates August 2021 to July 2022.
Source: International Cotton Advisory Committee (ICAC), CRISIL MI&A

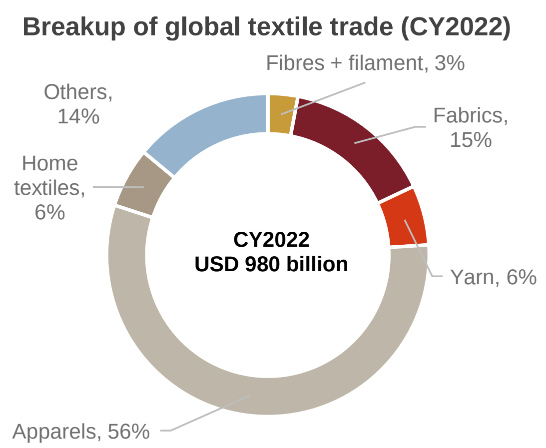
3.3 Overview of global textile trade

Apparels dominate global textile trade

Global textile trade has grown at a CAGR of ~3.4% between CY2018-CY2022 and was valued at USD 980 billion as of CY2022. On Y-o-Y basis, CY2020 witnessed a decline in global exports due to Covid-19 pandemic and it had negative implication on global supply chains and overall consumer sentiment. However, the trade rebounded in CY2021, registering a y-o-y increase of 15.8% to USD 930 billion. This resurgence can be attributed to release of pent-up demand due to gradual opening up of the economy. In CY2022, global trade again witnessed a Y-o-Y increase of 5.3%, however inflationary pressures along with weak consumer sentiment in major export markets like US and EU restricted further growth.

Additionally, within textiles, apparels dominate the global trade with a share of 56%, followed by fabrics and yarn at 15% and 6% respectively as of CY2022.





Note: Trade numbers have been calculated on the basis of global export data; HS codes used for analysis include: 50, 51, 52, 53, 54, 55, 56, 57, 58, 59, 60, 61, 62, 63, 65, 4203, 4303, 4304
Source: ITU, CRISIL MI&A

India was the sixth largest exporter of textiles in CY2022

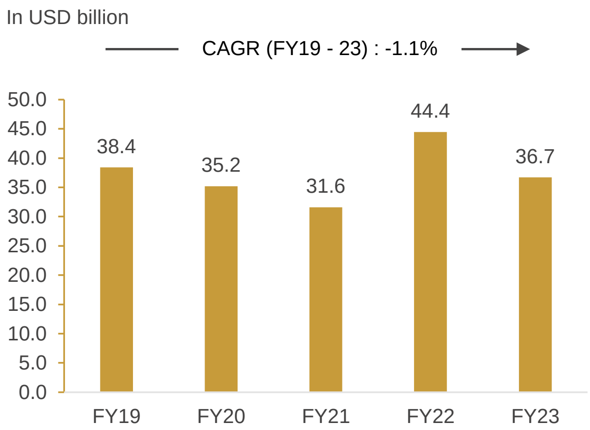
As of CY2022, China, Bangladesh and Italy were the top three exporters of textiles with a share of 34%, 6% and 5% respectively; compared to CY2019, when China, Bangladesh and Germany were top three exporters.

During the same period, India's share in overall global trade has remained constant at ~4% and stood at USD 39 billion in CY2022. However, growing popularity of China-plus-one policy along with developing textile infrastructure in India is expected to benefit India's textile sector and its competitive position in the global textile trade.

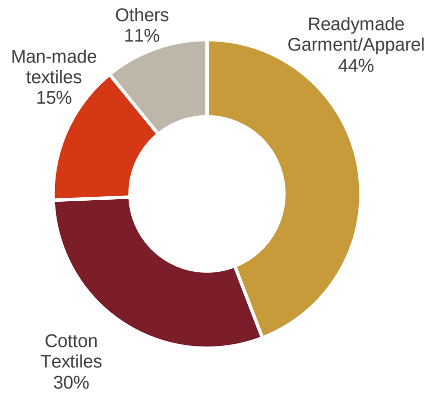
Readymade garments / apparel accounted for the highest share in Indian textile exports in fiscal 2023

Apparel sales accounted for 44% of the total Indian textile trade in fiscal 2023, followed by cotton textiles and manmade textiles at 30% and 15% respectively.

Textile and apparel exports from India (FY19-23)



Breakup of textile and apparel exports (FY23)



Note: Others include wool & woollen textiles, silk products, handloom products, carpets, jute products and handicrafts
Source: Ministry of Textiles, CRISIL MI&A

US and Bangladesh are major export destinations for Indian textile products

India's textile and apparel products, including handlooms and handicrafts, are exported to more than 100 countries across the globe. As of fiscal 2023, US, Bangladesh, UK are the top three importers of textile products from India with the combined contribution of 41.2%. Additionally, India and UAE have recently signed a Free Trade Agreement (FTA) and the country is also in the process of negotiating FTAs with other countries/ regions as well, which is likely to boost exports of Indian textile and apparels in future by providing competitive edge over other exporting countries without an FTA.

Top 10 export destinations for Indian textile products (shares as a percentage of total value for that fiscal)

Export destinations for India	FY21	FY22	FY23	FY24(Apr- November)
US	26%	27%	29%	28%
Bangladesh	7%	12%	7%	7%
UK	7%	6%	6%	5%
UAE	5%	5%	6%	5%
Germany	2%	2%	3%	3%
France	2%	2%	3%	3%
Netherland	2%	2%	3%	2%
Spain	2%	N.A.	2%	2%
Italy	N.A.	N.A.	2%	N.A.

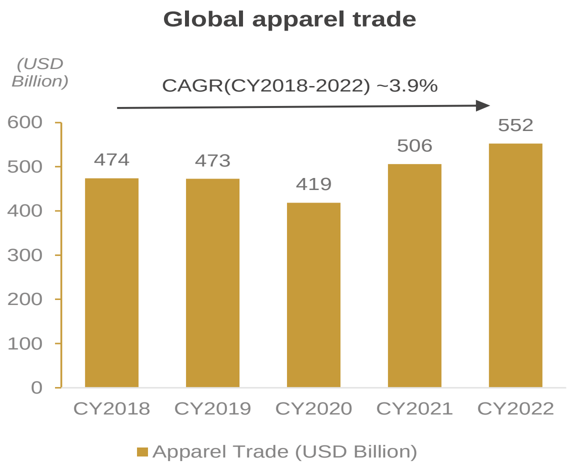
Export destinations for India	FY21	FY22	FY23	FY24(Apr- November)
Sri Lanka	N.A.	N.A.	2%	N.A.

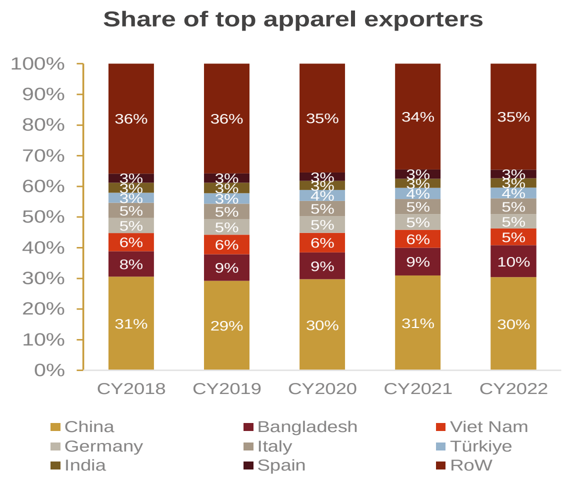
Note: The names of the countries considered is based on the top 10 export destinations for India in fiscal 2023
N.A: The country is not among the top 10 export destinations for India during the period considered
The percentages mentioned in the above table are rounded to nearest whole number
Source: Ministry of Textiles, CRISIL MI&A

India was among top 10 apparel exporters in the world in CY2022

Global apparel trade has expanded at a CAGR of ~3.9% between CY2018 to CY2022 and was valued at ~552 billion USD as of CY2022. Historically, apparel has held a dominant share in the total textile exports (~56% share in CY2022) and the same trend is expected in the near future as well.

Furthermore, China, Bangladesh and Vietnam were the top three exporters of apparels in CY2022 with a share of 30%, 10% and 5% respectively. Meanwhile, India was ranked seventh in CY2022 among the top apparels' exporters in the world with a share of ~3% in the global apparel trade.



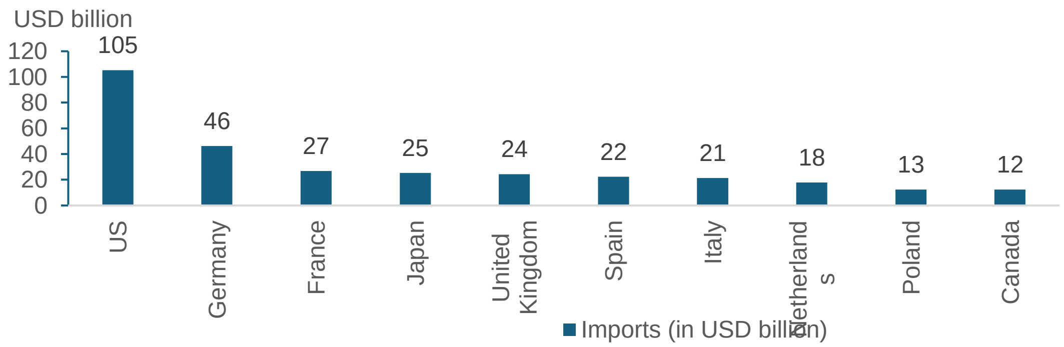


Note: Trade numbers have been calculated on the basis of global export data; HS codes used for analysis include: 61, 62
Source: ITU, CRISIL MI&A

US was the largest apparel importer in CY2022, Germany second largest importer in terms of value

In CY2022, US was the largest importer of apparels at USD 105 billion, followed by European Union (EU) countries like Germany and France at USD 46 billion and USD 27 billion respectively. The major countries which were exporting apparels to US in CY2022 where China, Vietnam, Bangladesh, India and Indonesia. Together, these countries formed ~58% of the total apparel imports to US in CY2022. Major countries exporting apparels to EU are China, Bangladesh, Türkiye, Switzerland, and United Kingdom. Together, these countries contributed to ~59% of the total apparel imports to EU in CY2022.

Top 10 apparel importers (CY2022)



Source: ITU, CRISIL MI&A

Decline in China's export of apparel to US provides an opportunity to Indian exporters

China is the leading global exporter of apparel, with a market share of 30% in fiscal 2022. Further, it occupies a highest share of apparel exports to US (21% in CY2022). However, there has been a decrease in China's market share as an exporter, from 31% in CY2018 to 21% in CY2022, with Bangladesh gaining share in CY2022. This is primarily due to wage increase and ban by US on imports of cotton and cotton products from Xinjiang region of China. US being one of the largest textiles consuming market coupled with being the largest importer of apparel provides an opportunity for Indian exporters to serve as an alternate choice of exporter to the US, which has 21% share in global apparel imports.

This coupled with various government initiatives such as PLI Scheme for Textiles, Scheme for Integrated Textile Parks ("SITP"), Export Promotion Capital Goods Scheme, along with incentive packages by various state governments and set-up of mega textile parks, provides further support to Indian exporters.

India is facing tough competition from Asian countries in terms of cost competitiveness

Indian exporters are losing competitiveness to Asian rivals such as Bangladesh and Vietnam. The primary reason behind this is the trade agreements that these nations have in place with major importing countries. Further, these countries enjoy better operational efficiencies as compared to India. For example, countries like Bangladesh and Ethiopia fare better than India in terms of labour cost and power cost which account for a considerable portion in manufacturing cost. These factors coupled with availability of low lending rates provides cost competitiveness to these countries. Additionally, Vietnam being a developing member in WTO, cannot offer incentives directly to industries. Hence it offers low lending rates to lure investments in textile sector in country. China also offers very low financing rates to counter the higher wage rates, power cost and water cost.

However, India fares better in providing low water cost as well as higher production capacity. However, to sustain and to regain the lost competitiveness, Indian apparel export needs support in terms of export incentives.

India faces stiff competition from Bangladesh and Vietnam

Bangladesh and Vietnam enjoy preferential treatment in major apparel export destinations such as US, Canada, Japan and UK because of trade agreements. It gives them cost competitiveness over Indian exporters. India is actively considering the possibility of Comprehensive Economic Partnership Agreements (CEPAs) and Free Trade Agreements (FTAs) with various countries which can enhance the market size and facilitate exporters in the Indian textile sector.

Significant opportunity for India to pick up share in apparel trade

Supply chain

India could serve as the preferred destination for buyers looking for alternate production base outside China due to wage increase and shortage of workers in China and also to avoid the risk of US-China trade issues.

Additionally, owing to the pandemic, many countries across the globe realized the consequences of over-reliance on a single source in the manufacturing sector. In the textiles segment, global brands and retailers have started expanding their manufacturing horizon outside of China. Though the complete decoupling of China's manufacturing value chain may be a distant reality, this would act as an opportunity for India. India stands out to be an attractive option in terms of labour costs compared to China. This in conjunction with incentives provided by the Government of India, such as the PLI scheme where Government of India is providing incentives for greenfield and brownfield capacity expansion for both MMF and technical textile segments to propel exports, would prove attractive for foreign players in their path for diversification.

Opportunity in European Union (EU)

India seeking Free trade agreement (FTA) with EU, combined with the possibility that Bangladesh could lose Most-favoured-nation (MFN) status after graduating from LDC (Least developed Countries) in 2026, which could lead to an increase in exports from India to EU. India is working on getting an FTA with both the United Kingdom (UK) and European Union (EU). However, the FTA between Vietnam and the EU, which went into effect in August 2020, has strengthened Vietnam's position in the EU market and may prove to be a competitive barrier for Indian exports in the EU region.

Government incentives

New low-cost locations for textile manufacturing are emerging in India with support extended by some state governments. Besides, under the Set-up of Integrated textile parks (SITP) scheme, launched in 2005, the government is to provide the industry with state-of-the-art world-class infrastructure facilities for setting up their textile units.

Apart from this, the schemes like Export Promotion Capital Goods Scheme, facilitate import of capital goods with duty at a concession up to zero percent and appropriate export obligations. Textiles machinery is also covered under this scheme, thereby promoting textile exports.

In February 2024, the government has also approved the continuation of Scheme for Rebate of State and Central Taxes and Levies (RoSCTL) for export of Apparel/Garments and Made-ups up to 31st March 2026, which is expected to positively impact the textile exports. Additionally, events like BHARAT TEX, which is a global textile mega event being organised by a consortium of 11 Textile Export Promotion Councils and supported by the Ministry of Textiles, are expected to increase the awareness of Indian textile sector in international space.

Furthermore, government has setup multiple export councils related to textiles and apparels which are expected to increase the awareness and promote Indian textiles. As of fiscal 2023, there are eleven Export Promotion Councils (EPCs) representing various segments of the textiles & apparel value chain, viz. readymade garments, cotton, silk, jute, wool, power loom, handloom, handicrafts and carpets. These Councils work in close cooperation with the Ministry of Textiles and other Ministries to promote the growth and export of their respective sectors in global markets.

3.4 Key growth drivers and trends for global textile industry

Growth Drivers	Description
Increasing globalisation	Increasing globalisation coupled with cross broader trade agreements has provided consumers with more options. This, in turn has presented textile traders a boarder market to sell their products to a larger consumer base. Additionally, the influence of e-commerce is also fuelling the growth of cross broader textile sales
Rising per capita income	Per-capita GDP of world is estimated to be ~USD 13,333 in CY2023, compared to USD 12,895 in CY2022 and is projected to improve further to ~USD 14,477 by CY2025. Increasing per capita income will translate to more demand of goods including textiles and apparels and is expected to positively impact the demand.
Changing consumer preference	Changing consumer preference, especially in the younger age group adds to growth in textile demand, especially for apparels. In recent, rise of phenomenon like fast fashion, personalised clothing, limited edition fashion and increasing demand for outdoor clothing and "gorpcore" - is fashion trend where clothing designed for outdoor recreation is worn as streetwear - is also expected to bolster the industry demand.
Macro-economic recovery	The European Union (EU) is among the key regions of exports in the global textile market. As per IMF estimates – January 2024, the GDP for EU is expected to see an upside from 0.5% in CY2023 to 0.9% in CY2024 and further 1.7% in CY2025. Economic recovery is expected to be supported by stronger household consumption and easing inflationary pressures among others. This recovery in the European economy led by an increase in consumption would aid in increasing the exports of textiles, in turn contributing to overall industry growth.
Susbtainability	Sustainability has emerged as one of the prominent trends in the textile industry indicating a transformative shift towards eco-friendly practices. Textile companies are increasingly adopting sustainable practices and supply chain processes to minimise environmental impact. Further, globally there is an increasing preference from consumers, is also promoting industry players to integrate sustainable practices in their business models.

Growth Drivers	Description
Technology	The textile industry is witnessing growing integration of technology to enhance overall customer experience as well as improve operational efficiency. Recent industrial use of technology such as nanotechnology, pleating, 3D printing and introduction of smart fabrics aid in improving fiber quality, provide customisation and reduce production costs.
Rise in technical textile USge	Technical textiles find their application in multiple end-use segments which include automotive, healthcare, construction, sports and outdoor, and protective clothing. For instance, in the automotive industry technical textile is used in the manufacture of lighter automotive components. With increasing usage of electric vehicles, the requirement of lighter automotive parts increases in turn leading to demand growth for segment. Further, with the growing population and requirement for better healthcare the demand for technical textiles is expected to rise.

Source: CRISIL MI&A

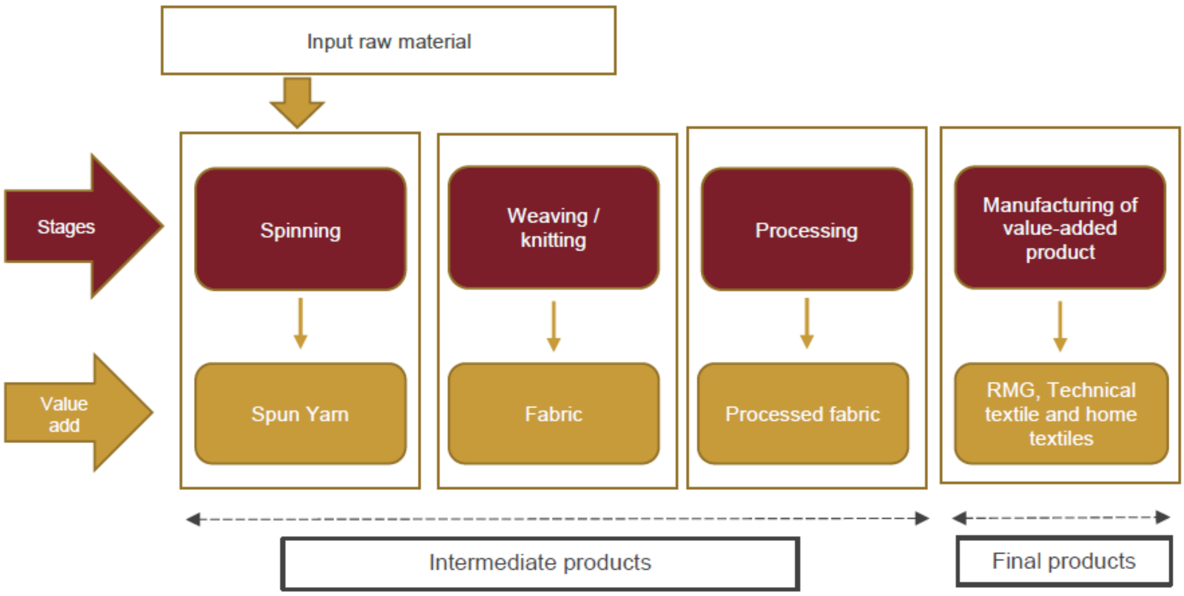
4. Assessment of Indian textiles industry

Indian textile and apparel industry plays an important role in development of economic activity in India. As of fiscal 2022, in terms of manufacturing gross value added (GVA) at current prices, Indian textile, apparel and leather products occupy a share of 13.1% which has seen an increase from 10.9% in fiscal 2012. As per Ministry of Textile data, Indian textile and apparel including handicrafts has contributed to 8.1% of overall exports during fiscal 2023. Based on ITU export trade data, Indian textile and apparel segment occupies a share of ~4% in global textile and apparel trade as of CY2022.

The key strength of Indian textile and apparel segment lies in large raw material base and manufacturing units present across the value chain.

India has a strong textile value chain

Indian textile value chain



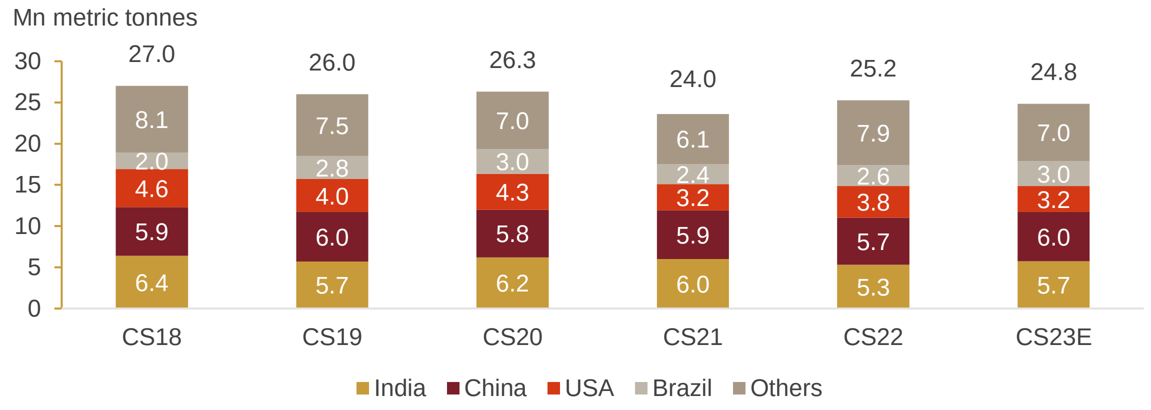
Note: In the below sections CRISIL MI&A has analysed the textile end use industry which encompasses readymade garments (RMG), technical textiles and home-made textiles. It has also analysed spinning industry for MMF yarn and cotton yarn, also assessed the cotton fabric industry

Source: CRISIL MI&A

India is the second largest producer of cotton with a share of ~23% among the global nations in CS23

India has the highest acreage for cotton compared with the other major cotton-producing nations with 13.0 million hectares in cotton season (CS; international cotton season is from August to July) 2022-23. In CS18, India was the largest producer with a production of 6.4 Million Metric Tonne (MMT) and was also the leading producer in CS20 and CS21.

Cotton production across the globe



Note: Years refer to Cotton Season (August-July)
Source: International Cotton Advisory Committee (ICAC), CRISIL MI&A

In addition to this, as per Ministry of Textiles annual report, India is second largest producer of polyester and viscose both, and in turn the second largest producer of Man-Made Fiber (MMF) only next to China. India is also the second largest producer of silk in the world after China.

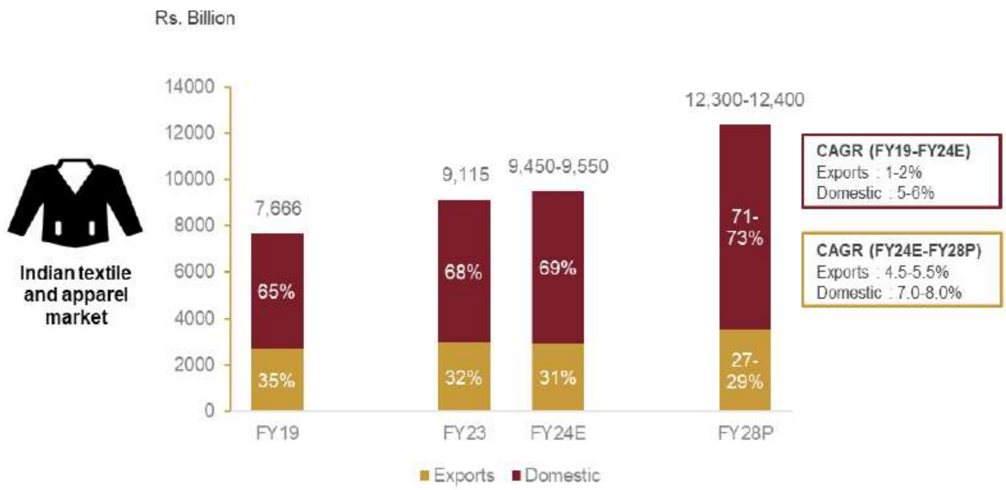
4.1 Overview of Indian textile and apparel industry

Indian textile and apparel market projected to grow at 6-7% CAGR between fiscal 2024 and 2028

Indian textile and apparel industry which is estimated to be Rs. 9,450 – 9,550 billion as of fiscal 2024, is projected to grow at a CAGR of 6.0-7.0% from fiscal 2024 till fiscal 2028 and reach a value of Rs. 12,500-12,700 billion. During this period, exports are expected to grow at a CAGR of 4.5-5.5% while domestic industry is expected to grow at slightly higher pace of 7.0-8.0%.

The future growth in Indian textile and apparel market will be led by various economic factors such as increase in discretionary income, rising urban population. Further, the demand is poised by increase in online retailing, shift from cotton to man-made fiber, robust growth of technical textiles segment. Additionally, global industry expanding outside of China would aid the Indian export markets in the growth trajectory.

Trend and outlook of Indian textile and apparel market



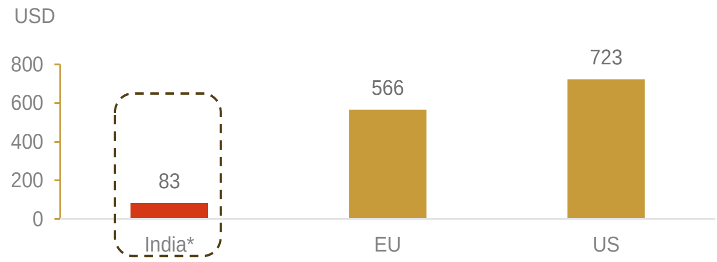
Note: Domestic Indian textile industry consists of Ready-Made garments, Unstitched Fabric, Technical textiles, and Home textiles

E stands for estimate, P stands for projected; Source: Ministry of textiles, DGCI&S, CRISIL MI&A

India's per capita consumption indicates an opportunity for growth

As of CY2021 (fiscal 2022), India's annual per capita consumption of clothing and footwear was estimated to be ~USD 83. Similarly, during CY2021, annual per capita consumption of clothing and footwear in developed economies of US and EU stood at ~USD 723 and ~USD 566 respectively, indicating a potential for growth in Indian textile and apparel industry.

Per capita consumption of clothing and footwear (CY2021)

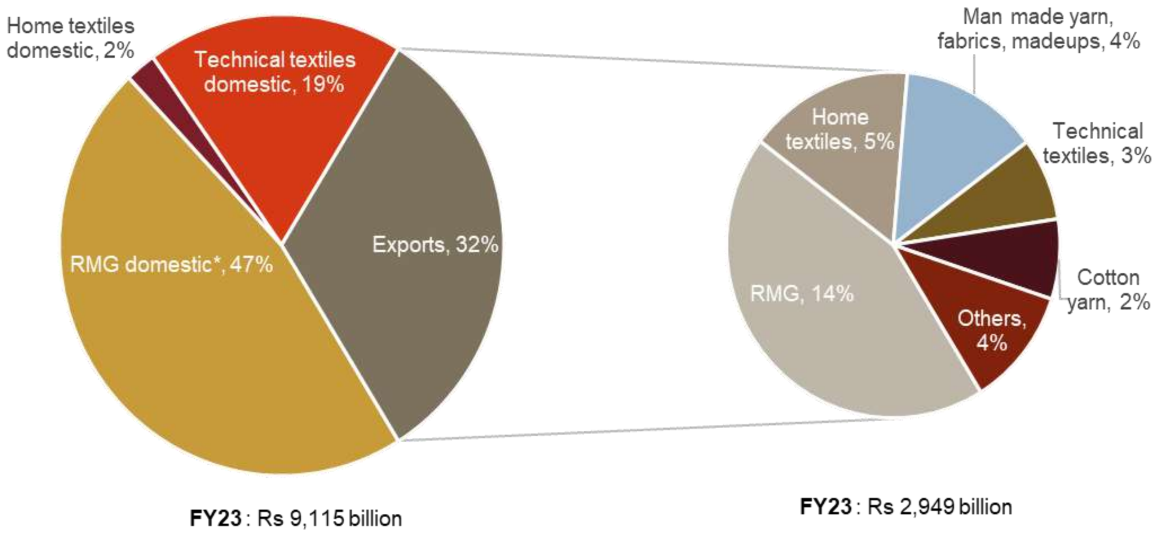


** Data for India is as of fiscal 2022*
Source: Eurostat, IMF, MoSPI, United States Census Bureau, CRISIL MI&A

Ready-made garments (RMG) was the largest contributor

As of fiscal 2023, domestic RMG segment contributed the highest revenue to the Indian textile and apparel market with 47%, followed by exports at 32%. Domestic technical textiles contributed 19% to the Indian textile and apparel market, while domestic home textiles completed the pie with remaining 2%. Within exports, RMG again was the largest contributor with 44% share followed by home textiles at 16%. Man-made yarn, fabrics and made ups came next with a share of 13%. Technical textiles and cotton yarn had a share of 8% each in Indian textile and apparel exports in fiscal 2023.

Segment break-up of Indian textile and apparel industry (FY23)



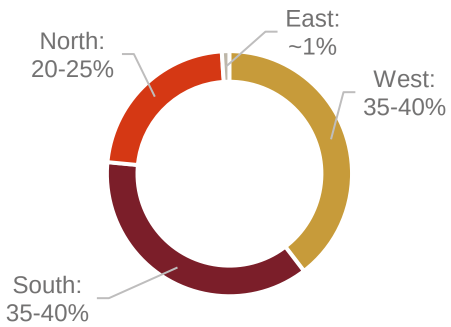
Domestic values mentioned above do not include imports
** Fabric considered above with RMG only includes unstitched fabric that is sold to end consumer. Others include raw cotton, any other textile yarn, fabrics, wastes etc.*
Source: CRISIL MI&A

India holds a competitive advantage in the textile industry

Source: CRISIL MI&A

South region dominates cotton textile supply, while West region dominates in terms of manmade textiles

West India, particularly Maharashtra and Gujarat are known for manmade textile production. Hubs such as Ahmedabad, Surat and Mumbai are well known for their synthetic fabrics. Northern region, especially Punjab and Haryana are known for readymade garments. Eastern region of India is not a significant contributor to the overall textile industry in India.



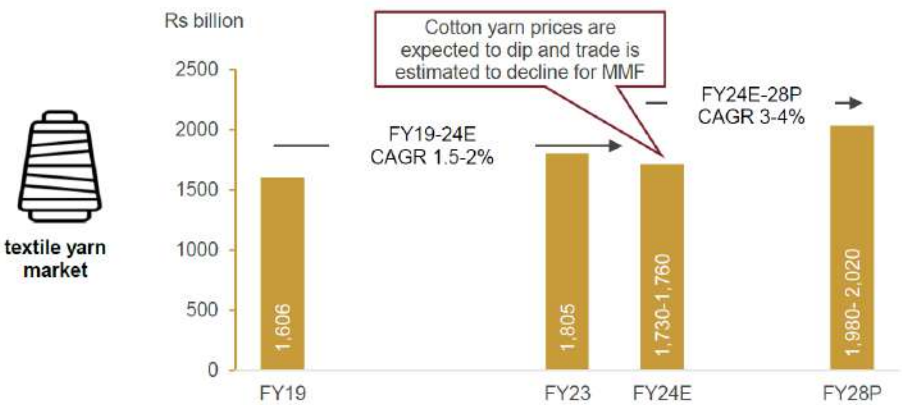
Source: Ministry of textiles, DGCI&S, CRISIL MI&A

4.2 Overview of Indian textile yarn industry

Indian textile yarn market to clock 4-5% CAGR between fiscals 2024 and 2028

The Indian textile yarn market, which was valued at Rs 1,606 billion in fiscal 2019, grew at a modest rate of ~3.0% CAGR between fiscals 2019 and 2023 to reach Rs 1,805 billion led by demand recovery after the pandemic.

Overall Indian textile yarn market



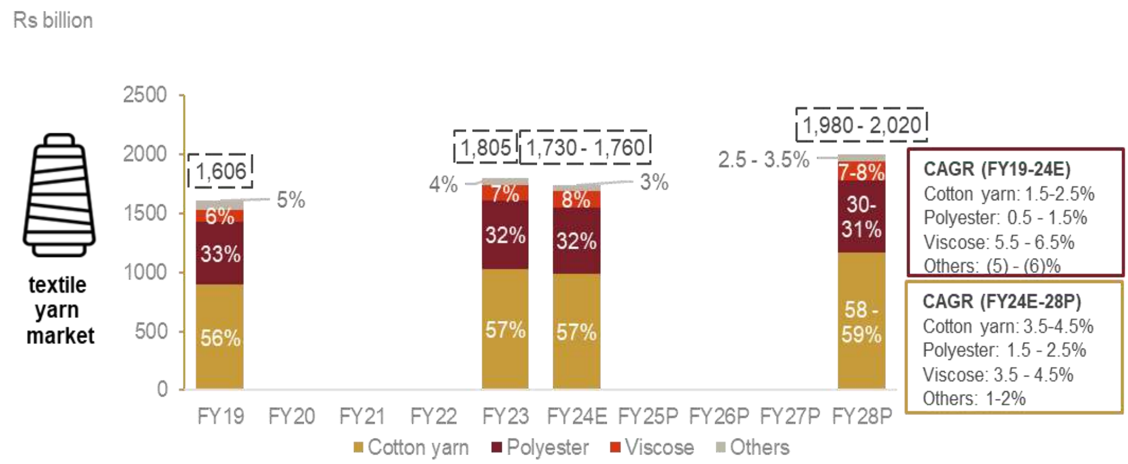
E stands for estimate, P stands for projected
Source: Ministry of Textiles, CRISIL MI&A

Growth in the long term expected to be driven by recovery in cotton yarn demand in domestic and international markets

In fiscal 2023, cotton yarn formed the major share of the Indian textile yarn market, accounting for 57% share in the market and was valued at Rs 1,032 billion. The cotton yarn market is expected to grow at a 3.5-4.5% CAGR between fiscals 2024 and 2028 driven by recovery in global trade.

The market for manmade fibers (MMF), which includes polyester and viscose, is expected to account for ~39.9% of the total Indian textile yarn market in fiscal 2024. Polyester is expected to have grown at 0.5-1.5% CAGR till fiscal 2024 to reach Rs 550-570 billion from Rs 534 billion in fiscal 2019. During the same period, viscose is expected to have grown at 5.5-6.5% CAGR till fiscal 2024 to reach Rs 130-140 billion from Rs 100 billion in fiscal 2019.

Fiber-wise breakup of Indian textile yarn market



E: estimate, P: projected; Others include silk, wool etc.
Polyester includes Polyester Staple Fiber (PSF) and Polyester Filament Yarn (PFY)
Viscose includes Viscose Filament Yarn (VFY) and Viscose Staple Fibre (VSF)
Source: Ministry of Textiles, CRISIL MI&A

The Government of India has announced two schemes recently to increase the economies of scale, export potential and competitiveness in the textile sector: These are the Performance-Linked Incentives (PLI) scheme and Mega Investment Textile Parks (MITRA). PLI scheme is an opportunity to generate Rs 1,800 billion in revenue in MMF-based textiles. As per Quarterly Review Reports (QRRs) as on September 30, 2023, the eligible investment made under the scheme was Rs. 21.2 billion of 30 selected applicants, out of which 12 selected applicants started commercial production, turnover achieved was Rs 5.2 billion including export of Rs 0.8 billion, and employment generated was 8,214.

Opportunities in textile sector from PLI scheme

Total revenue potential Rs. 3,000 billion

Expected investments under PLI Rs. 190 billion

Total incentive Rs. 106.8 billion

Additional employment created 7,50,000

Two investment categories

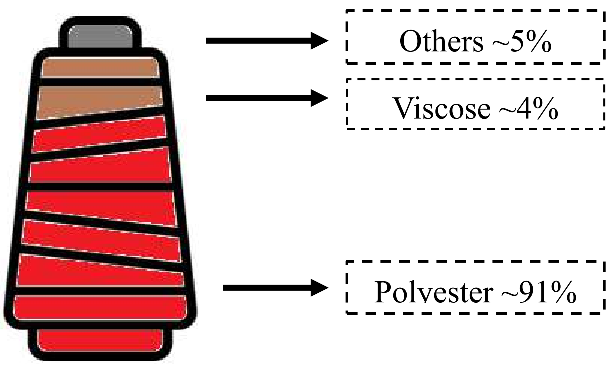
Source: CRISIL MI&A

5. Assessment of yarn manufacturing, cotton fabric and technical textile industry in India

Yarn manufacturing consists of sequence of various processes where raw fibers are converted to yarn which can be further used in the manufacturing of various products such as fabrics and garments. The fibers are converted into yarn through a process called spinning, followed by weaving and knitting.

A yarn can either be made from natural fibers such as cotton and wool or from man-made fibers (MMF) such as polyester, viscose, nylon, acrylic, polypropylene among others. Raw material consumption in the Indian textile industry is in the ratio of 59:41 for use of cotton to man-made fibers or filament yarn.

5.1 Polyester yarn industry in India

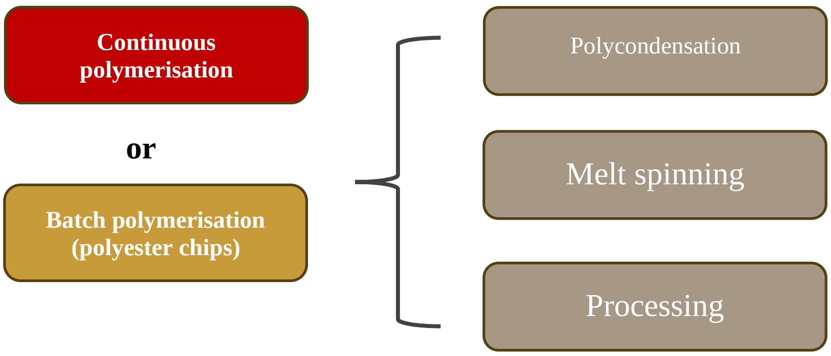


Polyester belongs to a class of polymers that primarily contain polyethylene terephthalate (PET). It is a man-made fiber which is produced using purified terephthalic acid (PTA) and mono-ethylene glycol (MEG). The two main components of the domestic MMF industry are polyester and viscose, which together account for about 95% (in volume terms). Herein, polyester accounts

Others include nylon, acrylic, polypropylene among others
Source: CRISIL MI&A

In the domestic market, polyester is mainly consumed in the form of polyester filament yarn (PFY) / partially oriented yarn (POY), which accounts for 70-75% (in volume terms) of domestic polyester consumption in fiscal 2023 and rest includes polyester staple fiber (PSF), polypropylene filament yarn, and polyester industrial yarn among others. Polyester yarn is primarily used to produce blended fabrics and non-cotton fabrics, which are, in turn, used in production of readymade garments, home textiles and other industrial textiles.

Polyester mainly produced through continuous polymerisation



Both continuous polymerisation and batch polymerisation include three common procedures which include polycondensation, melt spinning and processing

During polycondensation, the raw materials (DMT / PTA and MEG) are polymerised into polyethylene terephthalate (PET) chips. In the melt spinning stage, the melt obtained from polycondensation is converted into filament. In the third stage, the filament goes through processing activities such as drawing, crimping, heat setting, cutting, and baling.

5.2 Overview of polyester yarn industry in India

Economic revival in major exporting regions coupled with rise in consumption to lead long-term growth for PSF

Over the years from fiscal 2019 to 2023, the total production of Polyester Staple Fiber (PSF) – in volume terms – has grown from ~1.3 million tonnes in fiscal 2019 to ~1.4 million tonnes in fiscal 2023. This growth is majorly driven by the rise in demand for polyester yarn during the period.

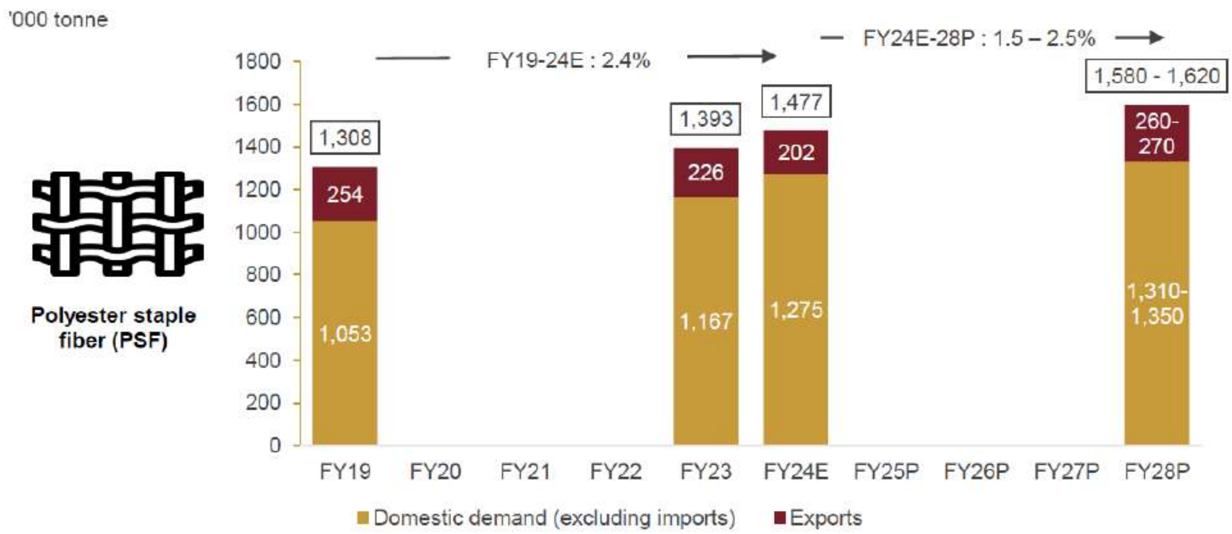
During fiscal 2023, the total production – in volume terms – of PSF saw a decline of 3.1% compared to fiscal 2022 majorly contributed by the fall in exports. For the year, though domestic demand of PSF (excluding imports) saw a Y-o-Y growth of 10.5% – the exports of PSF saw a steep decline of 40.7% on a Y-o-Y basis leading to the overall decline. The fall in exports is due to slowdown in international demand coupled with Covid-19 related disruptions in China.

Going forward, in fiscal 2024, the domestic demand (excluding imports) of PSF is expected to see a rise of 9.2% when compared to the previous fiscal due to low base effect. In contrast, the exports of PSF are estimated to further decline for the same period, owing to slowdown in key importing regions such as European Union and United States.

As a result, from fiscal 2019 to 2024, the total production – in volume terms – of PSF is expected to have grown at a CAGR of 2.4% majorly driven by the domestic demand (excluding imports) of PSF during the period.

Over the long-term, with the major importing regions seeing an economic revival, coupled with rise in consumption driven by growth in the blended and non-cotton segment of the industry, the overall production of PSF – in volume terms – is estimated to grow at a CAGR of 1.5 – 2.5% between fiscals 2024 and 2028.

Long-term demand outlook (production) – volume terms



The total values above the bar graph indicate overall domestic production
55012000, 55032000 and 55062000 HS codes have been considered
E: Estimated, P: Projected
Source: CRISIL MI&A

PSF production in value terms

PSF	FY19	FY23	FY24E	FY19-24E (CAGR)	FY28P	FY24E – 28P (CAGR)
Price (Rs/kg)	108	114	108	(0.1)%	110 – 115	0.5 – 1.0%
Production (Rs. Bn)	137	156	156	2.7%	170 – 180	2.5 – 3.5%

E: Estimated, P: Projected
Source: CRISIL MI&A

The major raw materials for production of PSF include PET and MEG which are majorly dependent on crude oil. CRISIL MI&A expects the crude oil prices to cool down in fiscal 2024 – post continuous increase for two consecutive years of fiscal 2022 (April 2021 to March 2022) and fiscal 2023 (April 2022 to March 2023). This reduction is expected to bring down the PFY prices in fiscal 2024.

Growth in non-cotton segment and economic revival in major exporting regions to lead long-term growth for PFY

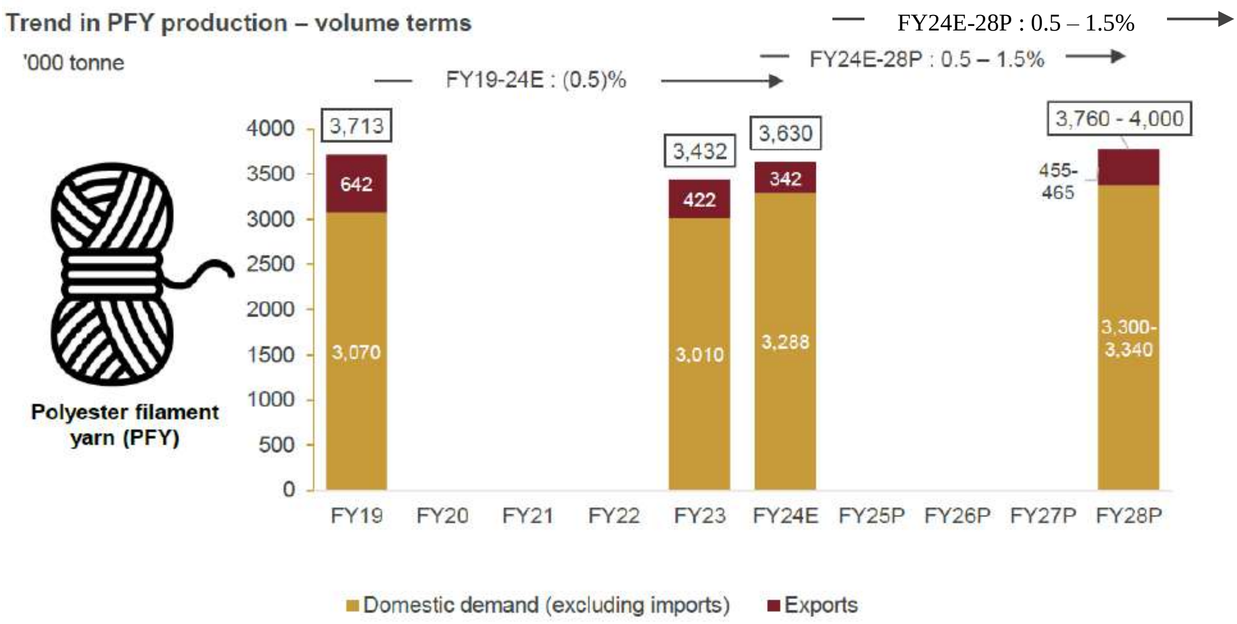
PFY production – in volume terms – has declined from 3.7 million tonnes in fiscal 2019 to 3.4 million tonnes in fiscal 2023, with exports majorly curtailing the growth. During this period, though the domestic demand (excluding imports) for PFY has seen only a slight decline of 0.1%, the overall production is trimmed by 0.5% with exports declining by 11.7% due to economic slowdown in importing regions.

In fiscal 2024, the domestic demand (excluding imports) is estimated to grow by 7.5% over the previous fiscal driven by growth in non-cotton segments. However, the overall production during the same period is expected to be constrained by decline in exports (7.1%) due to slowdown in key consumption regions.

As a result, PFY production – in volume terms – is estimated to have witnessed an overall decline of 0.5% CAGR between fiscals 2019 and 2024 with majorly exports curtailing the growth.

Going forward, the overall demand is expected to grow at a CAGR of 0.5 – 1.5% between fiscals 2024 to 2028, driven by growth in non-cotton segments coupled with revival in export demand globally

Trend in PFY production – volume terms



The total values above the bar graph indicate the overall domestic production
540233, 540246, 540247, 540252, 540262 and 540220 HS codes are considered
E: Estimated, P: Projected
Source: CRISIL MI&A

PFY production in value terms

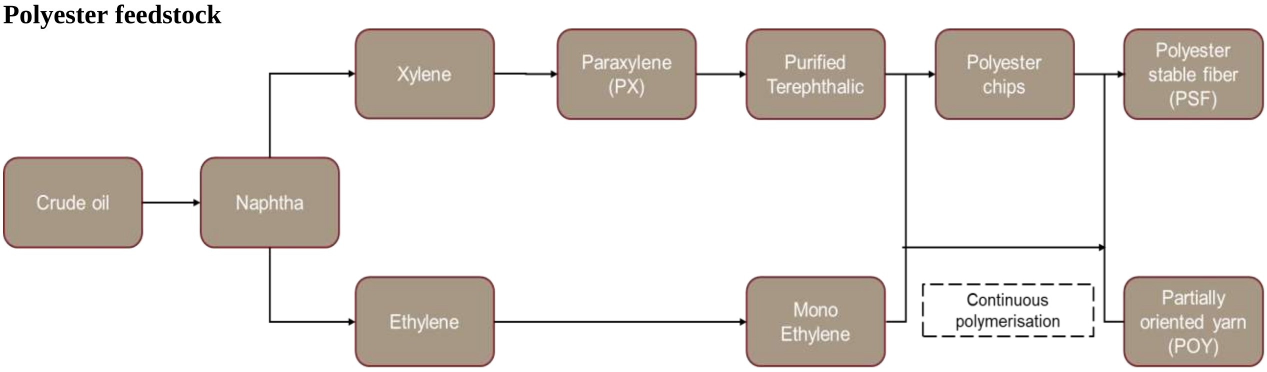
PFY	FY19	FY23	FY24E	FY19-24E (CAGR)	FY28P	FY24E – 28P (CAGR)
Price (Rs/kg)	105	118	109	0.8%	110-115	0.5 – 1.0%
Production (Rs. Bn)	398	418	405	0.4%	430 - 440	1.5 – 2.5%

E: Estimated, P: Projected
Source: CRISIL MI&A

The major raw materials of PFY which include PET and MEG are majorly dependent on crude oil. CRISIL MI&A expects the crude oil prices to cool down – post continuous increase for two consecutive years of fiscal 2022 and fiscal 2023. This reduction is expected to bring down the PFY prices in fiscal 2024. Going forward, it is vital to monitor, how PFY prices would act with change in crude oil prices.

Overview of raw material scenario in India

Polyester feedstock

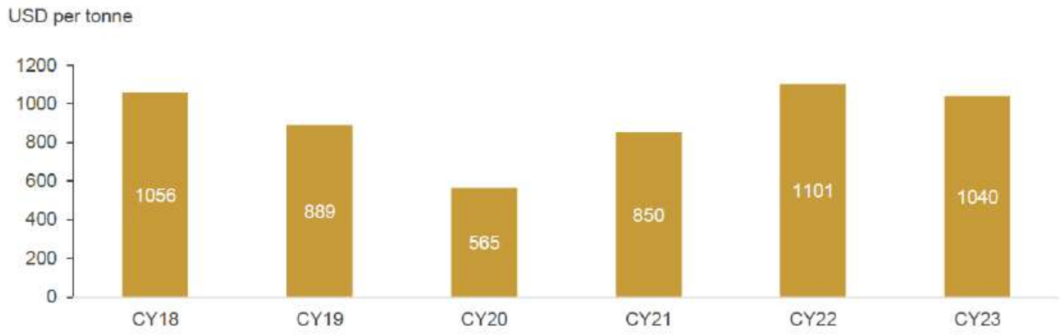


Source: CRISIL MI&A

Paraxylene (PX)

Decline in feedstock prices led paraxylene prices to settle in CY2023

PX price trend

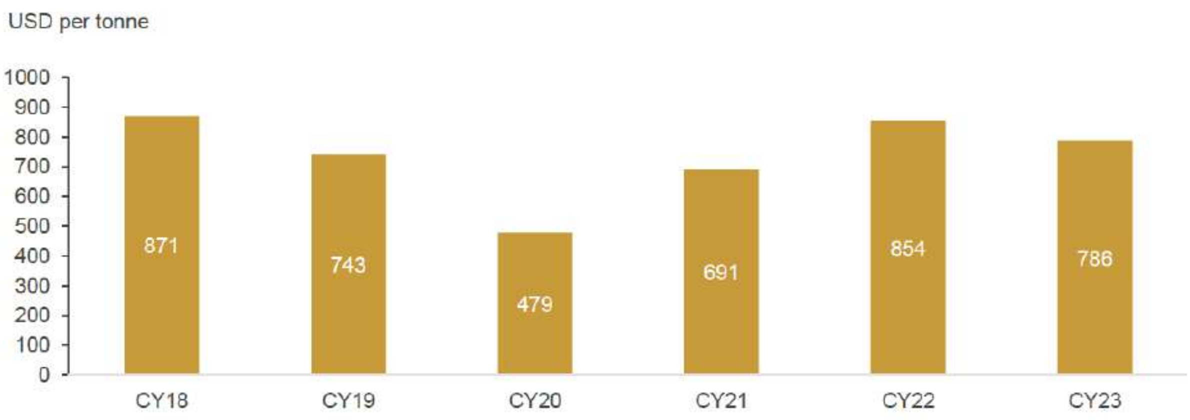


Prices of PX are as per Cost and Freight (CFR) Southeast Asia
Source: CRISIL MI&A

Purified Terephthalic Acid (PTA)

PTA prices declined in CY2023 owing to slowdown in global markets

PTA price trend

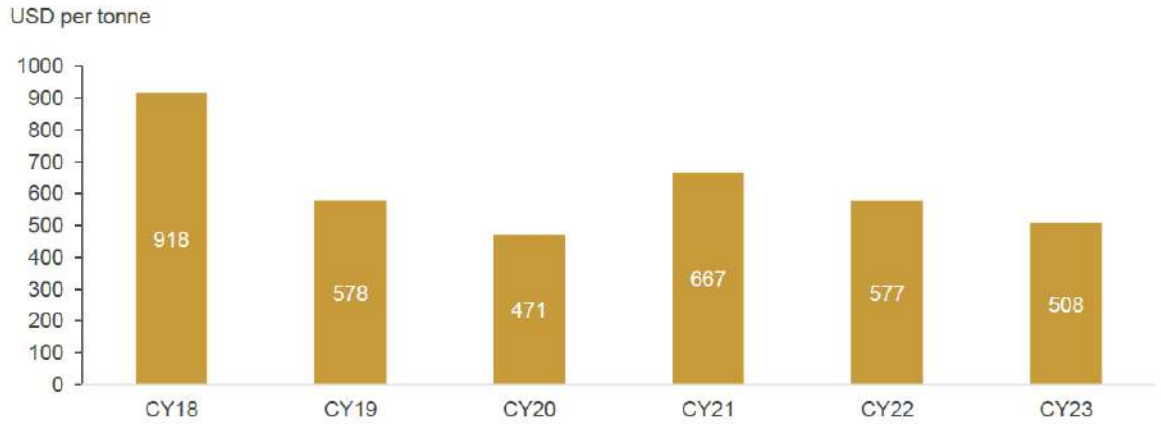


Prices of PTA are as per Cost and Freight (CFR) Southeast Asia
Source: CRISIL MI&A

Mono Ethylene Glycol (MEG)

MEG prices declined in CY2023 owing to decline in feedstock prices

MEG price trend



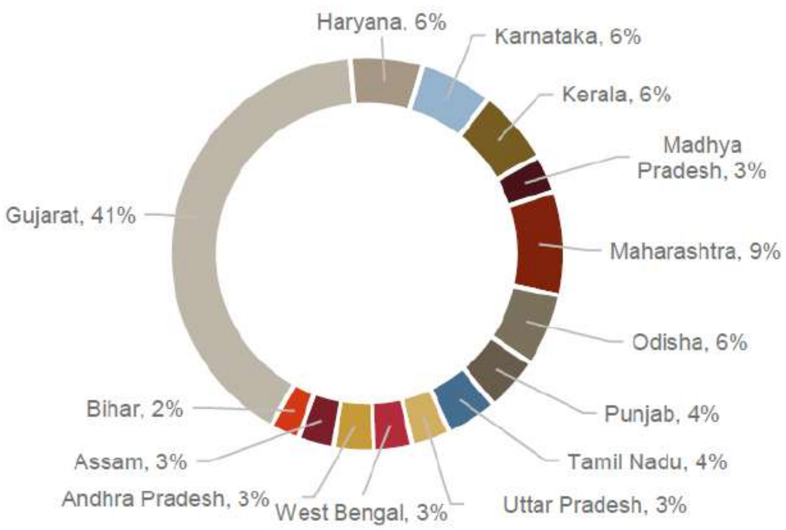
Prices of MEG are as per Cost and Freight (CFR) Southeast Asia

Source: CRISIL MI&A

West Gujarat cluster is among the major strategic locations for polyester yarn manufacturers in India

West Gujarat Cluster is amongst the major strategic locations for polyester yarn manufacturers in India due to availability of manufacturing facilities across supply chain of polyester segment. Presence of raw materials manufacturers, for MEG and PTA, such as Reliance industries provides a logistical advantage for manufacturers in the location. This can be supported by Gujarat occupying a share of 41% in Indian crude oil manufacturing capacity – the major raw material involved in manufacturing of MEG and PTA. Adding to this advantage is the access to textile markets of Gujarat and Maharashtra. Having said that, the cluster is also well known for synthetic textile market and accounts for major share of man-made fiber processing in India. The cluster mainly caters to domestic demand from readymade garments and home textiles.

Share of Gujarat in Indian crude oil capacity as of fiscal 2022

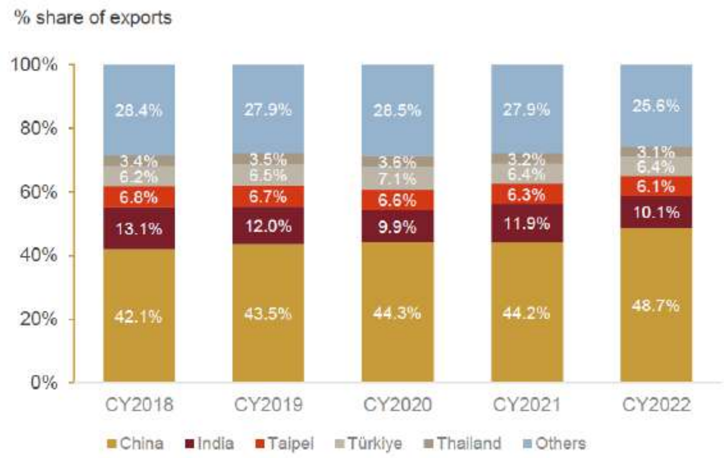


Source: Ministry of Petroleum and Natural Gas, CRISIL MI&A

5.3 An overview of global and Indian polyester yarn trade

India stands second next to China in PFY yarn exports globally as of CY2022

Trend and share of top 5 countries in PFY global exports



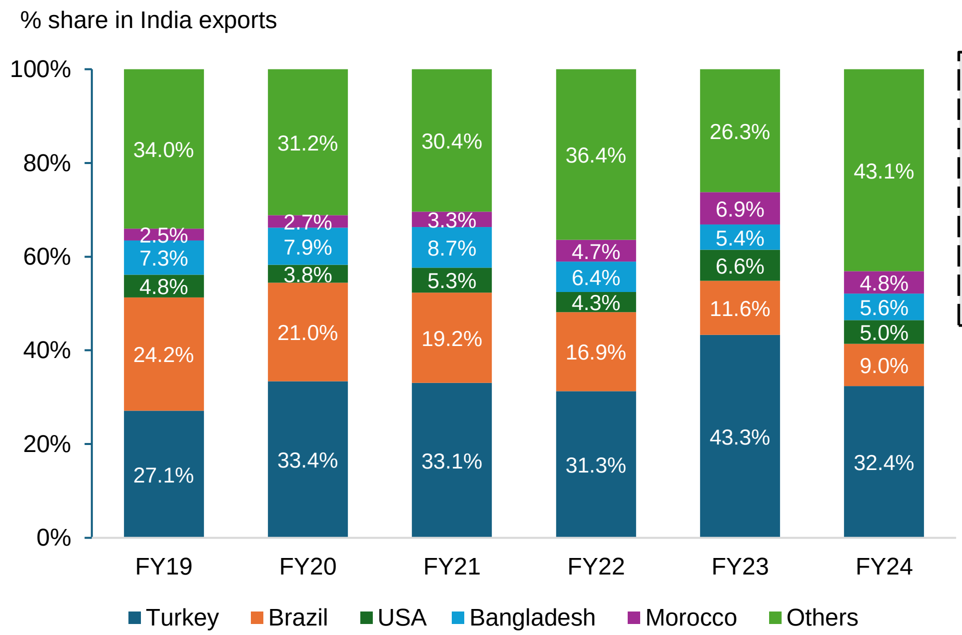
Over the years, from CY2018 to CY2022, China has been the leading exporter of PFY yarn followed by India. The share of China has increased from 42.1% in CY2018 to 48.7% in CY2022.

This gain in share by China is majorly on account of slowdown in domestic Chinese market, expanding scale of production over the years coupled with dumping of cheaper yarn into global markets by Chinese manufacturers.

Note:
Top 5 countries considered in the above graph are as per CY2022 data
HS Codes 540233, 540246, 540247, 540252, 540262 and 540220 have been considered
Source: ITC Trademap, CRISIL MI&A

Turkey is the top export destination for Indian PFY exporters as of fiscal 2024

Trend and share of top 5 countries in PFY exports from India

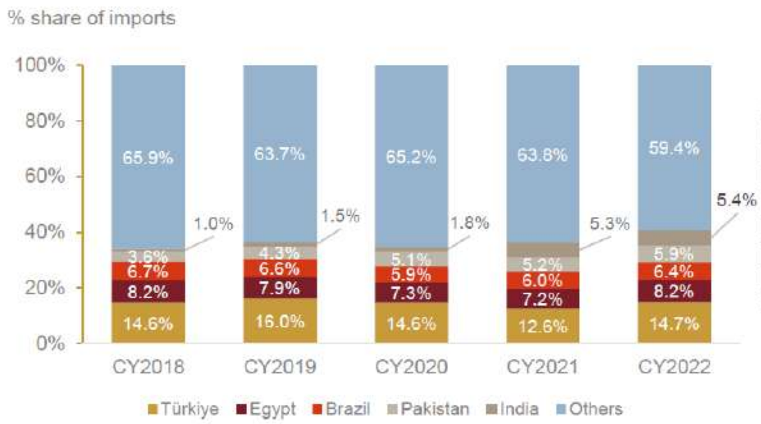


During fiscal 2024, Turkey has been a major export destination for Indian PFY yarn. It accounts for a share of 32.4%, followed by Brazil at 9.0%.

Note: Top 5 countries considered in the above graph are as per fiscal 2023 data
HS Codes 540233, 540246, 540247, 540252, 540262 and 540220 have been considered

Turkey is also the largest importer of PFY yarn globally in CY2022

Trend and share of top 5 countries in PFY global imports



During CY2022, Turkey has accounted for the major share of imports in global PFY yarn market. Turkey garnered a 14.7% share in global PFY yarn market in CY2022. India stands fifth among the global importers of PFY yarn with an 5.4% share in CY2022.

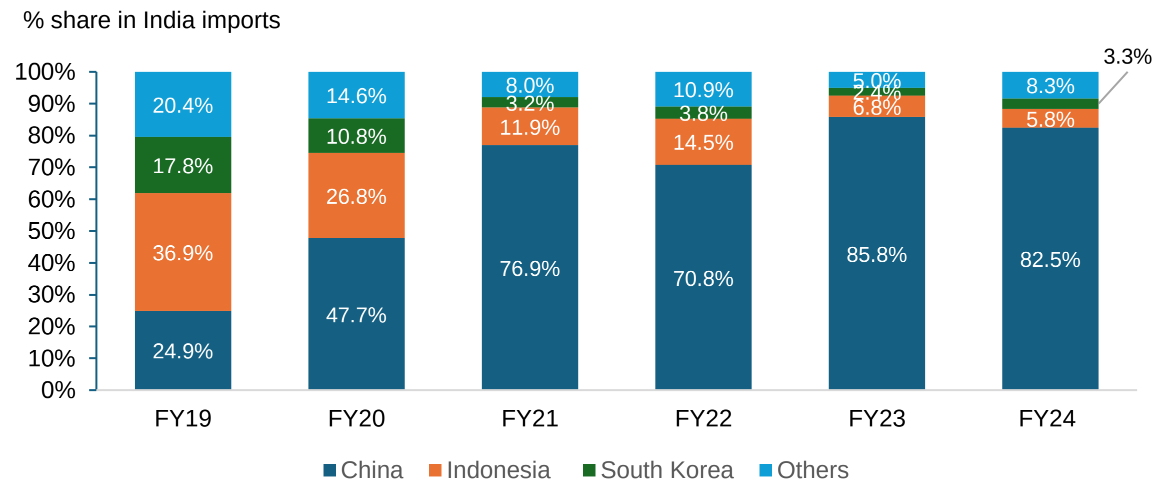
Note:
Top 5 countries considered in the above graph are as per CY2022 data
HS Codes 540233, 540246, 540247, 540252, 540262 and 540220 have been considered
Source: ITC Trademap, CRISIL MI&A

India's Polyester Yarn (PFY) imports from China augmented over the years, however implementation of QCO expected to bring it down

As of fiscal 2024, China (82.5%) is largest exporter of PFY to India followed by Indonesia (5.8%), and South Korea (3.3%). The share of China in India's PFY imports has seen a sharp increase over the years from 24.9% in fiscal 2020 to 82.5% in fiscal 2024. This sudden rise in imports from fiscal 2021, can be attributed to decline in Chinese domestic demand owing to Covid-19 related curbs such as zero-covid policy which consequently led to Chinese manufacturers dumping the products in India leading to higher imports to India.

Further, Government of India (GoI) on 5th October 2023, has implemented Quality Control Order (QCO), on polyester yarn to curb the imports of low-quality products and maintain the quality standards. The Bureau of Indian Standards (BIS) is the agency which looks after the implementation of QCO. It is also to be noted that post implementation of QCO in October 2023, overall imports have seen a declining trend in the months of November and December of 2023 on a year-on-year basis.

Trend and share of top 3 countries in PFY imports to India



Note: South Korea refers to Republic of Korea
HS Codes 540233, 540246, 540247, 540252, 540262 and 540220 have been considered
Source: Ministry of Commerce, CRISIL MI&A

5.4 Growth drivers of Indian polyester yarn industry

Affordability compared to cotton yarn

Polyester yarn offers a cost-effective alternative to cotton, driving its adoption across various segments of the textile industry. Further, inherent properties of polyester, such as resistance to wrinkles, shrinkage, and fading, further enhance its appeal as a practical and economical option for both mass-market and premium textile products in turn aids the industry growth.

Rise in demand from end-use industries

The increasing demand for polyester yarn is driven by its versatile applications across a wide range of end-use industries. Polyester yarn's attributes such as strength, durability, and resistance, make it well-suited for technical applications such as geotextiles, automotive textiles, medical textiles, and protective clothing. In addition to this, polyester yarn usage in performance wear segments such as athleisure and sportswear is also supporting the growth.

Emergence of sustainable fashion as a trend

Sustainable fashion is emerging as one of key trends in textile and apparel industry, with consumers prioritising environmentally friendly clothing. This shift in consumer behavior will drive the growth of the polyester yarn industry in India. With the aid of technology, the production of polyester yarns can be made from recycled PET bottles. Additionally, polyester yarn can be blended with natural fibers like cotton or produced using sustainable manufacturing practices to reduce its environmental impact. This shift towards sustainability not only protects the environment but also presents a significant growth opportunity for the industry. As sustainable fashion gains momentum, driven by consumer demand, polyester yarn industry in India is poised to grow.

5.5 Key entry barriers in Indian polyester yarn industry

Economies of Scale: Established players in the polyester yarn industry often enjoy economies of scale due to their large production capacities which allows them to produce yarn at lower average costs compared to new entrants.

Backward integration: Backward integration in India's polyester yarn industry, where key players produce raw materials like PTA and MEG, acts as a formidable entry barrier. Established firms benefit from economies of scale, control over supply chains, and lower production costs. The capital-intensive nature of setting up PTA and MEG facilities further deters new entrants**.**

Long lead time for vendor approval: India is one of the leading exporters of polyester yarn globally. Exporting to international brands necessitates a lengthy vendor lead time for approval, hindering entry for new players in India's polyester yarn manufacturing. New entrants may face challenges in meeting quality requirements set by global brands. Hence, companies with proven track record and large economies of scale hold an advantage over new entrants.

Access to Capital: Polyester manufacturing is capital intensive in nature. Adequate capital is necessary for setting up manufacturing facilities, purchasing equipment, hiring skilled labor, and covering operational expenses.

5.6 Cotton yarn industry in India

India is among the major cotton producers in the world

Cotton is one of the most important commercial crops cultivated in India. As of CS2023 – as per ICAC estimates – India accounts for around ~23% of the total global cotton production only next to China.

Cotton yarn industry relatively organized due to high capital intensity

The Indian cotton yarn industry is relatively organized, unlike the fabric industry. This is because setting up a yarn spinning mill needs huge investments (Rs 30,000-35,000 per spindle) to meet technological requirements. This limits the entry of players into the industry. Cotton being the major raw material in the manufacturing of cotton yarn, its production in India also varies as per the availability of cotton.

	FY18	FY19	FY20	FY21	FY22	FY23*	FY18-23 CAGR
Cotton yarn production ('000 Tonnes)	4,068.0	4,210.0	4,012.0	3,260.0	4,066.0	3,441.0	(3.3)%

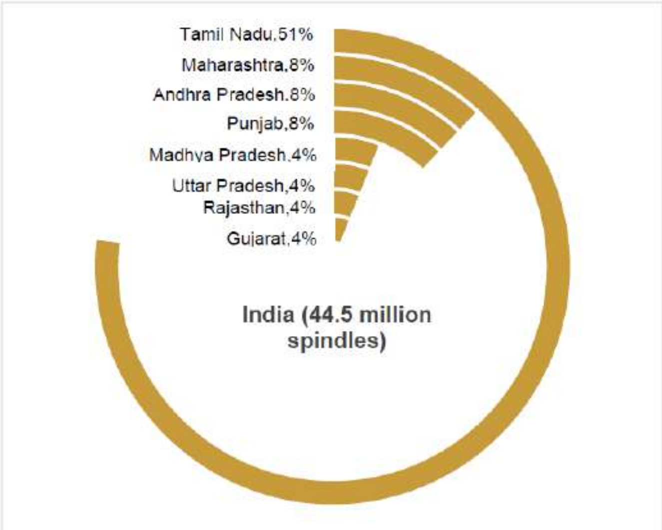
** Provisional estimates*

Source: Ministry of textiles, CRISIL MI&A

Small mill size and high level of fragmentation

The industry is fraught with a large number of small-sized spinning mills, leading to a high level of fragmentation. A spinning mill on average has 15,000-16,000 spindles. India has approximately 67 spindles per worker. As on February 17, 2021, the domestic yarn industry comprised of 3,369 spinning mills, with a total installed capacity of 52.5 million spindles.

Tamil Nadu contributes to major share in Indian yarn industry



Tamil Nadu is the major contributor to the domestic yarn industry with 51% of spindles, 62% of mills, and 38% of workers. The state government has constantly supported the spinning industry through various incentives. This has led to the state having more spinning mills than other regions. Proximity to fabric clusters such as Erode and Salem has also helped the spinning industry in the state to prosper.

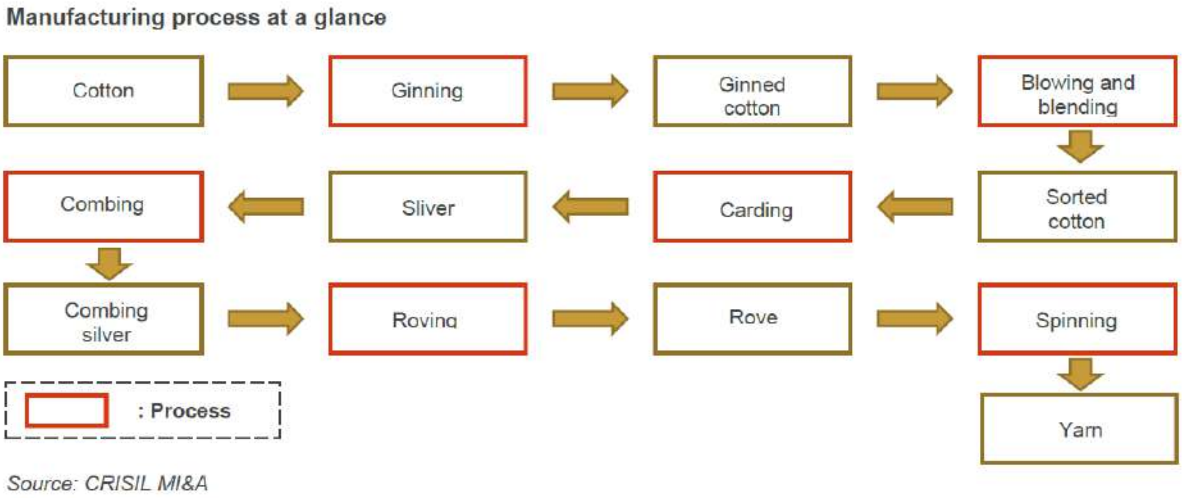
Note: Data is as of 17th February 2021
Composite spindles are not considered. Including composite, total spindle capacity is 52.5 million as on mentioned date
Source: Textile Commissioner's Office, CRISIL MI&A

Conversion of cotton to cotton-yarn involves multiple steps

The Indian spinning industry has been operating for several decades. Hence, mills are at different stages of modernisation. Technology is crucial to the operation of spinning mills. The more technologically advanced a mill is, higher is the productivity. These factors, in turn, determine the profitability of a spinning company. Spinning mills produce yarn, which is the primary component of any woven or knitted fabric.

Cotton goes through several processes before being converted into yarn. Total material loss in this process ranges from 18-22%. Raw cotton is converted to lap, which is then turned into roving and finally into yarn. The quality of yarn depends upon the staple length of the fiber.

Manufacturing process at a glance

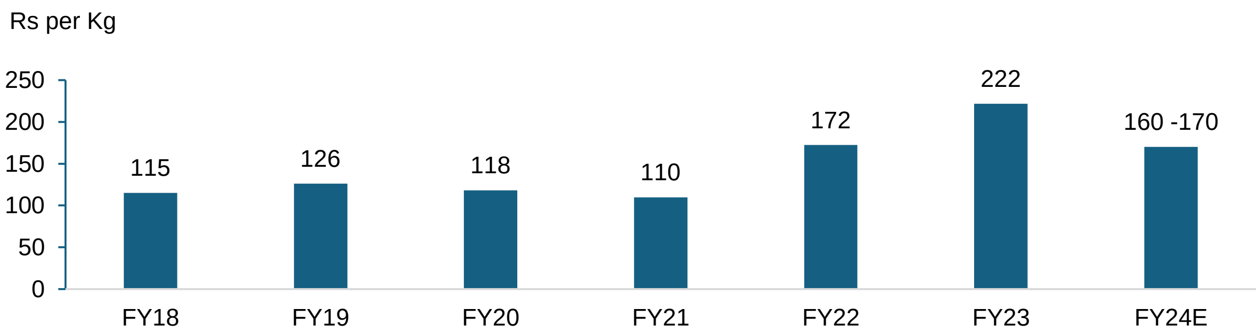


Cotton prices cost see an increase in fiscal 2023

Raw material cost, i.e. cost of raw cotton, is the largest cost component forming a share of ~60% for a spinning mill. As cotton is a seasonal commodity, procuring raw cotton at the right time and at the right price is crucial as it directly impacts the operating margin of a spinning mill.

Domestic cotton prices rose by 56.9% on a Y-o-Y basis in fiscal 2022. The revival in demand after the Covid-19-led fall in the previous year, unequal growth from different countries as well as logistics hurdles pushed up commodity prices, and cotton was no exception to this. While high demand ensured that yarn manufacturers could pass on the hike in raw material costs to an extent, the changed geopolitical situation and high inflation in developed economies called for anti-inflationary monetary actions and this watered down the growth prospects of discretionary items including readymade garments. Going ahead, cotton prices are expected to moderate around pre-pandemic levels reaching a price of Rs. 160 - 170 per kg in fiscal 2024.

Cotton prices trend over the years

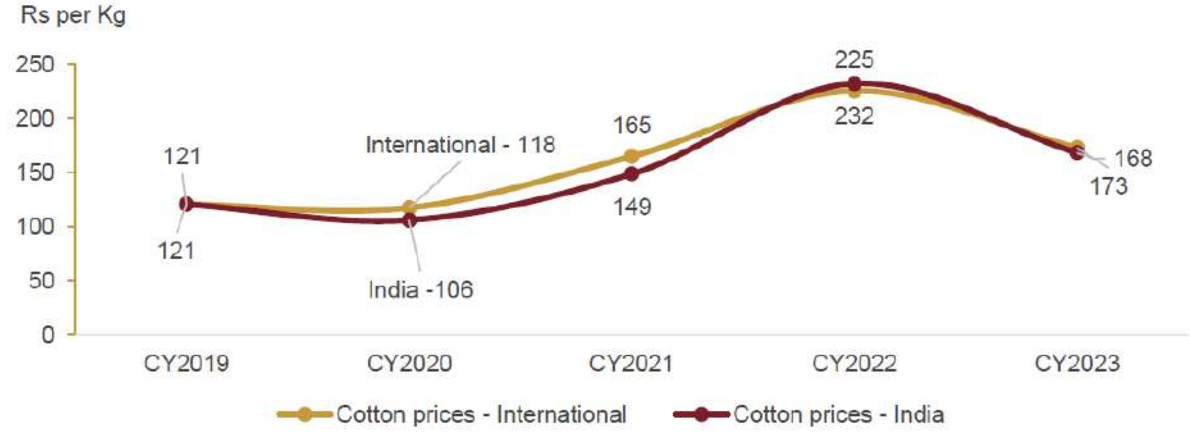


E: Estimated
Source: Cotton Association of India, CRISIL MI&A

India has a pricing advantage when compared to global average cotton prices

In terms of cotton prices, India stands at an advantageous position when compared to the global average prices. Over the past years, from CY2019 to CY2023, (except for CY2022) Indian cotton prices are lower than global average. In CY2023, international average cotton prices stand at Rs. 173 per kg whereas Indian cotton prices stand at Rs. 168 per kg.

Comparison of cotton prices (International vs Domestic)



Note:
S-6 grade cotton prices are considered for Indian cotton prices
Source: Federal Reserve of Economic Data (FRED), CRISIL MI&A

Going ahead, cotton yarn industry (production) to be driven by growth in major end use segments such as RMG, fabric and home textiles

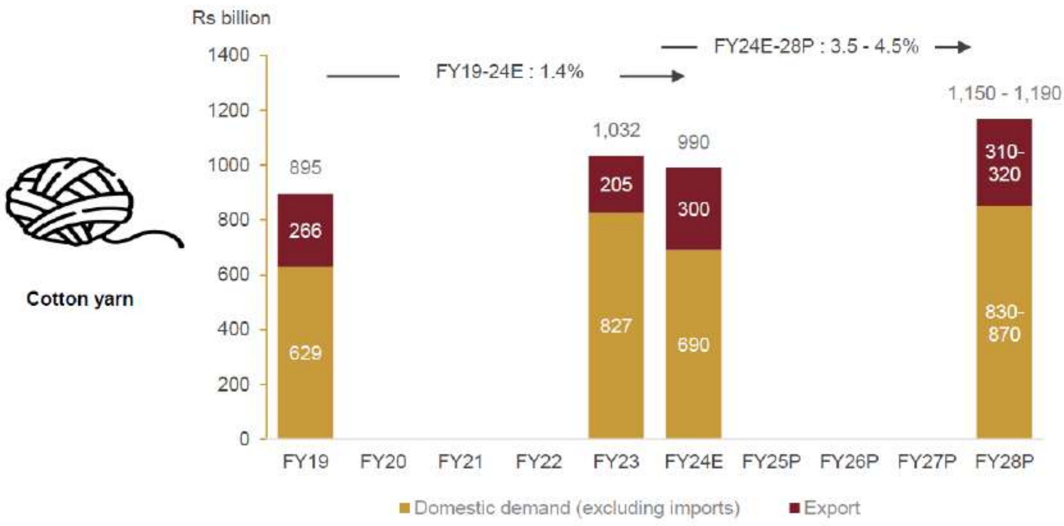
Between fiscals 2019 and 2023, overall cotton yarn industry in India registered a CAGR growth of 3.6% in value terms. Even though volumes declined during this period, price increase supported the growth of the industry.

In fiscal 2024, an estimated decline of ~7% is expected Y-o-Y, on account of decline in cotton yarn prices by 22-24% compared to previous fiscal, against the backdrop of weakening global demand.

As a result, between fiscal 2019 and 2024, overall cotton yarn production – in value terms – is estimated to have grown at 1.4%. This is majorly led by the domestic demand (excluding imports) which is estimated to have seen an increase of 2.5% while the exports are expected to have seen a modest growth of 1.0%.

Going ahead, the overall cotton yarn production – in value terms – is expected to grow at a CAGR of 3.5 – 4.5% from fiscals 2024 to 2028, with the domestic demand likely to be driven by steady growth in RMG segment along with higher demand for cotton fabric export and home textile products.

Cotton yarn production overview (in value terms)



Source: CRISIL MI&A

Increased volume and reduced prices set to drive the growth in cotton yarn exports in fiscal 2024

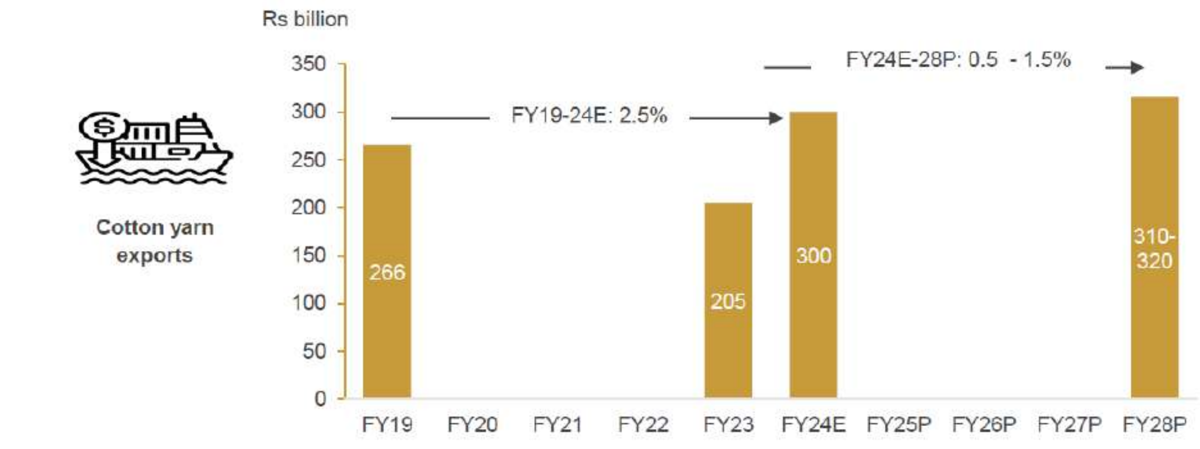
For the Indian textile sector, fiscal 2022 was a year of recovery due to the release of pent-up demand. Along with this, US' ban on cotton and derived products originating from China's Xinjiang region was imposed in January 2021, and this created more export opportunities for the Indian yarn industry. Post this, the demand for Indian cotton and cotton yarn increased in key garment manufacturing countries such as China, Bangladesh, and Vietnam.

The ban on Xinjiang cotton changed the export demand outlook for cotton yarn and resulted in exports to Bangladesh to grow for FY22 while exports to China were driven by the crisis in China which led to the shutdown of textile mills in China restricting supply, along with the imposed lockdowns in the country.

However, the momentum in export growth could not be sustained for long due to rising cotton prices and a reduction in cotton production in India. These factors resulted in exports contracting by 54% in volume terms and 47% in value terms during FY23.

The latest monthly data shows export volumes are on a stage to recovery. Along with this, an estimated decline of 22-24% in cotton yarn prices will improve the attractiveness for Indian yarn and support exports further.

Cotton yarn export trend



Source: Ministry of Commerce, CRISIL MI&A

Higher downstream demand propelled cotton yarn prices in fiscal 2023

Trend in domestic cotton yarn prices over the years

Cotton yarn prices reached all-time high levels as of fiscal 2023, driven by limited supply amid increase in downstream demand and higher domestic and international cotton prices. This has caused domestic yarn prices to reach an all-time high of Rs 327/kg in fiscal 2023.

Source: CRISIL MI&A

5.7 Overview of recycled yarn

Textile industry is one of the major consumer goods industry in India. With rising discretionary spends and growing trends such as online retail, the textile consumption has been increasing over the years. However, the growth in textile industry also causes a counter effect of environmental pollution caused by the waste generated.

To reduce this waste generated, one of the methods adopted recycling of textiles in order to reproduce fibers which in turn are utilised to produce recycled yarn.

The waste generated are majorly of two types

- **Pre-consumer waste**: Pre-consumer wastes are those wastes which are generated when the material is discarded before the converting finished products that is during the manufacturing of yarns, fabrics and ready-made garments.
- **Post-consumer waste**: This kind of waste due of disposal of finished products by the end consumer as the reach end of their life or become undesirable. These majorly include products such as worn-out clothes, carpets, towels.
- Other than the above-mentioned, waste generated from PET bottles is used for recycling to produce recycled polyester yarn.

Types of recycling process:

Mechanical recycling

In this recycling process the textile fabric is converted to fiber without use of any chemicals. Shredding and carding are used in order to extract fiber from the fabric.

Chemical recycling

As the name suggest, in chemical recycling process various chemical processes are adopted wherein the fiber is either depolymerised or dissolved from the fabric into a monomer or a solvent. The major advantage of chemical recycling is that, output products produced are of the similar quality as the original product making the process superior when compared to that of mechanical recycling.

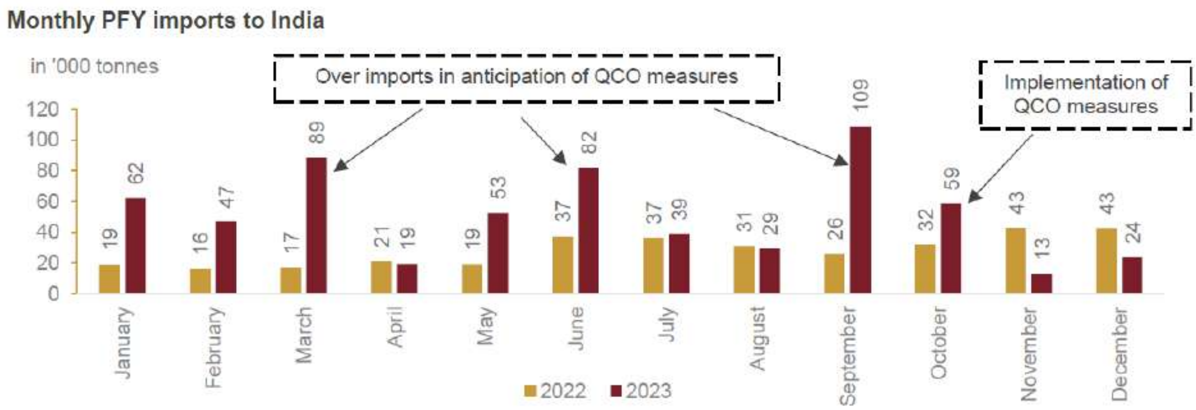
5.8 Growth drivers and opportunities in Indian yarn industry

Implementation of Quality Control Order (QCO), to aid domestic polyester yarn manufacturers

QCOs are regulatory measures introduced by the government to establish quality standards for specific products or product categories. The primary aim for setting QCOs is to control the influx of sub-standard items into the domestic market. The Bureau of Indian Standards (BIS) looks after the implementation and compliance of QCOs that are set forth.

On 5th October 2023, the GoI has introduced QCO to curb low quality imports of polyester yarn into India. This would aid in reducing the recent dumping of polyester yarn into India. This can also be observed in the recent import data where in imports for the months of November and December have declined on Y-o-Y basis post the implementation of QCO by BIS in the month of October. Further, this would support the demand for domestic polyester yarn manufacturers.

Monthly PFY imports to India



HS Codes 540233, 540246, 540247, 540252, 540262 and 540220 have been considered

Demand for polyester yarn to be driven by end use segments

The polyester yarn demand is driven by end use segments such as sport wear, quick dry clothing and other equipment such as waterproof liners, sleeping bags etc. The change in consumer preference for polyester yarn over the cotton due to higher strength and wrinkle free properties would further aid the segment. In addition, this segment is expected to attract opportunities from various from other industries such as automobile, hospitality which would growth opportunities. Overall, these factors support the demand for polyester yarn industry.

Cotton yarn to see revival owing to various factors

The growth in cotton yarn is driven by multiple factors which include demand arising out of easing of Chinese economy from the zero-covid policy aiding the exports of cotton yarn. Further, competitive pricing of Indian cotton when compared to international prices would support the growth in the industry. In addition, the demand from growth both domestic and global in end use ready-made garments would also support the growth in domestic demand as well as exports. India also is working on getting an FTA with both the United Kingdom (UK) and European Union (EU), once successful, these would further strengthen the demand for exports in the segment.

5.9 Challenges in the Indian yarn industry

Raw material price fluctuations

Raw material cost (raw cotton) is the largest cost component for the yarn-manufacturing industry, accounting for a major share in players' operating income. In case of cotton yarn, as cotton is a seasonal commodity, procuring raw cotton supplies at the right time and at the right price is crucial. Similarly, fluctuations in the price of naphtha would affect the polyester yarn manufacturers. These raw material price fluctuations impact yarn players, due to limited ability to fully pass on the price rise and inventory losses, when sharp price correction happens. Hence, the management of raw material price fluctuations, also possess as a key challenge for the industry.

India facing stiff competition from China in major export markets of polyester yarn

Turkey and Brazil are the key export regions for Indian polyester yarn, with a combined share of 50% in India's overall exports as of fiscal 2023. Having said that, India is expected to continue to face stiff competition in these major export countries from China. For Brazil, China has occupied a lion's share in the country's import basket with 74% in CY2022 rising from 33% in CY2018. While the share of India in Brazil's import basket has seen a reverse trend with a dip from 59% in CY2018 to 23% in CY2022. Further, for Turkey, the share of India in the country's import basket for CY2022 is about 29% when compared in 40% share of China.

This is mainly on account of large capacity coupled with strong backward integration of Chinese manufacturers in terms of raw material (PTA) in addition to higher polyester production capacity of China when compared to India.

Currency risk

Exchange-rate fluctuations directly affect the exports as well as indirectly affect - as downstream segments (RMG and Home textiles) are export-oriented and price-competitive - the pricing power of yarn manufacturers. An overview of Indian Cotton fabric industry

5.10 An overview of Indian Cotton fabric industry

Structure of Industry

Cotton fabrics account for 55-60% of overall fabric production in India. The fabric industry is highly fragmented, with SME's occupying 75-80% share in the industry making it price competitive. The industry comprising of handlooms, power looms, composite mills and hosiery (knitting) units, can be further categorized into the organized and unorganized sectors. Composite mills make up the organized sector, while the unorganised sector includes decentralised power looms, handlooms, and hosiery production units. As power looms, handlooms, and hosiery account for 80% of the cotton fabric production, the industry remains unorganised.

The fabrics are inputs for the readymade garment (RMG) and home-textile industries. Weaving, knitting and processing (WKP) are the foremost differentiating parts of the textiles value chain, which gives its output a variety in terms of design and colour of fabric. In India, Bhiwandi, Bhilwara, Erode, Ichalkaranji, Madurai, Malegaon, Salem and Solapur act as the dominant clusters for fabric production.

Cotton has been the preferred fabric over the years

Share of cotton in overall fabric production

Due to advantages that the cotton fabric holds in the apparel manufacturing such breathability, better moisture absorption and being biodegradable it occupies the major share in the overall fabric production. Over the years share of cotton fabric remained over 50-60% in the overall fabric production with the rest being blended and man-made fabric.

E: Estimated
Source: PIB, CRISIL MI&A

India occupies a 20-25% share in global cotton production

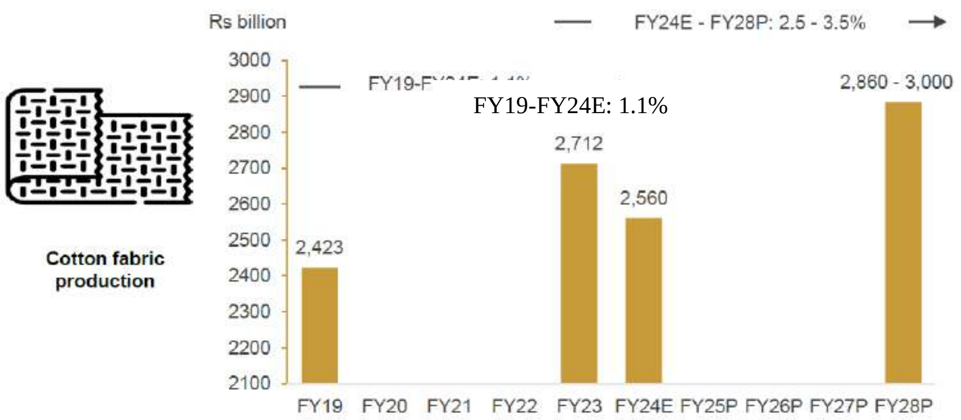
Cotton production for India

Over the years India has occupied a share of 20-25% share in global cotton production. As per CS23 estimates, India has a cotton production of 5.7 million metric tonnes and accounts for ~23% share globally.

E: Estimated
Note: Years refer to Cotton Season (August-July)
Source: International Cotton Advisory Committee (ICAC), CRISIL MI&A

Driven by growth in end-use segments the cotton fabric industry is expected to grow at 2.5-3.5% between fiscals 2024-28

Cotton fabric production trend



Source: CRISIL MI&A

Government policies support cotton fabric industry in India

The government policies are supportive for growth in textile industry given its potential for employment generation. Schemes like Technology upgradation Fund Scheme (TUFS) have significantly reduced the capital cost for the industry with government providing both capital costs and interest subsidy. Some of the states such as Gujarat, Maharashtra, Madhya Pradesh, Rajasthan and West Bengal have also come up with their own policies over and above TUFS. Further to this, the government approved the 'Amended Technology Upgradation Fund Scheme (ATUFS),' a new scheme on January 13, 2016. The scheme provides a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Under ATUFS, weaving units are provided with 10% capital investment subsidy up to a cap of 0.2 billion which will aid in modernization. An allocation of Rs 178.2 billion has been approved for seven years to meet the committed liabilities of Rs 126.7 billion and Rs 51.5 billion for new cases under ATUFS across segments.

Also, the government has launched PowerTax India, a comprehensive scheme for power loom sector development, which is major contributor to cotton fabric production in India, includes assistance for upgradation of plain power looms. These government policies coupled with downstream demand is likely to boost the cotton fabric industry in India.

Organised retail to lead growth in global cotton fabric industry

The long-term growth in global cotton fabric segment is expected to be driven by growth of organised retail in developed economies. Organised retail provides cotton fabric players an established distribution network which would increase the reach of the products to wider range of consumers.

5.11 Industrial and technical textile industry in India

Technical textile can be grouped into 12 segments depending on final product

Technical textiles are defined as textile materials and products used. Other terms used for defining technical textiles include industrial textiles, functional textiles, performance textiles, engineering textiles, invisible textiles and hi-tech textiles. Technical textiles are used individually or as a component/part of another product. Technical textiles are used individually to satisfy specific functions such as fire-retardant fabric for uniforms of firemen and coated fabric to be used as awnings. Technical textiles have been slowly but steadily gaining ground due to one or more of the reasons such as: functional requirement, health & safety; cost effectiveness; durability; high strength; light weight; versatility; customization; user friendliness; eco friendliness; logistical convenience etc. Depending on the product characteristics, functional requirements and end-use applications the highly diversified range of technical textile are grouped into 12 segments.

Segment wise details of technical textiles

Type	Description
Agrotech	Agrotech includes technical textile products used in agriculture, horticulture (incl. Floriculture), fisheries and forestry. The technical textile products covered under agrotech are shade-nets, mulch-mats, crop-covers, anti-hail nets and bird protection nets, fishing nets etc.
Meditech	Meditech products include textile material used in hygiene, health and personal care as well as surgical applications. The technical textile products covered under Meditech are baby diapers, incontinence diapers, sanitary napkin, surgical sutures, disposables, surgical dressing, contact lens, artificial implants etc.
Mobiltech	Mobiltech segment of technical textile products includes applications in automotive and automotive components (including aircrafts and railways). The technical textile products covered under mobiltech are nylon tyre cord, seat belt webbing, airbags, car body covers, seat upholstery/fabric, automotive carpets, headliners, insulation felts, sunvisors/sunblind, helmets, airline disposables, webbings for aircrafts, aircraft upholstery, railways seating fabrics etc.
Packtech	Packtech includes several flexible packing material made of textile used for packing various goods for industrial, agricultural, consumer and other goods. The technical textile products covered under packtech are polyolefin woven sacks (excluding FIBC), FIBC, leno bags, wrapping fabric, jute hessian and sacks (including food grade jute bags), soft luggage products (TT component), tea-bags (filter paper) etc.
Sportech	Sportech segment comprises of technical textile products used in sports and leisure. The technical textile products covered under sportech are sports composites, artificial turf, parachute fabrics,

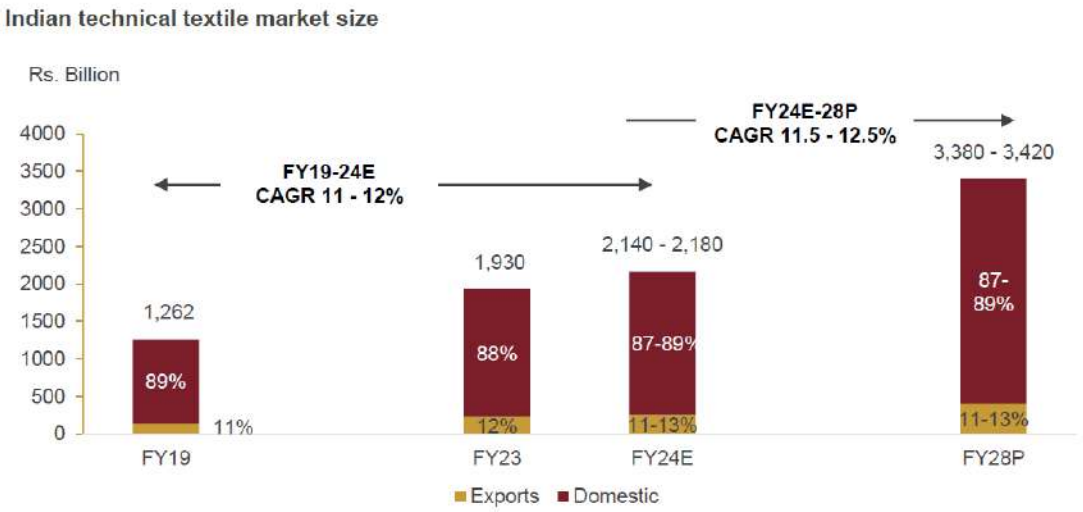
Type	Description
	ballooning fabrics, sail cloth, sleeping bags, sport nets, sport shoes components, tents, swimwear etc.
Buildtech	Buildtech segment comprises of textiles or composite materials used in the construction of permanent and temporary buildings as well as structures. The products covered under buildtech are architectural membranes, hoardings & signage, cotton canvas tarpaulins, HDPE tarpaulins, awnings & canopies, scaffolding nets, floor & wall coverings etc.
Clothtech	Clothtech segment of technical textiles comprises of all textile components used primarily in garment applications, which have some specific functional applications. The technical textile products covered under clothtech are shoe laces, interlinings, zip fasteners, elastic narrow fabrics (tapes), velcro, labels, umbrella cloth, sewing threads etc.
Hometech	Hometech segment of technical textiles comprises of the textile components used in household applications. The technical textile products covered under hometech are fiberfill, mattress and pillow components, carpet backing cloth (jute & synthetic), stuff toys, blinds, HVAC filters, filter cloth for vacuum cleaners, nonwoven wipes, mosquito nets etc.
Protech	Protech is an ensemble of textile products and related material used in the manufacture of various protective clothing for personnel working in hazardous environment. The usage of protective textiles in defence includes bullet proof jackets, NBC suits, high altitude clothing, fire retardant apparel etc.
Geotech	Geotech segment comprises of technical textile products used in Geotechnical applications pertaining to soil, rock, earth etc. Application areas include civil engineering (roads and pavements, slope stabilization and embankment protection, tunnels, rail-track bed stabilization, ground stabilization and drainage etc.), marine engineering (soil erosion control and embankment protection, breakwaters) and environmental engineering (landfills and waste management).
Oekotech	Oekotech segment refers to use of technical textiles in environmental engineering. This refers to the use of geosynthetic products to secure landfills against leakage of municipal or hazardous waste. Other areas include secondary protection in chemical/oil industries (ground covers and the like around process tanks for secondary containment should the tanks leak).
Indutech	Indutech includes technical textile products used in the manufacturing sector. The technical textile products covered under Indutech are conveyor belts (TT component), drive belts (TT component), cigarette filter rods, decatising cloth, bolting cloth, AGM glass battery separators, coated abrasives (TT component), ropes & cordages, composites (TT component), printed circuit boards (TT component), computer printer ribbon, paper making fabrics, filtration Products etc.

Source: CRISIL MI&A

Indian technical textile industry is expected to grow at 11.5-12.5% CAGR between fiscals 2024-28

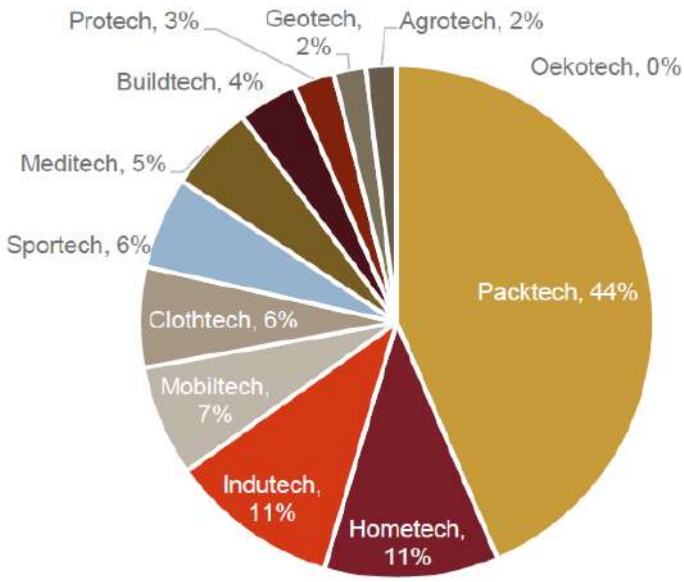
Indian technical textile market is spread across all the 12 segments with Packtech, Indutech, Hometech and Mobiltech comprising major chunk of the market. The industry has shown compounded annual growth of 11.2% between fiscals 2019 and 2023 to reach Rs 1,930 billion from Rs 1,262 billion. Favourable factors such as availability of raw materials and labour, and growing economy has driven the growth in the past. The market is expected to have grown strongly in fiscal 2024 as well, reaching Rs 2,140-2,180 billion, thereby registering a 11-12% CAGR between fiscals 2019 and 2024. However, the demand for technical textile products is still in its nascent stages with low penetration level of technical textiles at 5-10% as of fiscal 2023, against 30-70% in advanced countries. The government, in a response to capture the potential posed by technical textiles, has developed a number of policies aimed to promote the development of the domestic technical textiles market.

Indian technical textile market size



E: estimate, P: projected
Source: CRISIL MI&A

Share of 12 segments in total technical textile industry, FY23E



E : estimate, P : projected

Source: National Technical Textiles Mission (NTTM), CRISIL MI&A

Key raw material required for technical textile industry is fiber

Natural fibers and synthetic fibers are the key raw materials (~70% of the total fiber used) in technical textiles, speciality fibers constitute the remaining fiber requirement. India is one of the leading producers of both natural and man-made fibers in the world. Easy availability of fibers at a cheaper rate has been a major competitive advantage for Indian technical textile industry. While natural and man-made fibers are domestically available, the Indian technical textile industry mostly rely on imports for speciality fibers.

Natural fibers

Natural fibers used in technical textile industry are cotton, jute, silk, and coir. Cotton is the most important natural fiber being used in India. India is the largest producer of cotton in the world accounting for about 22% of the world cotton production. Gujarat, Andhra Pradesh and Maharashtra are the leading producers of Cotton.

Jute is a key raw material for making of sacking used in Packtech and Geotech. India has taken advantage of recent improvements in the cultivation of jute and has surpassed Bangladesh to become the largest producer of jute in the world. West Bengal, Odisha, Assam, Meghalaya, Tripura and Andhra Pradesh are the leading jute producers. Silk is used to manufacture some varieties of blinds (Hometech), sutures (Meditech) and sewing threads (Clothtech), though the consumption is limited to high end products. India is the second largest producer of silk after China. The major silk producing centres of India are Karnataka, Tamil Nadu, Andhra Pradesh, West Bengal and Assam. However, the production of silk is not sufficient to cater to the national demand and India is an importer silk from China. Coir, the coconut fiber finds application in mattresses, ropes, cordages and floor coverings. India is world's largest producer of coir fiber accounting for over half of world coir production. The coir industry in India is concentrated in coconut growing states – Kerala and Tamil Nadu, which together account for 90% of Indian coir production.

Man-made fibers

India is second largest producers of man-made fibers globally. The key man-made fibers/filaments used as raw material in technical textile industry are Viscose, Polyester, Nylon, Acrylic/Mod-acrylic, and Polypropylene. Key Polymers used as raw materials are HDPE (High Density Polyethylene), LDPE (Low Density Polyethylene), LLDPE (Linear Low Density Polyethylene), and PVC (Polyvinyl Chloride). A major chunk of man-made fibers and filament production is clustered in Gujarat.

Usage of man-made fibers/filaments and polymers in technical textile

Fibers/filaments and polymers	**Key segments**
Viscose	Clothtech, Hometech, Mobiltech
Polyester	Buildtech, Geotech, Clothtech, Packtech, Meditech, Agrotech, Sportech, Hometech, Indutech
Nylon	Buildtech, Clothtech, Packtech, Mobiltech, Meditech, Agrotech, Sportech, Indutech
Acrylic/Mod-acrylic	Buildtech, Protech, Meditech, Hometech
Polypropylene	Buildtech, Geotech, Clothtech, Packtech, Mobiltech, Meditech, Agrotech, Sportech, Hometech, Indutech
HDPE	Buildtech, Oekotech, Packtech, Sportech, Indutech
Low density polythelene (LDPE) / Linear low density polythelene LLDPE	Packtech, Agrotech, Sportech,

Source: CRISIL MI&A

Viscose is an important raw material for Clothtech. Viscose also finds application in manufacturing of wipes (Hometech) because of high absorbent properties. A special variety of viscose i.e. Viscose High Tenacity Filament yarn called tyre yarn finds application in Mobiltech. Polyester is the one of the most widely used synthetic fiber, both, in textile and in technical textiles. Some of the unique features of polyester, making it more desirable in the technical textile industry, are shrinkage resistance, wrinkle resistance, mildew and abrasion resistance, etc. Polyester is used as a raw material either in form of Polyester Staple fiber (PSF) or Polyester Filament yarn (PFY).

Acrylic fibers are majorly used for manufacturing Blinds and Stuff toys (Hometech). Majority of viscose and polyester consumed in India is indigenously produced.

Mod-acrylic fibers find application in manufacturing flame retardant apparel (Protech). Polypropylene is the most widely used raw material for the technical textile products because of its special properties. Nylon finds application in majority of the technical textile products.

Polyethylene (PE) is the most widely used polymer. It has three different varieties depending on the density - High Density Poly Ethylene (HDPE), Low density polyethylene (LDPE), and Linear low-density polyethylene (LLDPE). Different types of PE and Poly Vinyl Chloride (PVC) are the key polymers that find application in technical textile. HDPE/LDPE tapes are used in manufacture of variety of technical textile products. In addition the polymers are used as coating material for interlinings, etc. HDPE has a significant consumption in the packaging industry and variety of other products in technical textiles. PVC is majorly used as coating material for flex fabric, blinds, etc.

Speciality fibers

The technical textiles sector in India is dependent on import of speciality fibers. Their characteristics like light weight, durability and thermal stability have led to an increase in the overall demand for such composite materials. There are over 20 speciality fibers that are used in technical textiles. Aramids, FR fibers, carbon fibers, glass fibers, high tenacity and super high tenacity fibers are the key speciality fibers used in significant amount in Indian technical textile industry. In addition to these key speciality fibers, other speciality fibers like super absorbent fibers, alginate fibers, and conductive fibers are also used in the Indian technical textile and majority of them are imported.

Growth drivers for export demand

Growth of medical textiles post Covid-19

The pandemic situation had resulted in severe stress for healthcare industry globally in terms of medical supplies such as masks, protective clothing and single-use disposable clothing. To bridge the supply-demand gap, some of the manufacturers strengthened their production capacity to serve the domestic as well as international demands.

Also, the pandemic has highlighted the importance of hygiene products, which is leading to a surge in demand for medical textiles.

Industrial growth in emerging markets

The growth of sectors such as construction, automotive, healthcare, packaging, etc., in emerging nations is driving the growth of these sub-segments in technical textiles.

Increasing adaptability and awareness of the products

Growing awareness about the superior functionality/technicality such as personal safety, high strength, light weight and application of technical textiles is driving higher consumption of technical textiles and related products.

Other factors driving global demand

Non-woven material now-a-days plays a significant role in renovation of existing buildings as well as construction of new homes. The ability of non-woven wipers to absorb more liquid in comparison to alternatives like towels and napkins has resulted in a shift in demand to nonwoven wipers. Use of latest technologies such as Mulching, Vertical Farming, Aeroponics and Hydroponic farming technologies in agriculture has significantly increased the demand for agricultural sheets and covers. With the issue of land degradation being faced globally, Geotextiles are increasingly being used to control soil erosion on hillsides and embankments. Additionally, rise in infrastructure projects in the developing economies is playing a key factors driving the market growth.

Domestic growth drivers

Availability of raw materials

India’s textile value chain economy has abundant availability of raw materials such as natural fibers, synthetic fibers, chemicals for processing, etc and has contributed to make India the second largest producer of cotton and manmade fibers.

Availability of young and affordable manpower

India has significant share of young skilled workers at comparatively low wage rates compared to certain Asian countries, USA and Europe. This is expected to drive investments in technical textiles in India.

Investment promotion schemes by Government

Few of such initiatives are listed below:

- National Technical Textiles Mission
- Amended Technology Upgradation Fund Scheme
- Scheme for Integrated Textile Parks
- Technology Mission on Technical Textiles
- Scheme for promoting usage of Agro-textiles in North East Region
- Scheme for promoting usage of Geotechnical textiles in North East Region

Government's Foreign Direct Investment (FDI) promotion initiatives

To facilitate higher integration of technology into manufacturing processes and end products, Government of India has allowed up to 100% FDI under automatic route for the technical textiles segment. Leading global manufacturers of technical textiles products are able to establish manufacturing units in India, either alone or through partnerships with Indian industries. Several Central and State government agencies are working towards providing the necessary information to potential investors. These efforts have borne fruit, as several international technical textile manufacturers, like Ahlstrom, Johnson & Johnson, Du Pont, Procter & Gamble, 3M, SKAPS, Kimberly Clark, Terram, Maccaferri, Strata Geosystems have initiated operations in India.

Regulation and standardization across various sectors

With regulation and standardization across various sectors and industries, technical textiles sector is poised to witness significant growth in the coming years. A case in point is increase in demand for airbags and composites in automobiles sector, fire retardant/ resistant upholstery in railway coaches, bullet proof vests for defence/ police personnel etc.

Increase in consumer awareness about environmental issues and climate change

Owing to globalisation and social media, Indian consumers are increasingly evaluating products providing higher functionality along with environmental benefits.

Growth of end-use industries

A large number of technical textile products are consumed by different industries, like automotive, healthcare, infrastructure, oil & petroleum, etc. With increase in investments in these sectors, higher consumption and growing exports, the industrial sector is poised for considerable growth.

5.12 An overview of government policies and regulatory framework in the industry

Foreign Trade Policy for 2015-20

On April 1, 2015, the government announced the new Foreign Trade Policy (FTP) for 2015-2020. This policy provides a framework for increasing exports of goods and services with a target of USD 900 million by 2020. The policy introduced two new schemes:

- **Services Exports from India Scheme (SEIS)** to boost exports of notified services. The rates of rewards under SEIS will range from 3 - 5%, compared with 5 - 10% earlier
- **Merchandise Exports from India Scheme (MEIS),** targeting the export of specified goods to specified markets. The rates of rewards under MEIS will range in 2-5%, compared with 2-7% earlier

Some of the policy highlights are as follows:

- MEIS is the merger of five schemes – Focus Product Scheme, Market-Linked Focus Product Scheme, Focus Market Scheme, Agricultural Infrastructure Incentive Scrip, and VKGUY for rewarding merchandise exports.

- The main objective of MEIS is to offset infrastructural inefficiencies and associated costs involved in the export of India-manufactured goods/products, especially those having high export intensity and employment potential, thereby enhancing India's export competitiveness

- The textile sector has been granted duty scrips of 2% for mainstream cotton textile products and 5% for handloom, carpet, and coir products. However, cotton yarn does not get any benefit
- Further, a 2% incentive for man-made fiber yarn as well as woven and knitted fabric is applicable only for exports to the EU, the US, Canada, and Japan.

Remission of Duties or Taxes on Export Product (RoDTEP)

The government of India introduced a new scheme, named RoDTEP, in September 2019 and released a budget allocation of Rs 500 billion by March 13, 2020, in a move to replace Merchandise exports from India Scheme (MEIS) (which ends in December 2019) and RoSL (only refunds state taxes).

The refunds under the RoDTEP scheme would be a step towards "zero-rating" of exports, along with refunds such as Drawback and IGST. Currently, GST and import/customs duties for inputs required to manufacture exported products are either exempted or refunded. However, certain taxes/duties/levies are outside GST, and are not refunded for exports, such as, VAT on fuel used in transportation, Mandi tax, and duty on electricity used during manufacturing. These would be covered for reimbursement under the RoDTEP scheme.

The National Textile Policy

Government policies have largely been favourable for the textile industry. The National Textile Policy (NTP) aims to ensure the industry is globally competitive in terms of manufacturing practices and exports. The last NTP announced in 2000 had the following objectives:

- Facilitate the textile industry's efforts to attain and sustain a pre-eminent standing globally in manufacturing and exporting garments
- Equip the industry to withstand import penetration pressures and maintain a dominant presence in the domestic market
- Liberalise controls and regulations to ensure different industry segments perform better in a competitive environment
- Enable the industry to build state-of-the-art manufacturing capabilities in conformity with environmental standards, and encourage foreign direct investment (FDI) for this purpose as well as research and development
- Develop a strong multi-fiber base with a thrust on product upgradation and diversification
- Sustain and strengthen traditional knowledge, skills, and capabilities of our weavers and craftsmen

Technology Upgradation Fund Scheme

The government approved the 'Amended Technology Upgradation Fund Scheme (ATUFS),' a new scheme on January 13, 2016. The scheme provides a one-time capital subsidy for investments in the employment- and technology-intensive segments of the textile value chain. Every individual entity will be eligible for a one-time capital subsidy as per the rates and the overall subsidy cap is indicated below.

Sl no	Segment	Rate of capital investment subsidy	CIS per individual entity
1	Garmenting technical textiles	15% of eligible machines	Rs 0.3 billion*
2	Weaving for brand new shuttle less looms (including weaving preparatory and knitting), processing, jute, silk and handloom	10% of eligible machines	Rs 0.2 billion*

Sl no	Segment	Rate of capital investment subsidy	CIS per individual entity
3 (a)	Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is more than 50% of eligible project cost	15% of eligible machines	Rs 0.3 billion*
3 (b)	Composite unit/multiple segments -if the eligible capital investment with respect to garmenting and technical textiles category is less than 50% of eligible project cost	10% of eligible machines	Rs 0.2 billion*

Note: In case the applicant had availed a subsidy earlier under RR-TUFS, he will be eligible for only the balance amount within the overall ceiling fixed for an individual entity*
Source: CRISIL MI&A

An allocation of Rs 178.2 billion has been approved for seven years to meet the committed liabilities of Rs 126.7 billion and Rs 51.5 billion for new cases under ATUFS.

The ministry notified the Scheme for Production and Employment Linked Support for Garmenting Units (SPELSGU) under ATUFS to incentivise production and employment generation in the garment sector vide resolution dated July 25, 2016. The additional incentive of 10% will be provided to garment units that avail the 15% Capital Investment Subsidy (CIS) under ATUFS for the installation of eligible benchmarked machinery after a period of three years. The cap on CIS for eligible machinery in garment units has therefore been enhanced from Rs 0.3 billion, which was the cap under ATUFS, to Rs 0.5 billion. This additional subsidy of 10% will be provided when the projected production and employment generation targets are achieved.

As per fiscal 2025 Union budget, the scheme has been allocated the highest budget within the Textile Ministry at ~Rs 7 billion. A similar amount was allocated to the scheme in fiscal 2024 budget as well.

Special Package for Job Creation & Export Promotion in the Apparel Sector

The Ministry of Textiles on June 22, 2016, rolled out a special package of measures to support the apparel sector and enable it to improve its global competitiveness. Jobs for 1 crore people, mostly women; USD 30 billion in exports; and investment worth Rs 740 billion are the expected outcomes of the special package over the next three years.

Since 70% of the workforce in the garment industry are women, the majority of the new jobs created are likely to go to women. The special package includes a slew of labor-friendly measures that would promote employment generation, enable economies of scale, and boost exports.

Scheme for Integrated Textile Parks

The Scheme for Integrated Textile Parks (SITP) was launched in 2005 to provide state-of-the-art infrastructure facilities for setting up textile units. This scheme provides textile units infrastructure, including power, water, roads, and drainage system, and assistance to meet environmental norms. It is expected to attract considerable investments to set up huge integrated textile facilities. This is a positive step towards making India a hub for textile products. As per union budget 2021-22, the government had allocated Rs 800 million (budgeted estimate) under SITP.

Customs duty

The customs duty on readymade garments is 20%. Home textiles is high at 20% for some HS codes, while it is 10% for some HS codes. Fabrics and cotton yarn is also high at 10%. These duties are high to protect the indigenous industry from imports. Consequently, there are hardly any imports of readymade garments in India.

Overview of customs duty on various textile and apparel imports

Duty	FY20	FY24 (May 1, 2023 onwards)
Natural fibers		

Duty	FY20	FY24 (May 1, 2023 onwards)
Cotton	0%	5%
Fiber intermediates		
PTA, MEG	5%	5%, 7.5%**
Para xylene	0%	0%
Fiber/Filament		
Polyester staple fiber	10%	2.5%, 5%**
Viscose staple fiber	10%	2.5%, 5%**
Yarn		
Cotton yarn	10%	10%
Partially oriented yarn	10%	2.5% , 5%**
Viscose filament yarn	10%	5%
Fabrics	*10%	10%
Garments	*10%	20%
Home textiles	*10%	10%, 20%**

Note:
**: Attracts ad valorem rate or specific rate whichever is higher, **varies based on HS codes*
Source: Industry, CRISIL MI&A

Key government measures in the textile sector

Performance-linked incentive (PLI) scheme

The PLI scheme, announced in Union Budget 2021-22, has an outlay of Rs 1.97 trillion. The government has given the textile sector, which is one of 13 sectors included under the scheme, Rs 106.8 billion in incentives. The scheme is estimated to generate a cumulative turnover of over Rs 3 trillion while attracting fresh investment of Rs 190 billion over the next five years. The scheme is also expected to generate more than 7.5 lakh jobs in the textile sector and supporting activities. The scheme will focus on promoting high-value MMF-based fabrics, garments and technical textiles in country.

The scheme will offer different incentives for two categories of investments in the textile sector. The first category includes investments of minimum of Rs 3 billion in plant, machinery, equipment, and civil works, excluding land and administrative building cost to produce MMF fabrics, garment and technical textile line-related products. The second category will include investment of minimum Rs 1 billion by any person, firm, or company to participate under the scheme.

Investments in tier 3 and 4, cities along with rural areas and aspirational districts, will be given priority under the scheme. As a result, there will be a positive impact for states such as Gujarat, Uttar Pradesh, Maharashtra, Tamil Nadu, Punjab, Andhra Pradesh, Telangana, and Odisha.

Opportunities in textile sector from PLI scheme

Source: CRISIL MI&A

PM- Mega investment textile parks scheme (PM-MITRA)

The Government of India announced the establishment of 7 mega textile parks in the next 3 years over 1,000 acre land to boost production and support export competitiveness. The Government has approved setting up of 7 (Seven) PM Mega Integrated Textile Region and Apparel (PM MITRA) Parks in Greenfield/Brownfield sites with world class infrastructure including plug and play facility with an outlay of Rs. 44.5 billion. The scheme will help strengthen the Indian textile industry by through scale of operations, reduce logistics cost by housing entire value chain at one location, attract investment, generate employment and augment export potential. The scheme envisages to develop integrated large scale and modern industrial infrastructure facility for total value-chain of the textile industry for example, spinning, weaving, processing, garmenting, textile manufacturing, processing & printing machinery industry. Nearly Rs. 700 billion of investment is expected in these Mega Parks.

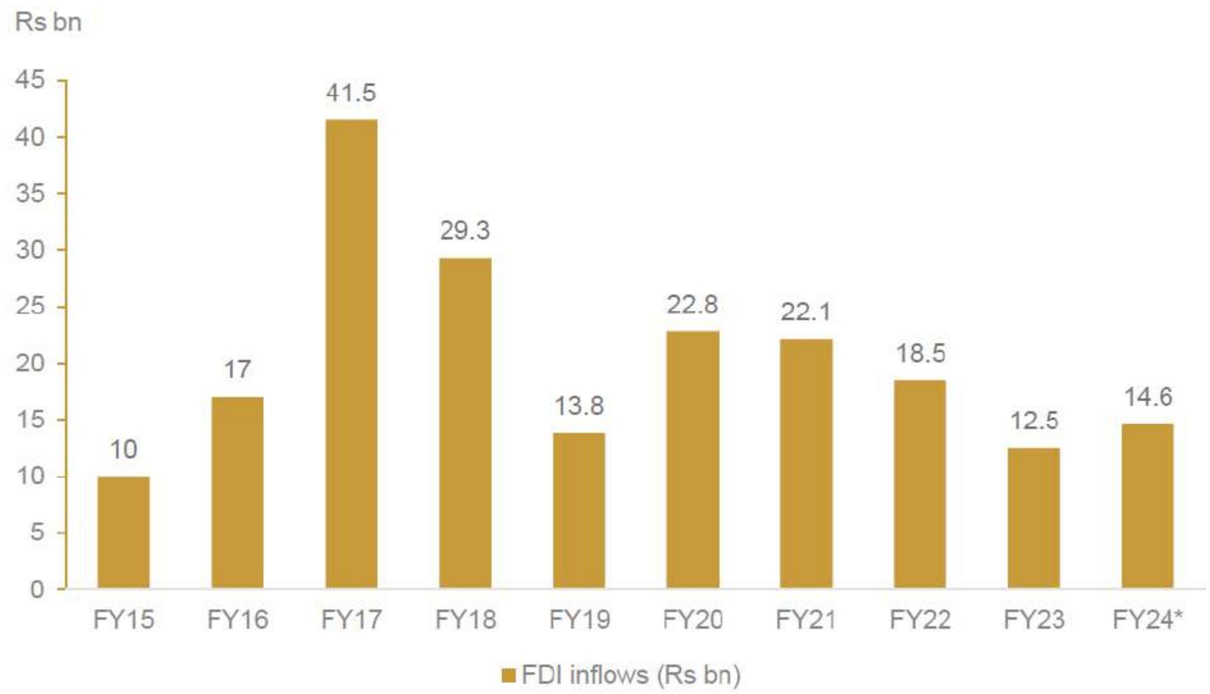
As of December 2023, 18 proposals from 13 States have been received including one from Rajasthan. The Government has finalised 7 sites viz. Tamil Nadu (Virudhnagar), Telangana (Warangal), Gujarat (Navsari), Karnataka (Kalaburagi), Madhya Pradesh (Dhar), Uttar Pradesh (Lucknow) and Maharashtra (Amravati) for setting up PM MITRA Parks.

Liberalisation of FDI in textile sector

To enable investors to set up manufacturing plants in India, the government has allowed 100% FDI in the textile sector under the automatic route. In recent times, policies introduced by the government such mega textile parks have also supported FDI inflows into the country.

Over the past few years, foreign players such as Hugo Boss, Liz Claiborne, Diesel and Kanz have started operations in India, boosting FDI investments in the sector. The industry attracted FDI of Rs 272.1 billion (USD 4,340.7 million) between April 2000 and September 2023, accounting for ~1.7% (In rupee terms) of the overall FDI flow into the country during the period.

FDI in textiles (including dyed and printed)



** Data for FY24 is as of September 2023*

Source: DPIIT, CRISIL MI&A

National technical textiles mission

Technical textiles are a niche segment with applications across agriculture, roads, railway tracks, sportswear, health on one hand and bullet proof jackets, fire proof jackets, high altitude combat gear and space applications on the other.

In fiscal 2020, the Government of India approved a proposal for creation of the National Technical Textiles Mission (NTTM) for a period of 4 years starting from fiscal 2021 to fiscal 2024 with an outlay of Rs 14,800 million. The outlay has been set aside for the following four components.

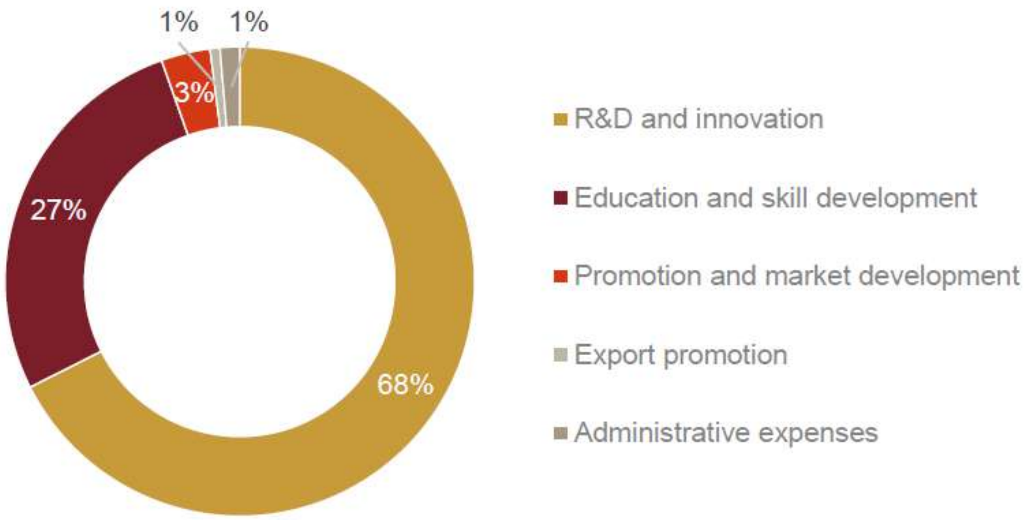
Research, innovation and development: This segment has a capital outlay of Rs 10,000 million to promote research at a fiber level, including carbon fiber, Aramid fiber, nylon fiber, and composites and an application level across geo-textiles, agro-textiles, medical textiles, mobile textiles and sports textiles and development of bio-degradable technical textiles. There is another important sub-component in the research activity that aims to develop indigenous machinery and process equipment for technical textiles, promote 'Make in India' and enhance the competitiveness of the industry by reducing capital costs.

Promotion and market development: Through market development, market promotion, international technical collaborations, investment promotions and 'Make in India' initiatives, NTTM aims to achieve an annual growth rate of 15-20% and expand the domestic market size to USD 40-50 billion by 2024. An allocation of Rs 500 million has been under this component.

Export promotion: Under this component, NTTM aims to boost technical textile exports from Rs 140 billion in fiscal 2021 to Rs 200 billion by fiscal 2022 and grow at an annual rate of 10% up to fiscal 2024. To achieve this target, an Export Promotion Council for Technical Textiles has been envisaged for effective coordination and promotion activities in the segment. Rs 100 million has been allocated to achieve the objectives envisaged under this component.

Education, training and skill development: This mission aims to promote education at various levels related to technical textiles and cover application areas including engineering, medical, agriculture, aquaculture and dairy segments. In addition, skill development will also be promoted to create an adequate pool of highly skilled manpower to meet the needs at technical textile manufacturing units. Furthermore, an allocation of Rs 4,000 million has been made to achieve these targets.

Allocation under NTTM



Source: PIB, CRISIL MI&A

Based on latest data available, an amount of Rs 3,750 million has been allocated to the National Technical Textile Mission for fiscal 2025, which is considerably high compared to fiscal 2024 (Rs 1,700 million). Additionally in January 2024, the Ministry of Textiles approved 11 project proposals, including 9 R&D projects, 1 project on machine development and 1 project on equipment development, worth ~Rs 1 billion.

Free Trade Agreements (FTAs)

Although India has been part of many FTAs, the domestic textile sector has not been able to reap the benefits. This can be mainly attributed to lack of FTAs with the US and the EU, which account for a major part of Indian textile exports. For instance, Bangladesh enjoys an import tariff of 0% on RMG trade to UK due to FTAs, whereas India faces an import tariff of close to 10%.

That said, to improve incentives to export textiles, the government has been working on FTAs with the EU, the United Kingdom (UK), Australia and Canada. Free trade agreement talks with the UK are on their final stages as of February 2024.

If signed, these trade agreements spanning various countries will boost India's textile exports.

6. Competitor analysis

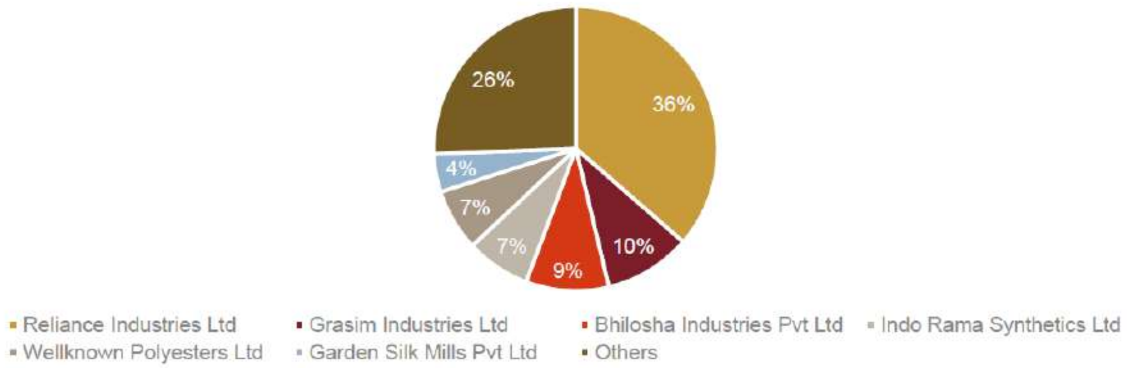
6.1 An overview of operational capabilities of key players

Key players in Manmade yarn industry

Within yarn, industry can be segmented into manmade yarns, cotton yarns, blended yarns and technical/ industrial yarns. In this section, CRISIL MI&A, has focused on manmade yarns, which include Polyester Filament Yarn (PFY), Polyester Staple Fiber (PSF), Regular Viscose Staple Fiber (VSF), Viscose Filament Yarn (VFY), Acrylic Staple Fiber, Polypropylene Filament Yarn, etc. However, PFY, PSF, and VSF forms a dominant share of the total manmade fibers segment, with combined capacity contribution of approximately ~85-90%.

The polyester yarn industry is fragmented in nature, with a few dominant large players and several mid to small size players. As per ASI survey 2022 there are ~299 factories registered under MMF manufacturing (NIC code 203), indicating high fragmentation. However, the installed capacity of the industry is concentrated within few players like Reliance Industries Ltd, Grasim Industries Ltd, and Bhilosa Industries Pvt Ltd to name a few. In the polyester industry, Reliance contributes to ~36% share in terms of installed capacity. The top three companies, in terms of installed capacities, cumulatively hold ~56% of the total installed capacity, the next three players contribute to another ~19% while the other players contribute to the remaining ~26%.

Share of installed production capacity



Note: Above chart is based on data published by Ministry of Textiles in January 2021 and captures major expansion announcements by mid-large players to indicate approximate structure of the industry capacity. PFY, PSF and VSF have been considered in the above graph to arrive at the capacities of the players. Total capacity is approximately ~8,000-8,500 Kilo tonnes per annum (KTPA) and includes Polyester Chips, PFY, PSF, VSF.

Alok Industries Ltd is part of Reliance Industries Ltd

Source: Ministry of Textiles, company websites, CRISIL MI&A

Key Operational Players

Company name	About company
Alok Industries Ltd	• Alok Industries Limited is an integrated player present in Indian textile industry

Company name	About company
	• The company has presence across multiple sectors including cotton spinning, polyester yarn, apparel fabrics, home textiles, and garments. However, it's a **polyester** focused player, with polyester yarn accounting for ~61% of its revenue in fiscal 2023 • Pursuant to the approval of Resolution Plan by National Company Law Tribunal (NCLT), RIL holds a 40.01% equity stake whereas JMFARC (acting in its capacity as trustee of JMFARC-Trust) holds a 34.99% equity stake in AIL and the rest in held by the public
Bhilosa Industries Pvt Ltd	• Bhilosa Industries Pvt Ltd was incorporated in 1988 and is registered at Ahmedabad. The company is privately held and is mainly into the business of **polyester** yarn manufacturing in India. • Company has two manufacturing plants at Rakholi and Naroli in Silvassa
Century Enka Ltd	• Century Enka Limited was established in 1965, by Mr. B.K. Birla in collaboration with AKZO Nobel of Netherlands • The company is into the business of manufacturing of nylon and other man-made fibers and fabrics • Century Enka is one of the producers of NFY and NTCF in India with a capacity of 30,000 Tonnes per annum (TPA) and 32,000 TPA respectively
Garden Silk Mills Pvt Ltd	• Garden Silk Mills Private Limited (GSMPL) – formerly known as Garden Silk Mills Limited- is a player in Indian **polyester** textile industry. • Since February 2021, GSMPL is a wholly owned subsidiary of MCPI Private Limited (MCPI) and a part of The Chatterjee Group (TCG), led by Dr. Purnendu Chatterjee. • GSMPL Jolwa Unit has a production capacity of 1,700 tonnes/day of Polymers; 680 tonnes/day of Yarns; 156 tonnes/day of downstream variants.
Garware Technical fibers Ltd	• Garware Technical Fibers 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
Grasim Industries Ltd	• Grasim ventured into the textiles industry in 1949 by setting up Jaya Shree Textiles at Rishra, West Bengal. Jaya Shree Textiles is one of India's linen and wool manufacturers and has four strategic business units (SBUs) i.e., linen spinning, linen fabric, wool combing and worsted spinning • Grasim also entered the premium cotton fabrics business in 2019 by acquiring 100% equity shareholding of Soktas India Private Limited (SIPL) and has renamed as Grasim Premium Fabric ("GPF") • GPF's has a manufacturing facility is located at Kolhapur, Maharashtra, with plant capacity of about 10 million metres p.a of finished fabric. GPF sell premium cotton fabrics in India under the 'SÖKTAŞ', 'Giza House' and 'Excellence by SÖKTAŞ' brands and is a supplier to several Indian and global menswear brands
Indo Rama Synthetics Ltd	• Indo Rama Synthetics was incorporated in 1986 in Mumbai and is in the business of manufacturing of **polyester** yarn • The company exports to 34 countries and has cumulative production capacity of 610,050 TPA as of fiscal 2023
JBF Industries Ltd	• JBF Industries Ltd. was established in 1982 and is a **polyester** focused player. It has backward integrated into manufacturing Partially Oriented Yarn (POY), Polyester (BOPET) Film and various types of Bottle grade, Film grade and Textile grade Polyester chips • JBF became a public limited company in the year 1986
Reliance Industries Ltd (RIL)	• Reliance is one of the largest producers of **polyester** fibers and yarns, with a capacity of 2.5 million tonnes per annum (PA) • Recron is the flagship brand of Reliance Polyester

Company name	About company
	• Additionally, Reliance is a major exporter of textured yarns from India and has presence in over 35 countries across Europe, Americas, Africa and the Middle East
SRF Ltd	• SRF Limited is a chemical-based multi-business entity engaged in the manufacturing of industrial and specialty intermediates • The Company has commercial interests in more than ninety countries and classifies its main businesses as Chemicals Business (CB), Packaging Films Business (PFB), Technical Textiles Business (TTB), and Other Businesses • SRF Limited is a player in the **technical textile** industry. SRF's product basket for technical textiles contains tyre cord fabrics, belting fabrics, and industrial yarn
Vardhman Textiles Ltd	• Vardhman Textiles Limited (VTL) is part of Vardhman group. The Vardhman group has operations across various segments such as the yarn, fabric, sewing threads, fiber, special alloys, and garment sectors • The company offers a range of specialised greige and dyed yarns in **cotton, polyester, acrylic, viscose, specialized fibers** and a variety of blends
Wellknown Polyesters Ltd	• Wellknown Polyesters Ltd (Wellknown), was incorporated in 1996, and has a presence of over 30 years in the industry. • The company is primarily engaged in manufacturing and selling **polyester-based** yarns like polyesters filament yarn, polyester staple fiber and chips • The Company has its integrated manufacturing facilities located at Dabhel (Daman), Union Territory

Note: The above list of players mentioned is an indicative list and not exhaustive
Source: Company filings, company websites, CRISIL MI&A

Key players in cotton yarn industry

The Indian spinning industry primarily produces cotton yarn, primarily catering to domestic demand. The industry is technology-intensive and relatively organised. However, it is characterised by the presence of a large number of small players, with the top five players accounting for less than 5% of the total installed capacity. The average size of a spinning mill has ranged between 14,500-15,500 spindles per mill in the past 5 years, lower than the average size of ~20,000 spindles per mill in the decade prior to 2009-10. Share of MSME players in fiscal 2023 stands at 75-80% of the total revenue market size. Some major players in this segment includes Vardhman Textiles Ltd, Nahar Spinning mills Ltd, National Textile Corporation (NTC), etc.

Overview of key players in cotton yarn industry

Company name	About company
Ambika Cotton Mills Ltd	• Incorporated as a private limited company in 1988, ACML has more than 34 years of experience • The company is into the business of manufacturing of cotton yarns and knitted fabrics which accounted for 87% of the turnover in fiscal 2023
KPR 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
Nahar Spinning Mills Ltd	• Nahar Spinning Mills is a company of the Nahar group, a business conglomerate that operates in the spinning, garments, and hosiery segments • The company is in the business of manufacture and exports of yarns and knitted garments
Nitin Spinners Ltd	• Nitin Spinners was incorporated in 1992 and is registered at Jaipur • The company is publicly held and is in the business of making cotton and blended yarn and fabric for both exports and domestic market

Company name	About company
NTC	• National Textile Corporation Limited, (NTC) is a schedule "A" Central Public Enterprise under the Ministry of Textile, Government of India, which was incorporated in April 1968 for managing the affairs of sick textile undertaking in the Private Sector, taken over by the Government • NTC engaged in production of yarn and fabric through its 23 mills in operation, located all over India with ~0.8 million spindles and 408 looms producing around 50 million kgs of yarn and 20 million meters per annum (MMPA) of fabric. NTC also manufactures garments through its JV Companies
Sangam (India) Ltd	• Sangam (India) Limited was incorporated in 1984 and is in the business of spinning, weaving and finishing of textile products. The company is majorly into four verticals: yarn, synthetic fabric, denim fabric, and garments. • The company has global presence by exporting to more 58 key countries
Sutlej Textiles Ltd	• Founded by Dr. Krishna Kumar Birla, Sutlej Textiles and Industries is a textiles company under KK Birla Group • The Company is present in two segments- yarn and home textiles. Under the yarn segment the Company manufactures cotton melange and synthetic dyed yarn which includes polyester viscose yarn (PV) and polyester acrylic yarn (PA)
Vardhman Textiles Ltd	• Vardhman Textiles Limited (VTL) is part of Vardhman group. The Vardhman group has operations across various segments such as the yarn, fabric, sewing threads, fiber, special alloys, and garment sectors • The company offers a range of specialised greige and dyed yarns in cotton, polyester, acrylic, viscose, specialized fibers and a variety of blends

Source: Company filings, company websites, CRISIL MI&A

<u>CRISIL MI&A has considered the following companies for competitive assessment for Sanathan Textiles Ltd</u>

CRISIL MI&A has considered players with operating revenue ranging between Rs 15,000 million to Rs 75,000 million (in fiscal 2023), and having similar product portfolio and presence in polyester yarn, cotton yarn and industrial textiles. Companies like Ambika Cotton Mills Ltd, Rajapalayam Mills Ltd, and SRF Ltd have been considered because their revenue/ segmental revenue is within the comparable range. Companies such as DNH Spinners Pvt Ltd and Kejriwal Geotech Pvt Ltd with revenue less than Rs. 15,000 million and operating in the polyester yarn segment are not considered for further analysis.

Players like Reliance Industries, Grasim Industries, Bhilosa Industries etc have not been analysed in this section as their revenues are beyond this revenue range and they may have a different product portfolio as well. However, the list of competitors is only indicative and not exhaustive in nature.

Operational overview (As of FY23)

Players	Geographical presence*	Exports %	Plants@	Manufacturing capacity^^
Ambika Cotton Mills Ltd	National: 3 states International: 5 countries	73%	5	Spindle capacity: 1,08,288 Knitting capacity: 40,000 kgs yarn/ day
Alok industries Ltd	National: Yes International: Yes	18%[1]	10+[2]	N.A.
Bombay Dyeing & Manufacturing Company Ltd	National: 33 states and Union Territories	22%$	1	Polyester division: 1,82,000 TPA$$

Players	Geographical presence*	Exports %	Plants[@]	Manufacturing capacity^^
	International: 21 countries			
Filatex India Ltd	National: 15 states/UT International: 19 countries	2%	2	Polyester chips: 9,000 TPA[3] POY: 93,240 TPA[3] FDY: 1,63,080 TPA[3] DTY: 1,30,320 TPA[3] Grey fabric: 2,160 TPA[3]
Garden Silk Mills Pvt Ltd[#]	National: Yes International: Yes	8%[##]	2	Jolwa Unit: Polymers: 1,700 Tonnes/day Yarns: 680 Tonnes/ day Vareli Unit: N.A.
Garware Technical Fibers Ltd	National: Pan India International: ~75 countries mainly in Europe and Americas	60%	2	N.A.
Indo Rama Synthetics (India) Ltd	National: 20 states/ UT[4] International: 34 countries	17%	1	Cumulative production capacity: 610,050 TPA[5]
KPR Mill Ltd	National: 15 States International: 60 countries	38%	11	Spindles: 3,54,240 Yarn: 1,00,000 TPA Vortex Viscose Yarn: 10,500 TPA Knitting: 40,000 TPA Dyeing: 25,000 TPA Garments: 147 million garments PA
Nahar Spinning Mills Ltd	National: 12 states International: 35 countries	41%	8	Spindlage capacity: 5,74,000 (approx.) Garment: 125,00,000 pieces Mercerising cum dyeing: 4.5 tonnes/ day
Nitin Spinners Ltd	National: Pan India International: +50 countries	56%	2	Spindles: 434,832 Yarn: 1,10,000 TPA Knitted fabric: 11,000 TPA Weaving division: 30 MMPA
Rajapalayam Mills Ltd[6]	N.A.	N.A.	14	Spindles: 4,23,248
RSWM Ltd	National: 25 states/ UT International: 70 countries	25%	11	Spindles: 3,48,000
Sanathan Textiles Ltd[@@]	National: Yes International: 41 countries[7]	10%	1	Polyester Yarn- 2,00,750 TPA Cotton Yarn - 14,000 TPA Industrial Yarn- 9,000 TPA
Sangam (India) Ltd	National: 28 states[8]	28%	5	Spinning: 2,60,000 Spindles Yarn: 95,000 TPA Weaving: 30 MMPA of fabric

Players	Geographical presence*	Exports %	Plants@	Manufacturing capacity^^
	International: 58 countries[8]			Denim: 48 MMPA of fabric Processing: 72 MMPA Circular Knitting: 4,700 TPA Seamless Knitting: ~55,00,000 pieces PA
SRF Ltd	National: 30 states International: 86 countries	51%	10	Malanpur, Gwalior Plant: Chips: 29,200 TPA Yarn: 26,800 TPA Textile: 21,600 TPA Gummidipoondi, T.N. Plant: 35,300 TPA[5] Manali, T.N. Plant: 14,400 TPA (Nylon-6 Tyre Cord Fabric) Kashipur Plant: 7.5 million sqm of PVC laminated polyester fabrics
Shree Durga Syntex Pvt Ltd	National: Yes International: Yes	4%###	N.A.	N.A.
Sutlej Textiles Ltd	National: 11 states International: 60+ countries	41%	5	Rajasthan plant: Current Capacity: 91,584 spindles for man-made fibers and 35,280 for cotton mélange yarns Jammu plant: 1,11,360 spindles for cotton mélange yarns and 99,984 spindles for man-made fiber yarns Himachal Pradesh plant: 13,418 spindles of PC mélange and 69,958 spindles for man-made fibers Sutlej green fiber: 120 tonnes/day Gujarat Plant: 9.6 MMPA and 126 shuttle-less looms
Wellknown Polyesters Ltd	National: Yes International: Yes	8%	N.A.	Yarn: 5,85,200 TPA[10]

Note:
POY: Partially Oriented Yarn; PSF: Polyester Staple Fiber; DTY: Drawn texture yarn; FDY: Fully Drawn Yarn; ATY: Air Textured Yarn; TPA: Tons per annum
**Indicated markets served as declared in annual report of fiscal 2023*
@As mentioned in the fiscal 2023 annual report
#Manufacturing plant and capacity as per the company's website accessed in February 2024
^^Manufacturing capacity related to yarn, fabric, textiles as of website accessed in February 2024
*** export percentage calculated using following formula: export sale manufactured goods/total revenue from sale of products, Details of plants and manufacturing capacity as mentioned on the respective company website*
@@Exports calculated on the basis of following formula: Revenue from operations outside India/ Total revenue from operations
Manufacturing plant and capacity as per rating rationale dated February 2024
$PSF division
$$ As per the company's website accessed in February 2024
$$$Exports, manufacturing plants and capacities data according to company's website accessed in February 2024
export percentage calculated using following formula: (Total export turnover goods, gross)/ (Total revenue from sale of products)
export percentage calculated using following formula: (Total export turnover goods, gross)/ (Total revenue from sale of products + Total revenue from sale of services)
Latest capacity data for JBF Industries Ltd is not available and hence is not considered in the above operational analysis
1 Exports calculated on the basis of following formula: (sale of product: export)/ total sales of products
2 As per rating rationale dated January 2023
3 As per rating rationale dated November 2023, capacity mentioned is net of captive use
4 17 states and 3 Union Territories
5 As per fiscal 2023 annual report
6 Manufacturing plants and capacity as of website accessed in February 2024

7 Countries exported to/ global sales network
8 Includes domestic sales and export through dealers and distributors
9 Acrylic Staple Fiber and Tow production plant at Jhagadia, District Bharuch in the state of Gujarat, India
10 As per rating rationale dated January 2024
Note: The above of list of players mentioned is an indicative list and not exhaustive
Source: Company filings, Company websites, Investor presentation, Rating Rationale, CRISIL MI&A

Segment-wise offerings by key players under review

Players	Yarn*		Fabrics**	Technical offerings[1]	Garments	Others **
	Cotton	Polyester				
Ambika Cotton Mills Ltd	✓	×	✓	×	×	NA
Alok Industries Ltd	✓	✓	✓	×	✓	Home textiles
Bombay Dyeing & Manufacturing Company Ltd	×	✓	×	×	✓	Home textiles
Filatex India Ltd[2]	×	✓	✓	×	×	PET chips, other specialty products
Garden Silk Mills Pvt Ltd	×	✓	✓	×	✓	Polyester Chips
Garware Technical Fibers Ltd	×	×	×	✓	×	Not applicable
Indo Rama Synthetics (India) Ltd	×	✓	×	×	×	Polyester staple fiber, Polyester chips, power
KPR Mill Ltd	✓	✓	✓	×	✓	Green power, Sugar
Nahar Spinning Mills Ltd	✓	✓	×	×	✓	Sugar, Poly films, etc
Nitin Spinners Ltd	✓	✓	✓	×	×	Not applicable
RSWM Ltd[3]	✓	✓	✓	×	×	IT Services, Power Generation
Shree Durga Syntex Pvt Ltd	×	✓	✓	×	×	Polyester Chips
Sanathan Textiles Ltd	✓	✓	×	✓	×	Not applicable
SRF Ltd	×	×	×	✓	×	Specialty chemicals, Fluorochemicals
Sutlej Textiles and Industries Ltd	✓	✓	×	✓	×	Home textiles
Sangam (India) Ltd	✓	✓	✓	×	✓	Not applicable
Rajapalayam Mills Ltd.	✓	×	×	✓	×	Not applicable
Wellknown Polyesters Ltd	×	✓	✓	✓	×	Not applicable

Note:

**Yarn manufacturing includes multiple processes including processing, texturing, drawing. For the purpose of analysis in above table, yarn includes everything, and players may have select process from this.*

*** non technical textile related*

****not exhaustive, only indicative*

1 Including yarns, fabrics, and textiles

2 The company manufactures Polypropylene Yarn (PPY), which is used in the stitching of socks, undergarments, sports wear, woven sacks, geo textiles, sofa sets, safety belts, sewing thread and rope.

3 The Company is primarily producing the best quality of yarns like synthetic, blended, mélange, cotton, speciality and value added yarns suitable for suitings, shirtings, hosiery, carpet, denim, technical textiles and industrial applications and denim fabric, synthetic fabric for renowned brands.

NA: Not applicable

Source: Company filings, Company website, Rating rationale, CRISIL MI&A

6.2 Financial overview of key players

Operating Income

Operating Income (Rs Million)	FY21	FY22	FY23	CAGR(FY21-23)
Alok Industries Ltd	38,476	73,095	69,373	34.3%
Ambika Cotton Mills*	6,654	9,086	8,475	12.9%
Filatex India*	22,284	38,286	43,042	39.0%
Garware Technical Fibers	10,346	11,894	13,055	12.3%
Indo Rama Synthetics (India) Ltd	21,442	42,187	43,226	42.0%
KPR Mills Ltd	35,295	48,582	61,859	32.4%
Nahar Spinning Mills Ltd*	21,120	35,965	28,206	15.6%
Nitin Spinners Ltd*	16,089	26,923	24,067	22.3%
Rajapalayam Mills Ltd.	4,129	6,916	8,652	44.8%
RNSW Ltd	23,301	38,174	37,889	27.5%
Sangam (India) Ltd	13,590	24,378	27,159	41.4%
Sanathan Textiles Ltd**	19,184	31,859	33,293	31.7%
Sutlej Textiles and Industries Ltd	18,840	30,765	30,852	28.0%
SRF Ltd[1]	84,000	124,337	148,428	32.9%
Wellknown Polyesters Ltd*	32,038	53,928	56,985	33.4%

Note:
Operating Income= Net sales+ Other related Income
Net sales= Gross Sales-Traded Goods Sales-Total Excise and Other Indirect Taxes
**On standalone basis*
***FY21 numbers are on standalone basis as consolidated financials are not applicable*
1 According to the company's annual report of fiscal 2023, SRF is present is four segments: Technical Textiles business, Chemicals business, Packaging Film business and others (includes coated fabric, laminated fabric and other ancillary activities). In fiscal 2023, technical textile business formed ~13% of company's revenue from operation.
Financial used in this report have been standardised and re-classified by CRISIL and may not match with the reported financials by the players
Source: Company filings, CRISIL MI&A

OPBDIT

OPBDIT (Rs Million)	FY21	FY22	FY23	CAGR(FY21-23)
Alok Industries Ltd	2,027	5,650	(776)	n.m.

OPBDIT (Rs Million)	FY21	FY22	FY23	CAGR(FY21-23)
Ambika Cotton Mills Ltd*	1,260	2,694	1,758	18.1%
Filatex India Ltd*	3,519	5,481	2,342	-18.4%
Garware Technical Fibers Ltd	2,044	2,229	2,295	6.0%
Indo Rama Synthetics (India) Ltd	976	3,107	431	-33.5%
KPR Mills Ltd	8,346	12,568	12,748	23.6%
Nahar Spinning Mills Ltd*	1,985	8,130	2,355	8.9%
Nitin Spinners Ltd*	2,575	6,516	2,971	7.4%
Rajapalayam Mills Ltd	412	1,315	1,350	81.1%
RNSW Ltd	1,797	4,352	2,481	17.5%
Sangam (India) Ltd	1,258	3,081	3,052	55.8%
Sanathan Textiles Ltd**	3,365	5,381	2,596	-12.2%
Sutlej Textiles and Industries Ltd	1,043	3,786	2,709	61.2%
SRF Ltd[1]	21,465	31,874	35,056	27.8%
Wellknown Polyesters Ltd*	4,820	7,717	4,804	-0.2%

Note:
*OPBDIT= Operating Income- Cost of sales^*
^cost of sales = Cost of Sales= Material costs + traded goods purchased+|accretion| : decretion to Stocks + consumable stores + power and fuel + employee costs + other manufacturing expenses + selling expenses + other expenses + miscellaneous expenses written off - expenditure capitalised: excluding interest
**On standalone basis*
n.m. stands for not meaningful
***FY21 numbers are on standalone basis as consolidated financials were not applicable*
1 According to the company's annual report of fiscal 2023, SRF is present is four segments: Technical Textiles business, Chemicals business, Packaging Film business and others (includes coated fabric, laminated fabric and other ancillary activities). In fiscal 2023, technical textile business formed ~13% of company's revenue from operation.
Financial used in this report have been standardised and re-classified by CRISIL and may not match with the reported financials by the players
Source: Company filings, CRISIL MI&A

PAT

PAT (Rs Million)	FY21	FY22	FY23	CAGR(FY21-23)
Alok Industries Ltd	(56,733)	(2,086)	(8,805)	n.m.
Ambika Cotton Mills Ltd*	679	1,799	1,119	28.3%
Filatex India Ltd*	1,658	3,027	899	-26.4%
Garware Technical Fibers Ltd	1,584	1,648	1,722	4.3%
Indo Rama Synthetics (India) Ltd	1,134	2,691	(246)	n.m.
KPR Mills Ltd	5,153	8,418	8,141	25.7%
Nahar Spinning Mills Ltd*	414	5,022	1,108	63.6%
Nitin Spinners Ltd*	689	3,261	1,648	54.7%
Rajapalayam Mills Ltd	1,012	1,666	819	-10.0%
RNSW Ltd	208	2,462	1,229	142.9%

PAT (Rs Million)	FY21	FY22	FY23	CAGR(FY21-23)
Sangam (India) Ltd	42	1,407	1,305	456.8%
Sanathan Textiles Ltd**	1,856	3,554	1,527	-9.3%
Sutlej Textiles and Industries Ltd	(37)	1,502	373	n.m.
SRF Ltd[1]	11,979	18,889	21,623	34.4%
Wellknown Polyesters Ltd*	1,587	4,561	2,215	18.1%

Note:
**On standalone basis*
***FY21 numbers are on standalone basis as consolidated financials were not applicable*
n.m. stands for not meaningful
1 According to the company's annual report of fiscal 2023, SRF is present is four segments: Technical Textiles business, Chemicals business, Packaging Film business and others (includes coated fabric, laminated fabric and other ancillary activities). In fiscal 2023, technical textile business formed ~13% of company's revenue from operation.
Financial used in this report have been standardised and re-classified by CRISIL and may not match with the reported financials by the players
Source: Company filings, CRISIL MI&A

Key ratios (FY23)

Company	Operating margin	Profit Margin	RoCE	Gearing ratio	Interest Coverage ratio
Units	**%**	**%**	**%**	**Times**	**Times**
Alok Industries Ltd	(1.1)	(12.7)	(6.5)	(1.3)	(0.0)
Ambika Cotton Mills Ltd*	20.7	13.2	18.0	0.1	25.7
Filatex India Ltd*	5.4	2.1	11.6	0.3	4.2
Garware Technical Fibers Ltd	17.6	13.2	20.9	0.1	21.5
Indo Rama Synthetics (India) Ltd	1.0	(0.6)	3.8	1.5	1.1
KPR Mills Ltd	20.6	13.2	24.3	0.4	17.1
Nahar Spinning Mills Ltd*	8.4	3.9	7.6	0.5	8.0
Nitin Spinners Ltd*	12.3	6.8	11.3	1.0	8.0
Rajapalayam Mills Ltd	15.6	9.4	4.5	0.5	3.6
RNSW Ltd	6.5	3.2	10.4	0.9	5.1
Sangam (India) Ltd	11.2	4.8	14.4	0.9	5.3
Sanathan Textiles Ltd	7.8	4.6	15.9	0.2	12.3
Sutlej Textiles and Industries Ltd	8.8	1.2	5.7	0.9	4.3
SRF Ltd[1]	23.6	14.6	21.4	0.4	17.8
Wellknown Polyesters Ltd*	8.4	3.9	9.5	0.4	6.2

**On standalone basis*
1 According to the company's annual report of fiscal 2023, SRF is present is four segments: Technical Textiles business, Chemicals business, Packaging Film business and others (includes coated fabric, laminated fabric and other ancillary activities). In fiscal 2023, technical textile business formed ~13% of company's revenue from operation.
Financial used in this report have been standardised and re-classified by CRISIL and may not match with the reported financials by the players
RoCE: Profit before interest and tax (PBIT) and before extraordinary items / Average of [share capital + equity reserves + total debt + deferred payment liabilities] for fiscal 2022 and fiscal 2023

Gearing Ratio: Adjusted debt divide by adjusted networth
Interest Coverage Ratio: Profit before depreciation, interest, and tax (PBDIT) divide by interest and finance charges
Source: Company filings, CRISIL MI&A

Working capital days (FY23)

Company	Receivables**	Payables	Inventory^	Working capital days
Units	**Rs Million**	**Rs Million**	**Rs Million**	**days**
Alok Industries Ltd	3,447	16,253	10,390	(13)
Ambika Cotton Mills Ltd*	1,001	1,227	3,970	161
Filatex India Ltd*	1,311	4,073	4,093	11
Garware Technical Fibers Ltd	2,386	1,966	2,144	72
Indo Rama Synthetics (India) Ltd	1,621	11,078	6,437	(25)
KPR Mills Ltd	6,254	3,361	18,985	129
Nahar Spinning Mills Ltd*	3,149	986	7,927	131
Nitin Spinners Ltd*	2,227	523	4,920	100
Rajapalayam Mills Ltd	1,592	149	3,635	214
RNSW Ltd	4,544	1,348	6,773	96
Sangam (India) Ltd	3,528	2,269	5,134	86
Sanathan Textiles Ltd	1,417	3,606	4,016	20
Sutlej Textiles and Industries Ltd	3,247	1,436	7,566	111
SRF Ltd[1]	17,856	22,313	22,743	45
Wellknown Polyesters Ltd*	2,326	5,427	9,504	41

**On standalone basis*
1 According to the company's annual report of fiscal 2023, SRF is present is four segments: Technical Textiles business, Chemicals business, Packaging Film business and others (includes coated fabric, laminated fabric and other ancillary activities). In fiscal 2023, technical textile business formed ~13% of company's revenue from operation.
*Working capital days: ((Receivables** – Payables + Inventory^)*365)/(Operating income)*
*** Receivables = Total Receivables + Bills discounted*
^Inventory = Raw materials + Work in progress + Finished goods + stocks and spares
Financial used in this report have been standardised and re-classified by CRISIL and may not match with the reported financials by the players
Source: Company filings, CRISIL MI&A

OUR BUSINESS

Unless otherwise stated, references in this section to "we", "our" or "us" (including in the context of any financial information) are to the Company along with its Subsidiaries, on a consolidated basis. To obtain a complete understanding of our Company and business, prospective investors should read this section in conjunction with 'Risk Factors', 'Industry Overview', 'Management's Discussions and Analysis of Financial Condition and Results of Operations' and 'Financial Information' on pages 34, 160, 396 and 296, respectively, as well as financial and other information contained in this Draft Red Herring Prospectus as a whole. Additionally, please refer to 'Definitions and Abbreviations' on page 1 for certain terms used in this section.

Some of the information set out in this section, especially information with respect to our plans and strategies, contain forward-looking statements that involve risks and uncertainties. You should read the section titled 'Forward Looking Statements' on page 20 for a discussion of the risks and uncertainties related to those statements and also the section titled 'Risk Factors' on page 34 for a discussion of certain factors that may affect our business, financial condition or results of operations. We have included various operational and financial performance indicators in this Draft Red Herring Prospectus, some of which may not be derived from our Restated Consolidated Financial Information or otherwise subjected to an examination, audit or review or any other services by our Statutory Auditor, or any other expert. The manner of calculation and presentation of some of the operational and financial performance indicators, and the assumptions and estimates used in such calculation, may vary from that used by other companies in India and other jurisdictions. Our financial year ends on March 31 of every year, so all references to a particular financial year are to the 12 month period ended March 31 of that year.

*The industry information contained in this section is derived from the report titled 'Assessment of textile industry with special focus on yarn manufacturing market in India' dated April 12, 2024, read with Addendum dated August 16, 2024 (**CRISIL Report**), prepared and issued by CRISIL, which has been exclusively commissioned and paid for by us in connection with the Offer, as well as certain other publicly available sources and engaged by us on January 29, 2024. Unless otherwise indicated, all industry and other related information derived from the CRISIL Report and included herein with respect to any particular year refers to such information for the relevant calendar year. The CRISIL Report is available on the website of our Company at https://www.sanathan.com/investor-relations.*

Overview

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (*Source: CRISIL Report*). Currently, all the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. As on June 30, 2024, we have more than 2,800 active varieties of yarn products (i.e. yarn products manufactured by us during the period April 1, 2021 to March 31, 2024) and more than 30,000 stock keeping units (**SKUs**), and capability to manufacture a diversified product portfolio of more than 14,000 varieties of yarn products and more than 190,000 SKUs that are used in various forms and for varied end uses.

We also have a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. These value added products are tailor-made to customer requirements and have properties and characteristics which are distinctive from our other products. During the Fiscal 2024, Fiscal 2023 and Fiscal 2022, our sale of value added product yarns (i.e. cationic dyeable, born dyed, functional, industrial, speciality and superfine / micro) as a % of the total products sold, based on our Restated Consolidated Financial Statements, is set out below:

Financial Year	Total products sold (Quantity in million)	Value added products sold (Quantity in million)	Value added products sold as a % of Total products sold
Fiscal 2024	225.83	117.21	51.90
Fiscal 2023	240.47	114.81	47.75
Fiscal 2022	241.95	124.15	51.31

Our business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. The revenue mix from the three verticals for Fiscal 2024, Fiscal 2023 and Fiscal 2022, based on our Restated Consolidated Financial Statements, is set out below.

(₹ in million)

Business vertical	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations
Polyester yarn products	22,844.89	77.24	26,004.12	78.11	24,488.80	76.88
Cotton yarn products	5,489.19	18.56	6,242.51	18.75	6,426.38	20.17
Industrial and technical textiles yarns	1,240.96	4.20	1,045.50	3.14	938.02	2.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

Our products are manufactured at our facility at Silvassa. Over the years, our Company has scaled up its production and as on June 30, 2024, our facility at Silvassa had a total installed capacity of 223,750 MTPA across the three yarn verticals. While we manufacture products across all verticals, polyester yarn products continue to be our largest item of production. We manufacture polyester chips using purified terephthalic acid (**PTA**) and mono ethylene glycol (**MEG**) and convert the chips into polyester yarn through various intermediate processing to impart specific properties to the yarn.

We expect the global yarn industry as well as the demand for yarn products to steadily grow over the next few years. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period. Indian textile and apparel industry is also projected to grow at a CAGR of 6.0-7.0% from Fiscal 2024 till Fiscal 2028. During this period, exports are expected to grow at a CAGR of 4.5-5.5% while domestic industry is expected to grow at slightly higher pace of 7.0-8.0%. The future growth in Indian textile and apparel market will be led by various economic factors such as increase in discretionary income, rising urban population. Further, the demand is poised by increase in online retailing, shift from cotton to man-made fiber, robust growth of technical textiles segment. Additionally, global industry expanding outside of China would aid the Indian export markets in the growth trajectory. (*Source: CRISIL Report*) We will seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team.

We have, over the years, established long-standing relationship with consumer brands such as Welspun India Limited, Valson Industries Limited, G.M. Fabrics Private Limited, Premco Global Limited, Creative Garments Textile Mills Private Limited, Banswara Syntex Limited, AYM Syntex Limited, Techno Sportswear Private Limited, Haren Textiles Private Limited, Khosla Profil Private Limited, Tulip Elastics Private Limited, Ganesha Ecosphere Limited, Udyogi International Private Limited, Page Industries Limited, D'Décor Home Fabrics Private Limited, Siyaram Silk Mills Limited, Duvalli S.A., G.M. Syntex Private Limited, Maruti Rub-Plast Private Limited, Geosys India Infrastructures Limited, Wildcraft India Limited, SRF Limited, RSWM Limited, Sangam (India) Limited, Ateliers Reunis De Filature, Abhay Trading Company and Ascent Yarns Private Limited.

During the Fiscal 2024 and Fiscal 2023, we catered to 1,571 and 1,684 customers, respectively. While revenue from domestic sales is the largest component of our revenue from operations, a significant portion of our revenues also emanate from exports. Set out in the table below is a break-up of our revenue, based on our Restated Consolidated Financial Statements, from domestic sales and exports for Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue *(in ₹ million)*	**% of revenue from operations**	**Revenue *(in ₹ million)***	**% of revenue from operations**	**Revenue *(in ₹ million)***	**% of revenue from operations**
Exports	1,297.33	4.39	3,401.88	10.22	4,155.80	13.05
Domestic	28,277.71	95.61	29,890.25	89.78	27,697.40	86.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

Further, during the Fiscal 2024, and Fiscal 2023, our Company exported its products to 27 and 29 countries, respectively. As on June 30, 2024, we had more than 925 distributors in 7 countries comprising India, Argentina, Singapore, Germany, Greece, Canada and Israel. On January 2, 2024, we were accorded the status of a 'Three Star Export House'. Set out below is our revenue from operations, based on our Restated Consolidated Financial Statements, from various states in India during the Fiscal 2024, Fiscal 2023 and Fiscal 2022:

State	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue (in ₹ million)*	**% of revenue from operations from domestic sales***	**Revenue (in ₹ million)***	**% of revenue from operations from domestic sales***	**Revenue (in ₹ million)***	**% of revenue from operations from domestic sales***
Andhra Pradesh	33.16	0.12	26.76	0.08	26.60	0.08
Bihar	0.80	Negligible	3.70	0.01	4.14	0.01
Delhi	884.34	3.11	960.20	2.88	745.24	2.34
Dadra & Nagar Haveli and Daman & Diu	935.84	3.29	955.95	2.87	908.07	2.85
Gujarat	5,297.41	18.64	5,961.99	17.91	6,114.07	19.19
Haryana	2,629.96	9.26	3,221.33	9.68	3,405.39	10.69
Himachal Pradesh	93.73	0.33	120.01	0.36	121.89	0.38
Jharkhand	3.63	0.01	-	-	3.13	0.01
Karnataka	441.13	1.55	430.29	1.29	362.50	1.14
Kerala	65.27	0.23	75.00	0.23	53.32	0.17
Madhya Pradesh	183.42	0.65	164.11	0.49	260.45	0.82
Maharashtra	10,247.05	36.06	10,592.10	31.82	8,837.59	27.74
Pondicherry	-	-	-	-	0.14	0.00
Punjab	2,953.95	10.40	3,710.77	11.15	2,770.53	8.70
Rajasthan	1,349.37	4.75	1,429.40	4.29	1,288.88	4.05
Tamil Nadu	1,111.55	3.91	1,154.23	3.47	1,071.37	3.36
Telangana	352.72	1.24	187.54	0.56	445.30	1.40
Uttar Pradesh	1,003.68	3.53	726.01	2.18	865.91	2.72
Uttarakhand	210.64	0.74	220.93	0.66	149.50	0.47
West Bengal	615.91	2.17	92.90	0.28	321.18	1.01
Total	**28,413.56**	**100.00**	**30,003.21**	**100.00**	**27,755.21**	**100.00**

**Excludes trade discount, cash discount and certain miscellaneous items.*

Our Promoters i.e., Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani have experience of 44 years, 27 years, 44 years and 44 years, respectively, in the textile industry. Our Promoter and Chairman & Managing Director, Paresh Vrajlal Dattani has been responsible for augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajay Vallabhdas Dattani, and our Promoters, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company. For further details, see '*Our Promoters and*

Promoter Group' on page 283.

We are an environmentally conscious Company, and we encourage the use of renewable resources. Our Company has also recently entered into an agreement with third party for purchase of electricity from a solar power generating station and has also entered into an agreement to subscribe to shares of the vendor of the electricity. As of June 30, 2024, our Company had installed rooftop solar projects at our Silvassa facility with a capacity of 2.35 MW. Further, during Fiscal 2024, 0.86% of the energy consumed is derived from renewable resources, i.e. the rooftop solar projects at our Silvassa facility. Our first rooftop solar project become operational from the calendar year 2019. The energy used from renewable resources in unit 1 and unit 2 at our Silvassa facility during the Fiscal 2024, Fiscal 2023 and Fiscal 2022 is as follows:

Solar Power Generation Summary	**(in Megawatt)**	
Period	**Unit 1**	**Unit 2**
June 30, 2024	487.00	395.00
Fiscal 2024	1,561.00	1,337.00
Fiscal 2023	1,628.00	1,362.20
Fiscal 2022	1,637.00	1,427.00

Our facility is designed with 'Zero Liquid Discharge Solution', where no industrial wastewater is discharged into surface waters, thereby minimizing environmental pollution. We also manufacture products from recycled materials which are sold under the brand '*Sanathan Reviro*'.

The scale of our operations and vast distribution network along with our customers' confidence have had a significant impact on our revenues and profitability. Set out below are a few key performance indicators:

(₹ in million, unless stated otherwise)

Particulars	**March 31, 2024**	**Fiscal 2023**	**Fiscal 2022**
	Consolidated	**Consolidated**	**Consolidated**
Revenue from operations	29,575.04	33,292.13	31,853.20
EBITDA(1)	2,265.81	2,595.30	5,376.12
EBITDA margin (2)	7.66%	7.80%	16.88%
Profit after tax	1,338.48	1,527.41	3,554.42
Return on equity (3)	11.09%	14.36%	43.95%
Return on capital employed (4)	11.80%	15.54%	35.83%
Net debt (5)	3,499.49	2,719.82	3,702.62
Net debt / EBITDA	1.54	1.05	0.69
Fixed asset turnover ratio (6)	3.19	3.51	3.56
Working capital cycle (7)	54 Days	44 days	65 days

Notes:

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Average Shareholders' Equity. (Average Shareholders' Equity = (Opening Total Equity + Closing Total Equity) / 2)).

(4) EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Total Debt + Deferred Tax Liabilities).

(5) Current Borrowings + non-current borrowings – cash and cash equivalents

(6) Revenue from operations / Net block of property, plant and equipment.

(7) Number of days for current assets@ - Number of days for current liabilities@@ where:

@ means(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) and @@ means (365/ Raw materials consumed x Trade payables)+(365/ Revenue from operations x Other financial liabilities)+(365/ Revenue from operations x Other current liabilities)+(365/ Revenue from operations x Provisions).

Our Strengths

We are one of the few companies in India with presence across the polyester, cotton and technical textile

sectors.

We are present across three yarn verticals, *i.e.* (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. All the three yarn verticals are, currently, housed under a single corporate entity. One of our business strengths lies in the diversity of our product range and the relatively higher share of value-added products. As of June 30, 2024 we manufacture more than 14,000 varieties of yarn products with more than 190,000 SKUs that are used in various forms and for varied end uses.

We also have a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. These value added products are tailor-made to customer requirements and have properties and characteristics which are distinctive from our other products. During Fiscal 2024, Fiscal 2023 and Fiscal 2022 our sale of value added product yarns (i.e. cationic dyeable, born dyed, functional, industrial, speciality and superfine / micro) as a % of the total products sold, based on our Restated Consolidated Financial Statements, is set out below:

Financial Year	Total products sold (Quantity in million)	Value added products sold (Quantity in million)	Value added products sold as a % of Total products sold
Fiscal 2024	225.83	117.21	51.90
Fiscal 2023	240.47	114.81	47.75
Fiscal 2022	241.95	124.15	51.31

The yarn production for Fiscal 2024, Fiscal 2023 and Fiscal 2022, was 228,471 MTPA, 233,436 MTPA and 230,394 MTPA, respectively with a capacity utilization of 102.11%, 104.33% and 103.90%, for such periods, respectively. The consistent capacity utilization has been possible because our products have end-use applications across a broad spectrum of industries such as apparels (including sportswear, activewear and innerwear), home textiles, travel and leisure (luggage, suitcases, parachutes, etc.), medical usages, automobiles, etc, and, therefore, there has been consistent demand for our products. The capacity utilisation also demonstrates a well-established and efficient manufacturing process.

Our diversified product portfolio allows us to scale new markets, provide our customers with broader range of options and helps cater to the disparate requirements across geographies. This helps us in insulating ourselves from segmental downturns, economic upheavals in specific geographies and from uncertain events.

Focus on the product development of new products, through process innovation.

We constantly seek to innovate and design products that are unique in colour, property, characteristics to suit specific customer requirements. We have an in-house Product Innovation and Development team that is continually focusses on developing value added products and using our existing machines and infrastructure to prepare customized made to order products. Value added products and customisation of products is an integral element to ensuring longevity of customer relationships and repeat business. We offer a varied range of value added products which constitute a significant proportion of our revenues have higher margins since these are tailor-made to customer requirements and distinctive properties and characteristics. Set out below are some of our key value added products and their specific characteristics:

- Cationic Dyeable

  The products under this category comprise bright coloured yarn that are specifically processed to give silken properties to the fabric. This fabric is mainly utilized in the making of sarees, blouses, t-shirts, undergarments and home furnishings.

- Born Dyed

  The products under this category are made by using dope dyed technology wherein the colour pigment is added to the yarn during the polymerisation stage. The fabric manufactured from this yarn is mainly utilized in the making of outer-wear, shirts, trousers, suiting, rainwear, ties, school belts, bags, upholstery etc.

- Functional

These products comprise various yarns with moisture-wicking properties which enhances sweat-absorbability of the fabric manufactured using this yarn. This fabric is mainly utilized in the making of Sportwear like t-shirts, trousers, medical textile, garments etc.

- Industrial Yarn

  These products comprise various yarns with high tensile strength imparting greater tenacity to the product. The fabric manufactured from this yarn is utilized in the making of seat belts, geogrids, airbags, fishing nets, conveyor belts, umbrellas, etc.

- Speciality Yarn

  These products comprise yarn with additional stretch material that are designed to stretch and conform to the individuals body shape and provide greater freedom in mobility. The fabric manufactured from this yarn is mainly utilized in the making of denim, leggings, home furnishings, upholstery etc.

- Superfine /Micro

  These products comprise yarn that are smooth in texture and are designed specifically to make the fabric soft to the touch and impart greater comfort to the wearer. This fabric is mainly utilized in the making of shirting, suiting, home furnishings, upholstery, garments etc.

We also have a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. These value added products are tailor-made to customer requirements and have properties and characteristics which are distinctive from our other products. During Fiscal 2024, Fiscal 2023 and Fiscal 2022, our sale of value added product yarns (i.e. cationic dyeable, born dyed, functional, industrial, speciality and superfine / micro) as a % of the total products, based on our Restated Consolidated Financial Statements, sold is set out below:

Financial Year	**Total products sold (Quantity in million)**	**Value added products sold (Quantity in million)**	**Value added products sold as a % of Total products sold**
Fiscal 2024	225.83	117.21	51.90
Fiscal 2023	240.47	114.81	47.75
Fiscal 2022	241.95	124.15	51.31

As of June 30, 2024, we had a 5 member Product Innovation and Development team located at Silvassa comprising persons holding degree of Bachelor of Science (Technology), Master of Textiles (Engineering), Bachelor of Technology, Master of Technology and Master of Philosophy dedicated for the development of products, based on market trends and ensuring that the products of the Company match the specified quality requirements of the customers. We have an inhouse testing facility having advance equipments such as wrap reel machine and weigh balance for denier testing (i.e. to determine the fibre thickness of individual threads or filaments), yarn strength tester to determine tensile properties (i.e., to check elongation and tenacity of yarns) and color viewing booth for visual colour evaluation, capable of catering to the international standards that our customers expect from us and our Product Innovation and Development team works constantly to analyse, test and improve our products. Our team stays abreast of latest market trends which can help in developing and manufacturing innovative value-added yarns.

The efforts of our Product Innovation and Development team are supported by our sales teams which give us constant feedback for customer requirements and market trends. We also have an in-house sales team which interacts regularly with our customers in addition to our dealer-based sales and distribution network which focuses on order servicing and collections.

Fully integrated Yarn manufacturing plant set up at a strategic location with equipment supplied by domestic and globally renowned players.

Our products are manufactured at our facility at Silvassa which lies in western Gujarat (**Operating Facility**). The West Gujarat Cluster is amongst the major strategic locations for polyester yarn manufacturers in India due to availability of manufacturing facilities across supply chain of polyester segment. Presence of raw materials manufacturers, for MEG and PTA, such as Reliance industries, provides a logistical advantage for manufacturers in the location. (*Source: CRISIL Report*). Our facility has access to the textile markets of Gujarat and Maharashtra. The equipment in our facility has been designed and supplied by few of the domestic and globally renowned players in the yarn industry and has been designed to handle high number of SKUs so as to service made to order products as well as high value-added products. We believe that our automatic doffing, transportation and package handling systems meet global inventory management standards, and our automated warehouse management system ensures high efficiency, less damage and better inventory management in limited space for handling a large number of SKUs. The process automation and technology help in reduction of labour dependency and brings in more efficiency. Further, the data driven decision making helps in timely management of production resulting in higher profitability.

Our Operating Facility is ISO 9001:2015, ISO 14001 and ISO 45001 certified and is also Standard 100 certified by OEKO-TEX. As on June 30, 2024, we have more than 2,800 active varieties of yarn products (i.e. yarn products manufactured by us during the period April 1, 2021 to March 31, 2024) and more than 30,000 SKUs, and capability to manufacture a diversified product portfolio of more than 14,000 varieties of yarn products and more than 190,000 SKUs that are used in various forms and for varied end uses.

We have fully integrated polyester facilities with a continuous polymerization plant design with three luster and single esterification capable of spinning, texturizing, twisting, air-texturizing, etc. which offers us product flexibility. The plant is designed for handling high number of SKU's to service made to order products and high value added products. The continuous polymerization plant has technologically advanced process configurations, such as, automatic metering and feeding unit, top temperature automatic balance control unit, advanced torque sensor, esterification collecting and weighing sensor, reactor agitating rate and power displayed, a metering unit for discharging, automatically assigned by the system and computer control system.

Additionally, we have acquired 80.00 acres of land in Wazirabad, Punjab, where we are in the advanced stage of commissioning a greenfield manufacturing facility (**Punjab Manufacturing Facility**), through Sanathan Polycot Private Limited, one of our wholly owned subsidiaries. The Punjab Manufacturing Facility will be set up solely for manufacturing polyester yarn products. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonne per day. The construction of the Punjab Manufacturing Facility commenced in August 2023 and is in the advanced stage of commissioning and is expected to be commissioned in phases with the first phase expected to be completed in Fiscal 2025. Once Phase 1 is completed our manufacturing capacity is expected to increase by 700 tonnes per day, and the balance 250 tonnes per day will be commissioned after completion of Phase 2, which is expected to be completed in Fiscal 2027. Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. For further details, see '*Our Business - Our Manufacturing capabilities'*.

Long standing association with leading consumer brands with a low customer concentration.

We have established long-standing relationships with few of the leading consumer brands such as Welspun India Limited, Valson Industries Limited, G.M. Fabrics Private Limited, Premco Global Limited, Creative Garments Textile Mills Private Limited, Banswara Syntex Limited, AYM Syntex Limited, Techno Sportswear Private Limited, Haren Textiles Private Limited, Khosla Profil Private Limited, Tulip Elastics Private Limited, Ganesha Ecosphere Limited, Udyogi International Private Limited, Page Industries Limited, D'Décor Home Fabrics Private Limited, Siyaram Silk Mills Limited, Duvalli S.A., G.M. Syntex Private Limited, Maruti Rub-Plast Private Limited, Geosys India Infrastructures Limited, Wildcraft India Limited, SRF Limited, RSWM Limited, Sangam (India) Limited, Ateliers Reunis De Filature, Abhay Trading Company and Ascent Yarns Private Limited, which we believe has been possible due to decades of association, delivery of quality products, made to order products and by maintaining high quality standards. From April 1, 2021, to March 31, 2024, we catered to 13,939 customers out of which 2,095 customers were new customers. Set out in the table below is the share of the top 10 and top 5 customers in our revenue from operations for Fiscal 2024, Fiscal 2023 and Fiscal 2022, based on our Restated Consolidated Financial Statements:

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue *(₹ million)*	**% of revenue from operations**	**Revenue *(₹ million)***	**% revenue from operations**	**Revenue *(₹ million)***	**% of revenue from operations**
Top 10 customers	6,850.17	23.16	7,340.61	22.05	6,530.84	20.50
Top 5 customers	4,199.59	14.20	4,693.76	14.10	4,088.03	12.83

As is evident from the foregoing, we have consistently had low customer concentration. Further, neither we, nor our Promoters, Directors and Promoter Group are directly or indirectly related to our customers, and consequently, we rely on the quality of our products which we believe is reflected in our relationship with our customers. We have been associated with our top 10 customers for an average period of over 10 years. Our long-term association with key customers also offers significant competitive advantages such as revenue visibility, industry goodwill and also allows us to up-sell and cross-sell our diverse range of products. For the financial period ended March 31, 2024, we supplied to customers spanning 26 countries which mitigates geographic concentration risks.

As on June 30, 2024 we had 925 distributors in 7 countries including India which was instrumental in an effective supply-chain management and helped augment our sales across geographies. We are supported by reputed third party distributors across geographies with whom we have been associated for more than 10 years. We believe that our long-standing relationships with such reputed third-party distributorship network has been possible due to the continued production of quality products. Such relationships with third-party distributorship network have assisted us in scaling of our business, increasing our international presence and has helped us enhance our goodwill.

Deep knowledge and understanding of optimal product assortment and strong supplier network enabling procurement at predicable and competitive pricing, leading to an overall efficient cycle.

We have a diversified product portfolio for which we focus on using our deep knowledge of the clusters and regions in which we operate to customise our product assortment keeping in mind local demands and preferences. We also continuously focus on enhancing the products that we manufacture. Further, we have a wide network of suppliers across the country and internationally and we endeavour to source our products from regions where they are widely available or manufactured to minimise our procurement costs. Our facility has an inventory and receivable management system which has resulted in a healthy working capital cycle. We operate a standardised procurement system and procure most of our products on a purchase-order basis ensuring procurement flexibility at competitive prices. Our procurement team on an ongoing basis conduct research to locate the best product sources, in relation to both quality and price, in order to improve our supplier network and have efficient supply and sale cycle. Further, we endeavour to pay our suppliers on time and are often able to procure discounts for such prompt payment.

Healthy financial performance

We believe that our focus on operational and functional excellence has contributed to our track record of healthy financial performance. For Fiscal 2024, Fiscal 2023 and Fiscal 2022, based on our Restated Financial Statements:

- Our total revenue from operations were ₹ 29,575.04 million, ₹ 33,292.13 million and ₹ 31,853.20 million, respectively.
- Our EBITDA (i.e., sum of restated profit/loss for the year, tax expense, depreciation expense and finance cost less other income) was ₹ 2,265.81 million, ₹ 2,595.30 million and ₹ 5,376.12 million, respectively.
- Our profit after tax was ₹ 1,338.48 million, ₹ 1,527.41 million and ₹ 3,554.42 million, respectively.
- Total debt to equity ratio of 0.30 times, 0.25 times and 0.38 times, respectively.

We believe that our strong financial performance reflects the efficacy of the manufacturing and supply-chain management protocols that we have implemented. Our steady operating cash flows enable us to meet the present and future needs of our customers and develop new value-added products. We have also significantly invested in the capacity expansion and modernisation of our facility at Silvassa as well as in certain of our product innovation endeavours. We further believe that this aids us in strengthening our trust and engagement with our customers and which further enhances our ability to retain these customers and extend our engagement across products and geographies.

Experienced management team with a proven track record

We attribute our growth to the experience of our Promoters and senior management team. Our Promoters have cumulative experience of approximately 160 years in the textiles industry with more than 48 years in the yarn business. Our Promoter and Chairman & Managing Director, Paresh Vrajlal Dattani has over 44 years of experience in textiles industry and has been responsible in augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajay Vallabhdas Dattani, our Promoters, Anilkumar Vrajdas Dattani and DineshVrajdas Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company. Our Board of Directors are ably supported by a qualified and experienced team of Key Managerial Personnel and members of Senior Management. For details, please see *'Our Management'* on page 259.

Our Strategies

Expanding our manufacturing capacity.

We expect the global yarn industry as well as the demand for yarn products to steadily grow over the next few years. The global textile industry is expected to grow at a CAGR of 2.5 - 3.5% between CY2023 to CY2027 to reach ~USD 1,780-1,830 billion in CY2027. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period. Indian textile and apparel industry which is estimated to be ₹ 9,450 - ₹ 9,550 billion as of Fiscal 2024, is projected to grow at a CAGR of 6.0-7.0% from Fiscal 2024 till Fiscal 2028 and reach a value of ₹ 12,500 - ₹12,700 billion. During this period, exports are expected to grow at a CAGR of 4.5-5.5% while domestic industry is expected to grow at slightly higher pace of 7.0-8.0%. The future growth in Indian textile and apparel market will be led by various economic factors such as increase in discretionary income, rising urban population. Further, the demand is poised by increase in online retailing, shift from cotton to man-made fiber, robust growth of technical textiles segment. Additionally, global industry expanding outside of China would aid the Indian export markets in the growth trajectory. *(Source: CRISIL Report)*

We propose to increase our scale of operations in all our three verticals to cater to such projected increase in demand. We are already in the advanced stage of commissioning a greenfield facility i.e. the Punjab Manufacturing Facility, Phase 1 of which is expected to be commissioned in Fiscal 2025. Phase 2 of the Punjab Manufacturing Facility is expected to be completed in Fiscal 2027 which will add further to our capacity. Further, towards enhancing the cotton yarn production, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. We also plan to integrate Punjab Manufacturing Facility with a fabric weaving or knitting division, which will provide us with value addition within the same facility. For our yarns for technical textiles and industrial uses vertical, we plan to set up an inhouse facility at our Punjab Manufacturing Facility to make specialised high intrinsic viscosity raw material required to make yarns for technical textiles and industrial end-use. As on June 30, 2024, our facility at Silvassa had a production capacity of 223,750 MTPA which is expected to increase to 581,990 MTPA once our Punjab Manufacturing Facility and the additional unit 3 and unit 4 at Silvassa are completed, and the facility is fully commissioned and operational. Further, the Punjab Manufacturing Facility is strategically located close to our key domestic markets in North India viz., New Delhi, Ludhiana, Panipat etc. which will reduce our transportation and allied costs and also increase the speed of our delivery which we expect will also have a positive impact on customer satisfaction.

Further, in line with our vision of sustainable growth and keeping mind the environmental benefits of reusing waste plastic bottles to convert them into yarns for fabrics we started our sustainable textiles business in Fiscal 2022. Our sustainable textile business is marketed under the brand '*Sanathan Rivero*'. We propose to augment our sustainable textile business (i.e. recycled yarn business) under the polyester yarn product vertical. We plan to grow our recycled yarn business in the coming years at our Punjab Manufacturing Facility to a significant capacity and thereby expanding our polyester yarn business vertical.

We seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team. By virtue of the Punjab Manufacturing Facility becoming operational, we will endeavour to increase our polyester yarn production by end of Fiscal 2025, and to integrate it with a fabric weaving division at the Punjab Manufacturing Facility which will provide us with downstream integration and value addition within the same facility.

We are in the advanced stage of commissioning the Punjab Manufacturing Facility, through our Sanathan Polycot Private Limited, one of our wholly owned subsidiaries. The Punjab Manufacturing Facility will be set up solely for manufacturing Polyester yarn products. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonne per day. The construction of the Punjab Manufacturing Facility commenced in August 2023 and is in the advanced stage of commissioning and is expected to be commissioned in phases with the first phase expected to be completed in Fiscal 2025. Once Phase 1 is completed our manufacturing capacity is expected to increase by 700 tonnes per day, and the balance 250 tonnes per day will be commissioned after completion of Phase 2, which is expected to be completed in Fiscal 2027. Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. For further details, see '*Our Business - Our Manufacturing capabilities'*.

Enhance value addition in existing products and development of new products.

Our strategy is to provide our customers with a comprehensive range of products at 'value for money' prices. We will continue to focus on optimal product assortment in each cluster of our operation keeping in mind the local needs and preferences. We will continue to introduce new products depending on customer needs across our diversified product segments and also introduce process improvements as they are critical for expansion of our product portfolio, and which shall also increase our ability to cater to a more diverse consumer base. We believe a continuous review of our products according to our evolving understanding of customer preferences will help us better cater to our customers' needs and maximise our sales.

We have an in-house team that is constantly working with a focus on increasing value-added products and utilizing the existing infrastructure to make customized made to order products which are unique in colour, property, characteristics to suit specific customer requirement.

Harnessing digitization and technology in production processes with a focus on energy efficiency and sustainable practices.

We have an inhouse testing facility with equipment, such as wrap reel machine and weigh balance for denier testing (i.e. to determine the fibre thickness of individual threads or filaments), yarn strength tester to determine tensile properties (i.e., to check elongation and tenacity of yarns) and color viewing booth for visual colour evaluation. We have and will continue to invest in equipping our facilities with specialized infrastructure and advance equipment, capable of catering to the international industry standards that is expected of us. Keeping pace with the technological developments in our industry is a key to ensuring process development and product diversity and is essential to maintain our competitive edge. We have harnessed the benefits of technology and digitization to bring about cohesion in planning, production and processing of our products. We intend to continue to upgrade our equipment which we expect will improve our operating efficiencies and help in reducing the cost of production. Upgrading our equipment will also result in enhancing the energy efficiency of our operations which is in line with our efforts to develop and follow sustainable practices. Our efforts to automate and digitise our productions processes, should augment production control and ensure greater traceability and transparency within the system which we expect will increase our credibility with our customers.

Our Manufacturing capabilities

Currently, we manufacture our products at our facility at Silvassa (**Silvassa Facility**). We commenced our manufacturing journey by acquiring the polyester yarn manufacturing business from Sanathan Texturisers with an installed capacity of 4,500 MTPA in Fiscal 2006. For details, please see *'History and Certain Corporate Matters'* on page 251.

Our Company's Silvassa Facility is divided into 2 units. Unit 1 comprises plants for manufacturing Cotton Yarn, Partially Oriented Yarn, Fully Drawn Yarn and Industrial Yarn and for continuous polymerization. Unit 2 comprises plants for manufacturing Cotton Yarn, Drawn Texture Yarn, Air Textured Yarn and Twisted Yarn.

Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited, and we anticipate that we will commence cotton yarn operations at Unit 4 of our subsidiary i.e. Sanathan Polycot Private Limited in Fiscal 2026.

Set out below are the images of our Manufacturing Unit at our Silvassa Facility:

As of June 30, 2024, this manufacturing facility has a production capacity of 223,750 MTPA. Set out in the table below are our installed capacity and capacity utilization details of our Company's Silvassa facility for the periods indicated below:

Total installed capacity

Products Name	As on			
	June 30, 2024 (MTPA)	March 31, 2024 (MTPA)	March 31, 2023 (MTPA)	March 31, 2022 (MTPA)
Polyester	200,750	200,750	200,750	2,00,750
Cotton Yarn	14,000	14,000	14,000	14,000
Technical Textiles	9,000	9,000	9,000	9,000
Total	**223,750**	**223,750**	**223,750**	**223,750**

As certified by Mitesh M. Desai, Chartered Engineer pursuant to certificate dated August 20, 2024.

We are in the advanced stage of commissioning a greenfield manufacturing facility (**Punjab Manufacturing Facility**) in Wazirabad, Punjab through our Subsidiary, Sanathan Polycot Private Limited. The Punjab Manufacturing Facility will be set up solely for manufacturing polyester yarn products. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonne per day. The construction of the Punjab Manufacturing Facility commenced in August 2023 and is in the advanced stage of commissioning and is expected to be commissioned in phases with the first phase expected to be completed in Fiscal 2025. Once Phase 1 is completed our manufacturing capacity is expected to increase by 700 tonnes per day. Phase 2 of the Punjab Manufacturing Facility is expected to be completed in Fiscal 2027 which will add further to our capacity. Set out in the table below is our expected installed capacity through our Subsidiary viz. Sanathan Polycot Private Limited, on completion of Phase 1 and Phase 2 of our Punjab Manufacturing Facility:

Expected commissioning	Product	Location	Capacity per day	Capacity per annum	Phase
			(in tonnes)	(MTPA)	
Fiscal 2025	Polyester yarn	Wazirabad, Punjab	700.00	2,55,500	Phase 1
Fiscal 2027	Polyester yarn	Wazirabad, Punjab	250.00	91,250	Phase 2
Total			**950.00**	**346,750**	

As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.

Further, we, through our Subsidiary viz. Sanathan Polycot Private Limited, have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility through our Subsidiary viz. Sanathan Polycot Private Limited with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. (*As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.)*

Expected commissioning	**Product**	**Location**	**Capacity per day (in tonnes)**	**Capacity per annum (MTPA)**	**Unit**
Fiscal 2024*	Cotton yarn	Silvassa	1.50	540	Unit 3
Fiscal 2026	Cotton yarn	Silvassa	30.00	10,950	Unit 4
Total			**31.50**	**11,490**	

**Entirely commissioned on March 20, 2024.*
As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.

Actual production and Capacity utilisation at our Company's Silvassa Facility

Product	**Actual production (in MTPA)**							
	3 months ended June 30, 2024	**Capacity utilization (%)**	**Fiscal 2024**	**Capacity utilization (%)**	**Fiscal 2023**	**Capacity utilization (%)**	**Fiscal 2022**	**Capacity utilizatio n (%)**
Polyester	51,057	101.73	204,447	101.84	211,611	105.41	208,316	103.77
Cotton Yarn	3,892	111.21	15,564	111.17	13,959	99.71	14,907	106.48
Technical Textiles	2,112	93.89	8,460	94.00	7,866	87.40	7,171	102.44
Total	**57,061**	**102.01**	**228,471**	**102.11**	**233,436**	**104.33**	**230,394**	**103.90**

As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.

Raw Materials

The primary raw materials used in our manufacturing process are purified terephthalic acid (**PTA**) and mono ethylene glycol (**MEG**), Industrial Yarn (**IDY**) chips and raw cotton as raw materials. PTA, MEG & IDY Chips are purchased domestically as well as imported. The break-up of the raw materials sourced domestically and through imports for Fiscal 2024, Fiscal 2023 and Fiscal 2022, based on our Restated Consolidated Financial Statements, is as follows:

Particulars	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Imports	41.94%	46.93%	27.11%
Domestic purchase	58.06%	53.07%	72.89%

Polyester Yarn production process is completely backward integrated with a continuous polymerization plant and hence the raw materials required are PTA and MEG. We procure PTA from Indian and international corporates through annual contracts.

Cotton Yarn production process requires the company to use raw cotton as the primary material for producing cotton yarn. Raw cotton is a kharif crop and is available only during the cultivation season. Therefore, for seamless & non-stop production of cotton yarn, we purchase raw cotton in bulk during the cultivation season from domestic and international suppliers.

Yarns for technical textiles and industrial uses requires a particular type of chips called IDY chips that are sourced domestically and also imported.

Our sourcing capabilities are backed by effective systems and processes and an effective information technology infrastructure, allowing us to deliver our products to our consumers on a timely basis.

Utilities

We have adequate facilities and infrastructure to source and store raw materials and have existing connections for utilities like water, power etc. for the existing facilities.

Power:

All our manufacturing units have adequate power supply to carry out manufacturing operations. The units receive power from DNH Power Distribution Corporation Limited and from our captive solar plant. We have installed DG sets in all our manufacturing units for contingencies occurring due to power outage.

Water:

Our manufacturing units use ground water for our manufacturing operations.

Waste Management:

We have installed effluent treatment plants in our manufacturing units for treatment of wastewater generated during the manufacturing process. We have a zero-liquid discharge (**ZLD**) effluent treatment plant which enables us to carry out complete in-house treatment of wastewater which is generated. At both ZLD units we use final treated recycled water for cooling water, irrigation, and gardening purpose, which complies all pollution control board norms. We have arrangements with third parties for systematic disposal and processing of hazardous waste generated in all our manufacturing units. We have also availed the requisite consents and environmental approvals from the regulatory authorities for operating our manufacturing units. For further details, see '*Government and Other Approvals'* on page 438.

Marketing

We have a dedicated sales team that manages the relationship with distributors and customers. The experience of the sales team helps in penetrating the market and in reaching out to more customers.

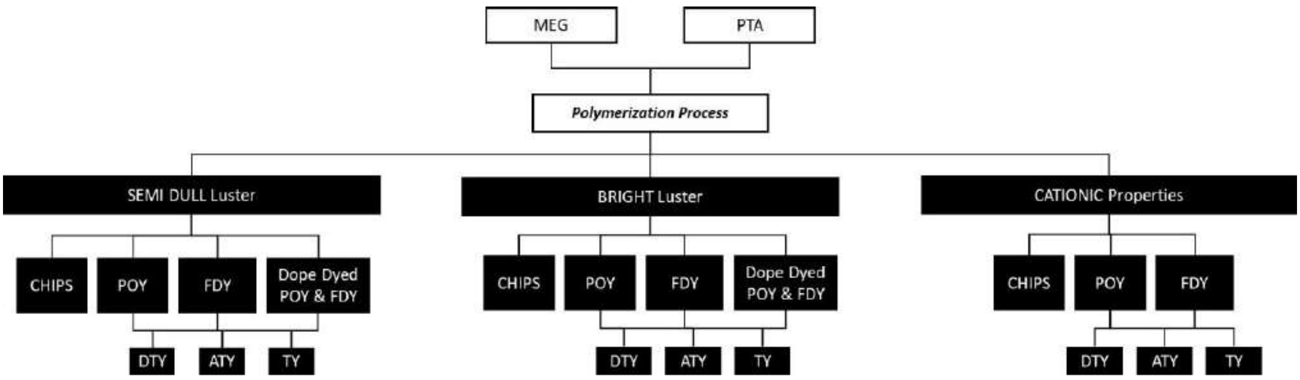
We also regularly participate in several trade fairs which help in networking, attracting potential customers, and updating our customers about the new products that we manufacture. We have also outsourced our social media marketing to a marketing firm.

Manufacturing processes

We manufacture a range of polyester yarn products including recycled yarn, cotton yarn products and industrial and technical yarns. An illustrative flow chart of our productions processes is illustrated below:

Integrated polyester yarn manufacturing process

Integrated Polyester Yarn Manufacturing Process



POT: Partially Oriented Yarn; DTY: Draw Texturizing Yarn; FDY: Fully Drawn Yarn
ATY: Air Textured Yarn; TW: Twisted Yarn

There are three steps in the manufacturing process of polyester:

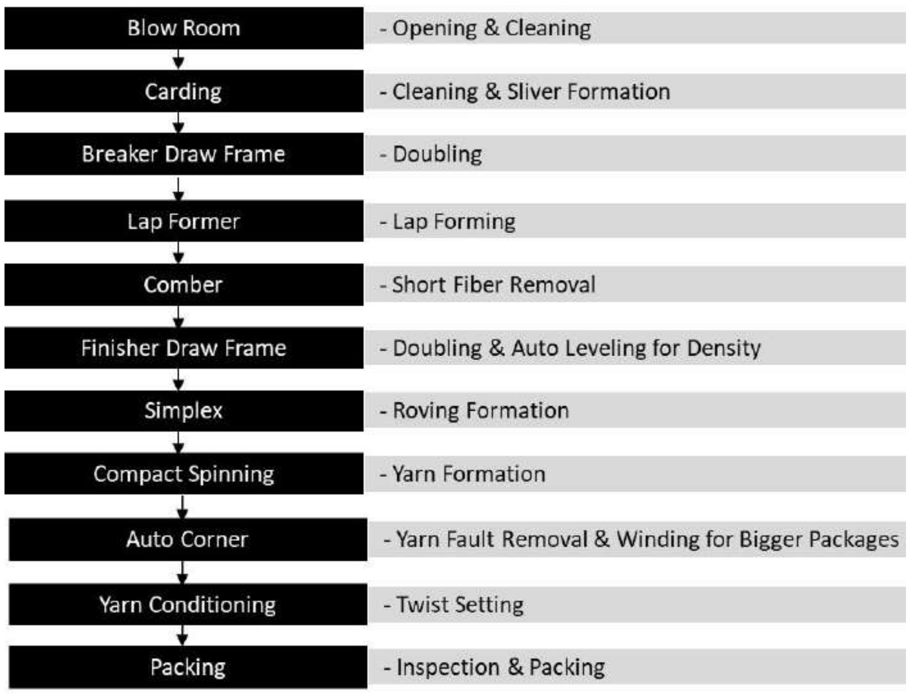
- **Polymerisation** - Polymerisation is conversion of PTA and MEG into polyester through polymerisation. Polymerisation contains 3 steps of esterification, polycondensation and filtration. This polymerisation process can take place either in batches or continuously. A continuous polymerisation plant has lower operating cost, and more uniform product quality. Further, the yarns can be produced in various lustres ranging from bright, semi-dull, dull and cationic.

- **Melt Spinning** - The melt produced in the polymerisation stage is spun directly for various deniers and filaments. Direct spinning eliminates the intermediate steps of chip production, drying, and subsequent re-melting, thereby saving energy, capital costs, and operating expenses. The polyester melt, which is in a molten state, is forced through the holes of a spinneret. A spinneret is a nozzle or a disc with fine holes, through which the melt is extruded. In this stage, the yarns can be dyed through conventional dyeing and dope dyeing.

- **Processing** – Processing involves the drawing, crimping, heat-setting to produce different effects such as silkiness, bulkiness, slubs etc. and create wide varieties of different properties on the yarn for varied end uses.

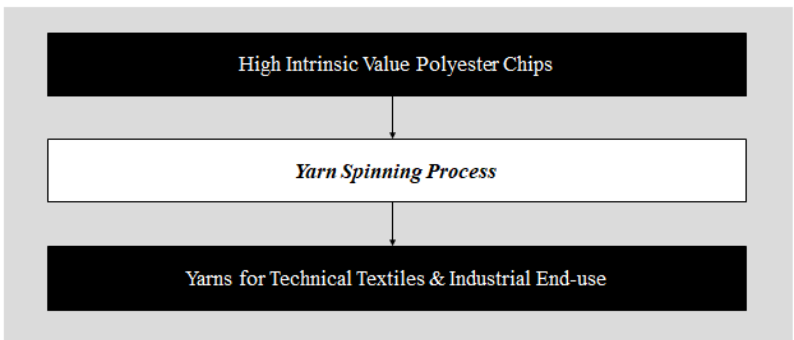
Cotton yarn manufacturing process

Cotton Yarn Manufacturing Process



Yarns for technical textiles and industrial end-use

Yarns for Technical Textiles & Industrial End-Use Manufacturing Process



Products

Our business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses which are detailed below:

a) Polyester yarn products: We offer a wide variety of polyester yarn products such as polyester partially oriented yarn / partially oriented yarn, draw textured yarn, air-textured yarn, fully drawn yarn, twisted yarn, recycle yarn and blended yarn which are available in various filaments, deniers, lustres (full dull / semi dull / bright / cationic) and colours (dope-dyed technology). The polyester yarns produced by us have applications in varied industries such as apparel, sports and athleisure, active and innerwear, home textiles, technical textiles, travel & leisure, logistics & mobility, medical purposes, etc.

   We have recently set up a new business – recycled yarn, where we buy chips made from recycled materials and convert them into yarns for fabrics.

b) Cotton yarn products: The types of cotton yarns include cotton carded yarn, cotton combed compact yarn, and others. Cotton yarn is used for industrial as well as other purposes such as weaving, knitting, flat knits, protective apparel, denim, etc.

c) Yarns for technical textiles and industrial uses: Technical textiles are a niche segment with applications across agriculture, roads, railway tracks, sportswear, health on one hand and bullet proof jackets, fire proof jackets, high altitude combat gear and space applications on the other. Technical textiles have been slowly but steadily gaining ground due to one or more of the reasons such as: functional requirement, health & safety; cost effectiveness; durability; high strength; light weight; versatility; customization; user friendliness; eco friendliness; logistical convenience etc. *(Source: CRISIL Report)*

As on June 30, 2024, we have a diversified product portfolio with capability to manufacture more than 14,000 varieties of yarn products with more than 190,000 SKUs that are used in various forms and for varied end uses. In line with our aim to be an environmentally conscious company, we also manufacture variety of eco-friendly yarns such as coloured yarns, bio-degradable yarns, etc. Further, we also manufacture recycled yarns, wherein the yarns are produced from recycled plastic.

The usage of the yarns that we manufacture can be detailed as under:

Business vertical	**Manufacturing process and usage**
Polyester yarn	a) Polyester partially oriented yarn / Partially oriented yarn (POY): POY is the primary form of polyester yarn. POY is spun at speeds of around 2,800 to 3,300 m/minute and is oriented with crystallinity. POY can be manufactured in various colours by implementing the dope-eyed technology which offers partially oriented yarns a commendable stability and shelf life for further use. POY is an ideal commercial intermediate for drawn and textured yarn. b) Draw textured yarn (DTY): When the POY is drawn and twisted at the same time, the resultant product is a DTY. DTY is the most used texturing process in the textile industry owing to the numerous advantages associated with it including its ability to process continuous-filament yarns of different types of polymer and not only thermoplastics. Further, many heating techniques are used to make the yarns suitable for specific applications. DTY produced by our Company finds applications across many end uses and segments like fabrics for denims, home furnishings, carpets, bags, seat covers, sarees and dress materials, medical applications in masks and personal protective equipment (PPE). c) Air-textured yarn (ATY): ATY is an able substitute for the synthetic hand of false twist textured yarns and offers a fresh new look to the fabrics. ATY has a similar touch and warmth as that of cotton. The appearance and the physical characteristics of ATY resembles that of spun yarns. The process to produce ATY is completely mechanical and makes use of a cold-air stream to manufacture bulked yarns. ATY also finds application in a diverse range of fabrics, i.e. from a light-weight scrim to heavy-duty soft luggage. It is also

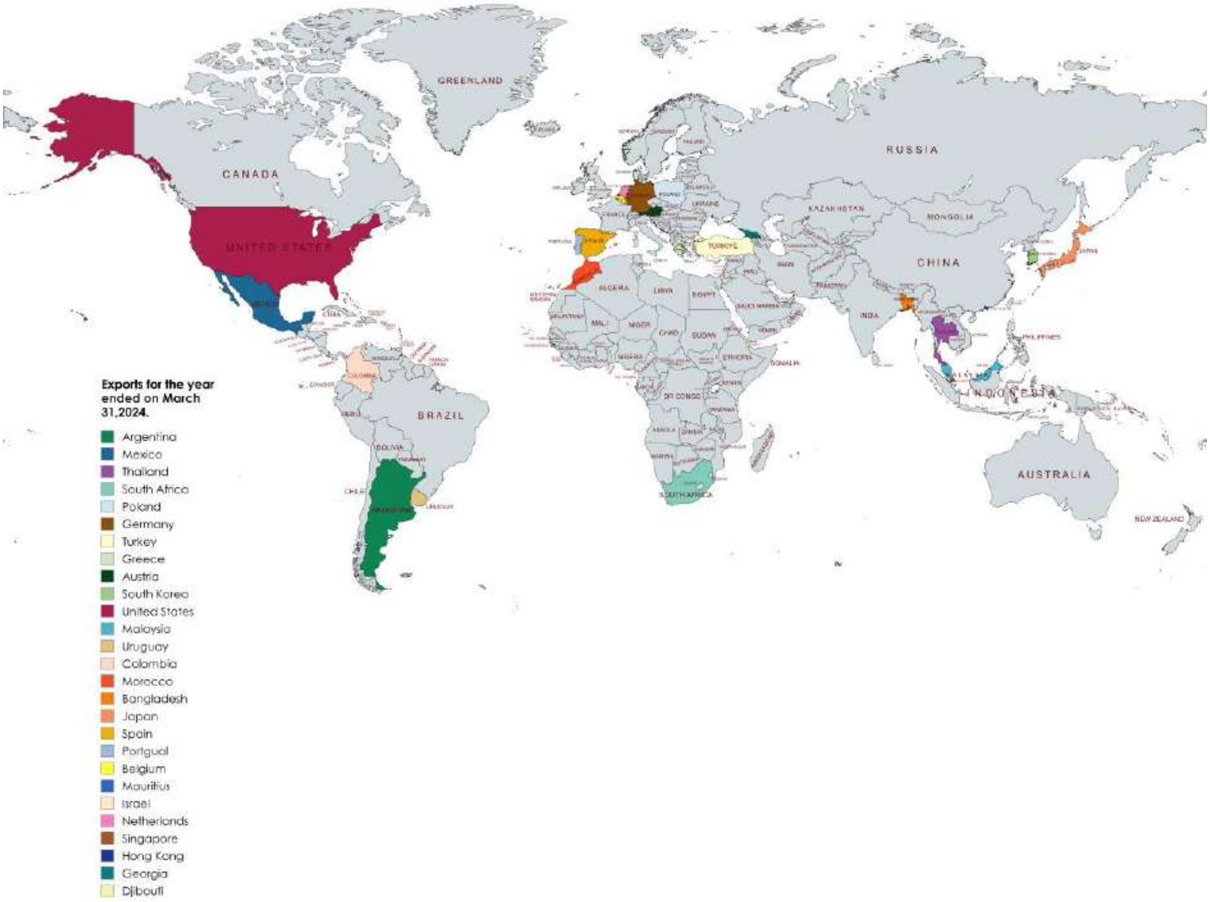
Business vertical	Manufacturing process and usage
	used to make light-weight swimwear. d) Fully drawn yarn (FDY): FDY is a variety of a highly drawn polyester filament that is widely used to produce fabrics and textiles. The process to manufacture FDY is similar to that of partially oriented yarn (POY). However, the yarn is produced at very high spinning speeds compared to POY and combined with intermediate drawing. FDY is majorly used in several industrial applications that require uniformity, tenacity, shrinkage, and elongation. e) Twisted yarn: There are two main types of polyester yarns, including, filament yarns and spun yarns. Filament yarns are produced by using single polyester filaments and putting them together. The filament yarns are further twisted and air-entangled to augment its usage in various downstream processes like weaving, knitting, sizing etc. f) Recycled yarn: Recycled yarn is produced using recycled waste PET bottles to produce yarn that can be woven into polyester clothing. Recycled PET bottles are sorted from other plastics, thoroughly cleaned, de-capped, de-labelled and processed into flakes. Minimal energy is used during production compared to products made from virgin raw material, thus contributing to overall environmental sustainability. g) Blended yarn: Blended yarn is the kind of yarn in which several types of fibres are mixed. They exhibit a blended characteristic which is entirely new. When two varied materials are blended to form a new product, their best qualities get mixed as well. Some of the well-known blended yarns are Cotton / Nylon Yarn, Polyester / Viscose Yarn, Acrylic / Cotton Yarn, Polyester / Linen Yarn.
Cotton yarn	Raw cotton is first spun and twisted, then made into cotton yarn. This process locks the fibres together and gives the yarn strength. The different types of cotton yarns include cotton carded yarn, cotton combed yarn, cotton compact yarn, and others. Cotton yarn is used for industrial as well as other purposes such as weaving, knitting, flat knits, protective apparel, denim, etc.
Industrial and technical textiles yarns	a. Indutech – Used in ropes and cordages, coated abrasives, drive belts, conveyer belts, etc. b. MobilTech - Used in seat overs, tufted carpet, seat belts, cabin filters, etc. c. SportTech - Used in sports nets, parachutes, artificial grass and turfs, hot air baloons, sleeping bags, etc. d. Buildtech - Used in floor & wall coverings, scaffolding nets, awning & canopies, etc. e. HomeTech - Used in blinds, mosquito nets, carpet backing cloth, filter, consumables, etc. f. ClothTech - Used in elastic narrow fabrics, shoelaces, etc. g. AgroTech - Used in fishing nets, bird protection nets, mulch pelts, crop covers, shade nets, etc. h. ProTech - Used in bullet proof protective clothing, high visibility clothing, fire retardant products, etc. i. PackTech - Used in soft luggage, etc. j. GeoTech - Used in Geo-Composites, GeoBags, Geogrids, Geonets.

Our Customers

Our customer base currently comprises a number of multinational, regional and local companies such as Welspun India Limited, Valson Industries Limited, G.M. Fabrics Private Limited, Premco Global Limited, Creative

Garments Textile Mills Private Limited, Banswara Syntex Limited, AYM Syntex Limited, Techno Sportswear Private Limited, Haren Textiles Private Limited, Khosla Profil Private Limited, Tulip Elastics Private Limited, Ganesha Ecosphere Limited, Udyogi International Private Limited, Page Industries Limited, D'Décor Home Fabrics Private Limited, Siyaram Silk Mills Limited, Duvalli S.A., G.M. Syntex Private Limited, Maruti Rub-Plast Private Limited, Geosys India Infrastructures Limited, Wildcraft India Limited, SRF Limited, RSWM Limited, Sangam (India) Limited, Ateliers Reunis De Filature, Abhay Trading Company and Ascent Yarns Private Limited.

From April 1, 2021, to March 31, 2024, we catered to 13,939 customers out of which 2,095 customers were new customers. We have strong and long-established relationships with a number of our customers. We believe our customer relationships are led primarily on account of our ability to meet stringent specifications and customizations along with our strong technical competencies. We are committed to developing and maintaining long-term relationships with our customers through frequent interactions and follow-ups. The map set out below highlights the countries (in terms of revenue) to which we have exported our products in Fiscal 2024.



(*This map is only for the purpose of representation and is not to be considered an accurate geopolitical representation.)*

Sales and Distribution

The product that was mainly exported Fiscal 2024, Fiscal 2023 and Fiscal 2022 was polyester textured yarn. Amongst our Indian customers, our highest selling product during Fiscal 2024, Fiscal 2023 and Fiscal 2022, was polyester textured yarn. Set out in the table below are details of our revenue from domestic and export sales for Fiscal 2024, Fiscal 2023 and Fiscal 2022 , based on our Restated Consolidated Financial Statements, .

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue ***(in ₹ million)***	**% of revenue from operations**	**Revenue** ***(in ₹ million)***	**% of revenue from operations**	**Revenue** ***(in ₹ million)***	**% of revenue from operations**
Exports	1,297.33	4.39	3,401.88	10.22	4,155.80	13.05
Domestic	28,277.71	95.61	29,890.25	89.78	27,697.40	86.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

As of March 31, 2024, approximately 72.16% of the revenue from export sales was from Argentina, South Korea, United States of America, Japan and Morocco. The export sales on this scale are possible due to our global distribution network. During Fiscal 2024, approximately 34.65%, 17.91% and 9.99% of our revenue from domestic sales was from Maharashtra, Gujarat and Punjab, respectively. We are able to keep abreast of evolving trends in our industry and meet the expectations of our customers by customizing products. The yarn production for Fiscal 2024, Fiscal 2023 and Fiscal 2022, was 228,471 MTPA, 233,436 MTPA and 230,394 MTPA, respectively with a capacity utilization of 102.11%, 104.33% and 103.90%, for such period, respectively. Our high levels of capacity utilisation enable us to continually seek new customers and seek to spread out customer base within and outside India.

As on June 30, 2024, we had more than 925 distributors in 7 countries comprising India, Argentina, Singapore, Germany, Greece, Canada and Israel. Our revenue from our top 10 distributors for Fiscal 2024, Fiscal 2023 and Fiscal 2022 was ₹ 7,898.72 million, ₹ 9,725.47 million and ₹ 10,015.80 million representing 26.71%, 29.21% and 31.44%, respectively, of our total revenue from operations. Such a global distribution network is instrumental in an effective supply-chain management as well minimizes risks that may emanate from any geographical concentration.

Industry growth drivers

Implementation of Quality Control Order (QCO), to aid domestic polyester yarn manufacturers: QCOs are regulatory measures introduced by the government to establish quality standards for specific products or product categories. The primary aim for setting QCOs is to control the influx of sub-standard items into the domestic market. On October 5, 2023, the Government of India has introduced QCO to curb low quality imports of polyester yarn into India. This would aid in reducing the recent dumping of polyester yarn into India. This would also support the demand for domestic polyester yarn manufacturers. (*Source*: *CRISIL Report*)

Demand for polyester yarn to be driven by end use segments: The polyester yarn demand is driven by end use segments such as sport wear, quick dry clothing and other equipment such as waterproof liners, sleeping bags etc. The change in consumer preference for polyester yarn over the cotton due to higher strength and wrinkle free properties would further aid the segment. In addition, this segment is expected to attract opportunities from various from other industries such as automobile, hospitality which would growth opportunities. (*Source*: *CRISIL Report*)

Cotton yarn to see revival owing to various factors: The growth in cotton yarn is driven by multiple factors which include demand arising out of easing of Chinese economy from the zero-covid policy aiding the exports of cotton yarn. Further, competitive pricing of Indian cotton when compared to international prices would support the growth in the industry. In addition, the demand from growth both domestic and global in end use ready-made garments would also support the growth in domestic demand as well as exports. India also is working on getting an FTA (i.e. Free Trade Agreements) with both the United Kingdom (UK) and European Union (EU), once successful, these would further strengthen the demand for exports in the segment. (*Source*: *CRISIL Report)*

Health and safety

Our manufacturing activities are subject to a number of laws and regulations, including, regulations on technical safety and environment protection, including, restrictions on air and noise pollution, discharge of effluents and other occupational health and safety regulations.

We aim to comply with applicable health and safety regulations and other requirements in our operations and have adopted safety, health and environment policies and procedures that are aimed at complying with legislative requirements, requirements of our licenses, approvals, various certifications and ensuring the safety of our employees and the people working at our manufacturing facility or under our management. Our facility is ISO

9001:2015, ISO 14001:2015 and ISO 45001:2018 certified and is also Standard 100 certified by OEKO-TEX. We believe that accidents and occupational health hazards can be significantly reduced through a systematic analysis and control of risks and by providing appropriate training to our management and our employees. We also believe that all our manufacturing facility possess adequate effluent treatment processes and minimize any contamination of the surrounding environment or pollution.

Intellectual property

Details of the 50 trademarks registered by our Company are as set out below:

Sr. No.	Application Number	Trademark	Class	Date of registration / application / renewal application	Status	Validity
1.	2362218	Sanathan	23	July 11, 2012	Registered	July 11, 2032
2.	2483662	BORN DYED	23	February 23, 2013	Registered	February 23, 2033
3.	5207025	SANATHAN TEXTILES	23	November 12, 2021	Registered	November 12, 2031
4.	5207027	SANATHAN TEXTILES POLYCOT	23	November 12, 2021	Registered	November 12, 2031
5.	5207029	SANATHAN TEXTILES REVIRO	23	November 12, 2021	Registered	November 12, 2031
6.	5207030	SANATHAN TEXTILES SOFT	23	November 12, 2021	Registered	November 12, 2031
7.	5273469	Sanathan Textiles Yarns for the Fabric of Life	23	March 11, 2022	Registered	January 5, 2032
8.	5366542	SANATHAN DRYCOOL	23	March 11, 2022	Registered	March 11, 2032
9.	5366543	SANATHAN DRYCOOL	24	March 11, 2022	Registered	March 11, 2032

Sr. No.	Application Number	Trademark	Class	Date of registration / application / renewal application	Status	Validity
10.	5366544	SANATHAN DRYCOOL	25	March 11, 2022	Registered	March 11, 2032
11.	5366545	SANATHAN DRYCOOL	26	March 11, 2022	Registered	March 11, 2032
12.	5366546	SANATHAN DRYCOOL	35	March 11, 2022	Registered	March 11, 2032
13.	5366547	SANATHAN DRYCOOL	23	March 11, 2022	Registered	March 11, 2032
14.	5366548	SANATHAN DRYCOOL	24	March 11, 2022	Registered	March 11, 2032
15.	5366550	SANATHAN DRYCOOL	26	March 11, 2022	Registered	March 11, 2032
16.	5369851	SANATHAN STRETCH	23	March 14, 2022	Registered	March 14, 2032
17.	5366552	SANATHAN DRYCOOL	35	March 11, 2022	Registered	March 11, 2032
18.	5369853	SANATHAN STRETCH	25	March 14, 2022	Registered	March 14, 2032
19.	5369856	SANATHAN STRECTH	23	March 14, 2022	Registered	March 14, 2032
20.	5369857	SANATHAN STRECH	24	March 14, 2022	Registered	March 14, 2032
21.	5369858	SANATHAN STRECH	25	March 14, 2022	Registered	March 14, 2032
22.	5369859	SANATHAN STRECH	26	March 14, 2022	Registered	March 14, 2032
23.	5369860	SANATHAN STRECH	35	March 15, 2022	Registered	March 14, 2032
24.	5371138	SANATHAN PURO	23	March 15, 2022	Registered	March 15, 2032
25.	5371141	SANATHAN PURO	26	March 15, 2022	Registered	March 15, 2032

Sr. No.	Application Number	Trademark	Class	Date of registration / application / renewal application	Status	Validity
26.	5370604	SANATHAN SOFT	23	March 15, 2022	Registered	March 15, 2032
27.	5370607	SANATHAN SOFT	26	March 15, 2022	Registered	March 15, 2032
28.	5373732	SANATHAN REVIRO	23	March 17, 2022	Registered	March 17, 2032
29.	5373733	SANATHAN REVIRO	24	March 17, 2022	Registered	March 17, 2032
30.	5373734	SANATHAN REVIRO	25	March 17, 2022	Registered	March 17, 2032
31.	5373735	SANATHAN REVIRO	26	March 17, 2022	Registered	March 17, 2032
32.	5373736	SANATHAN REVIRO	35	March 17, 2022	Registered	March 17, 2032
33.	5373737		23	March 17, 2022	Registered	March 17, 2032
34.	5373738		24	March 17, 2022	Registered	March 17, 2032
35.	5373739		25	March 17, 2022	Registered	March 17, 2032
36.	5373740		26	March 17, 2022	Registered	March 17, 2032
37.	5373741		35	March 17, 2022	Registered	March 17, 2032
38.	5209853	SANATHAN TEXTILES YARNS FOR THE FABRIC OF LIFE	23	November 15, 2021	Registered	November 15, 2031
39.	5370606	SANATHAN SOFT	25	March 15, 2022	Registered	March 15, 2032
40.	5207028		23	November 12, 2021	Registered	November 12, 2031
41.	5207031	BORN DYED	23	November 12, 2021	Registered	November 12, 2031

Sr. No.	Application Number	Trademark	Class	Date of registration / application / renewal application	Status	Validity
42.	5207032	Sanathan Textiles REVIRO	23	November 12, 2021	Registered	November 12, 2031
43.	5207033	SANATHAN TEXTILES STRECHLON	23	November 12, 2021	Registered	November 12, 2031
44.	5366549	SANATHAN DRYCOOL	25	March 11, 2022	Registered	March 11, 2032
45.	5369854	SANATHAN STRETCH	26	March 14, 2022	Registered	March 14, 2032
46.	5369855	SANATHAN STRETCH	35	March 14, 2022	Registered	March 14, 2032
47.	5370605	SANATHAN SOFT	24	March 15, 2022	Registered	March 15, 2032
48.	5370608	SANATHAN SOFT	35	February 26, 2024	Registered	February 26, 2034
49.	5207032	Sanathan Textiles REVIRO	23	November 12, 2021	Registered	November 12, 2031
50.	5369852	SANATHAN STRETCH	24	July 27, 2024	Registered	July 27, 2034

We have also applied for 3 trademarks which are pending approval. For further details, see '*Government and Other Approvals*' on page 444.

Employees and Human Resources

We believe our employees and personnel are one of our most important assets and critical to maintaining our competitive position in our industry. Our human resource policies focus on recruiting qualified and talented personnel, whom we believe integrate well with our current workforce. We develop and train our employees in order to facilitate the growth of our operations and have instituted programmes for the employees which aid in their personal development and enhances their productivity. We conduct regular events to recognize and award employees based on performance and the impact they have made, irrespective of their designation, department or location.

As of June 30, 2024, we had 1,405 employees, as set forth below, by function:

Function*	Employees
Production	490
Plant maintenance	413
Dispatch and supply chain	212
Support functions	80
Quality Assurance and Control	61
Purchase	53
Safety and security	40
Sales	18
Human Resource	21
Others	17
Total	**1,405**

**Our Company has 5 employees from various functions who form part of our Product Innovation and Development Team.*

Further, as on June 30, 2024, we employed 2,914 persons on contract labour basis.

Function	Employees
Production	1,629
Dispatch and Supply Chain	798
Plant maintenance	360
Safety and Security	46
Purchase	30
Others	20
Quality Assurance and Control	25
Support Functions	6
Total	**2,914**

Competition

We operate in a competitive industry which is highly fragmented with a large number of small players. Our key competitors are described below: (*Source: CRISIL Report*)

Business vertical	Key Competitors
Polyester yarn	Alok Industries Limited, Bombay Dyeing & Manufacturing Company Limited, Filatex India Limited, Garden Silk Mills Private Limited, Indo Rama Synthetics (India) Limited, KPR Mills Limited, Nahar Spinning Mills Limited, Nitin Spinners Limited, RSWM Limited, Sri Durga Syntex Private Limited, Sutlej Textiles and Industries Limited, Sangam (India) Limited and Wellknown Polyesters Limited.
Cotton yarn	Ambica Cotton Mills Limited, Alok Industries Limited, KPR Mills Limited, Nahar Spinning Mills Limited, Nitin Spinners Limited, RSWM Limited, Sutlej Textiles and Industries Limited, Sangam (India) Limited and Rajapalayam Mills Limited.
Industrial and technical textiles yarns	Garware Technical Fibres Limited, SRF Limited, Sutlej Textiles and Industries Limited, Rajapalayam Mills Limited and Wellknown Polyesters Limited.

Insurance

Our operations are subject to risks inherent to manufacturing operations, which include defects, liability for product and/or property damage, malfunctions and failures of manufacturing equipment, fire, riots, strikes, explosions, loss-in-transit for our products, accidents, personal injury or death, environmental pollution and natural disasters. We may also be subject to product liability claims if the products that we manufacture are not in terms of our contractual arrangements. Our principal types of insurance coverage include a fire industrial all risk insurance policy with respect to our manufacturing facility, insurance policies for our workmen, fire and special peril policies for the stock in our unit and godowns as well as a public liability policy. We believe that our insurance coverage is consistent with industry standards. Our policies are subject to standard limitations. Therefore, insurance might not necessarily cover all losses incurred by us and we cannot provide any assurance that we will not incur losses or suffer claims beyond the limits of, or outside the relevant coverage of, our insurance policies. See '*Risk Factors - An inability to maintain adequate insurance cover in connection with our business may adversely affect our operations and profitability.*' on page 47.

Corporate Social Responsibility

We have constituted a corporate and social responsibility committee and have adopted and implemented a CSR Policy pursuant to which we carry out CSR activities. In terms of our CSR policy our CSR expenditure may be towards, amongst others, eradicating hunger, poverty and malnutrition, promoting health care, promoting education, promoting gender equality, empowering women, ensuring environmental sustainability, ecological balance etc. In Fiscal 2024, Fiscals 2023 and 2022, we spent ₹ 20.12 million, ₹ 22.65 million and ₹ 28.20 million, towards CSR activities in compliance with applicable laws.

Property

Our Registered Office, which is located at SRV NO. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230, India, our Corporate Office which is located at D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai, Maharashtra – 400013, India and our facility at Silvassa are owned by us.
We are also in the process of our setting up the Punjab Manufacturing Facility at Wazirabad, Punjab through our wholly owned subsidiary, i.e. Sanathan Polycot Private Limited, and we have acquired land admeasuring 80.00 acres at Plot No 1, Industrial Park, Wazirabad, Punjab.

Set out below are the details of the properties:

Nature of the property	Address	Ownership status	Size of the property
Registered Office and Manufacturing facility at Silvassa (Unit 1 and Unit 2)	SRV No. 187/4/1/2, Near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa - 396230	Owned	192,328 sq. mts.
Corporate Office	D-15, Trade World Building Kamala Mills Compound, Senapati Bapat Marg Lower Parel, Mumbai, Maharashtra – 400013, India	Owned	542.96 sq. mts.
Manufacturing facility at Punjab	Industrial Park, Survey Plot No. A-1, Industrial Park, Wazirabad, Fatehgarh Sahib, Punjab, 140406	Owned	3,484,800 sq. ft. (80 acres)

We also have four offices at Surat, Kolkata, Panipat and Tirupur which we have obtained on lease or leave and license basis with terms ranging from eleven months to three years, and we are required to pay security deposits, specified monthly rentals and common area maintenance charges for the duration of the relevant agreement, subject to periodic adjustments at agreed rates. These offices operate as our sales offices. Set out below are the details of these four offices:

Nature of the property	Address	Lessor / Licensor	Ownership status	Date of agreement	Validity of license / lease agreement
Sales office	Kamal Cinema Complex, Sanjay Chowk, Panipat, Haryana	Jiten Gupta	Rent	March 29, 2024	April 1, 2024 to March 31, 2025
Sales office	No. 9-C, Annapoorna Layout, 3rd street, Gandhi Nagar (PO), Tirupur – 641 603	K. Ajay Kumar, tenant and K.M. Kalpana, owner of the property	Rent	December 12, 2023	January 1, 2024 to December 31, 2025
Sales office	D-211 International Trade Centre,	Sushma Jain	Licensed	August 10, 2024	August 10, 2024 to

Nature of the property	Address	Lessor / Licensor	Ownership status	Date of agreement	Validity of license / lease agreement
	Majura Gate, Ring Road, Surat, Ward No. 2, CTS No. 1932/2-A, Surat, Gujarat				August 09, 2027
Sales office	Padma Apartment, Flat 1C, 1st Floor, Block-A, 16A, Pran Nath Pandit Street, Kolkata – 700 025, West Bengal	M/s Arpita Merchandise Private Limited	Licensed	October 1, 2023	October 1, 2023 to August 31, 2024

KEY REGULATIONS AND POLICIES

The following is an overview of certain sector-specific relevant laws and regulations which are applicable to the business and operations of our Company. The information detailed in this chapter has been obtained from publications available in the public domain. The description of laws and regulations set out below is not exhaustive but indicative and is only intended to provide general information to investors and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of Indian law, and remain subject to judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions. For details of government approvals obtained by our Company, see 'Government and Other Approvals' on page 438.

Business Related Laws

The Textiles Committee Act, 1963

The Textile Committee Act, 1963 (**Act**) was enacted in 1963 to provide for the establishment of a committee for ensuring the quality of textiles and textile machinery and for matters connected therewith. The Act prescribes for establishment of a textile committee (**Textile Committee**) with the general objective of ensuring a standard quality of textiles both for internal marketing and export purposes as well as standardisation of the type of textile machinery used for manufacture. In addition to the general objection as mentioned above, the function of the Textile Committee inter alia include, to undertake, assist and encourage, scientific, technological and economic research in textile industry and textile machinery, promotion of export of textile and textile machinery, establishing or adopting or recognising standard specifications for textile and packing materials used in the packing of textiles or textile machinery for purpose of export and internal consumption and affix suitable marks on such standardized varieties of textiles and packing materials, specify the type of quality control or inspection which will be applied to textile or textile machinery, provide for training in the techniques of quality control to be applied to textiles or textile machinery, provide for inspection and examination of textiles, textile machinery and packing material used in the packing of textile and textile machinery, establishing laboratories and text houses for testing of textiles and data collection and such other matters related to the textile industry.

*Textile Development and Regulation Order, 2001 (**Textile Order**)*

The Central Government in exercise of the powers conferred upon it under section 5 of the Essential Commodities Act, 1955 and in supersession of the Textile (Development and Regulation) Order, 1993 brought in force the Textile Order. Under the Textile Order every manufacturer of textiles, textile machinery and every person dealing with textiles is required to maintain books of accounts, data and other records relating to the business in the matter of production, processing, import, export, supply, distribution, sale, consumption etc. and shall furnish such returns or information in respect to the business as and when required by the Textile Commissioner. The Textile Order confers upon the Textile Commissioner powers to issue directions by notification with the prior approval of Central Government to any manufacturer regarding the specification or class of textiles which shall not be manufactured, dyes and chemicals which shall not be used in the manufacture of textile, maximum and minimum quantity of textiles which shall be manufactured, maximum ex-factory or wholesale or retail price at which textiles shall be sold, markings to be made on textiles by manufacturers and the time and manner of such markings and direct the officer in charge of any laboratory to carry out or cause to be carried out such tests relating to any textiles as may be specified by the Textile Commissioner.

*Amended Technology Up-Gradation Fund Scheme (**ATUFS**)*

Ministry of Textiles, Government of India has notified ATUFS vide resolution dated January 13, 2016. In accordance with the said regulation the guidelines of ATUFS i.e. financial and operational parameters and implementation of ATUFS during its implementation period from January 13, 2016 to March 31, 2022 has been provided under the revised resolution dated August 2, 2018. In order to promote ease of doing business, promote make in India and increase the employment, government will be providing credit linked Capital Investment Subsidy (**CIS**) under the ATUFS. The scheme would facilitate augmenting of investment, productivity, quality, employment and exports. It will also increase investment in textile industry (using benchmarked technology). Entities registered as companies which have acknowledgement of Industrial Entrepreneur Memorandum (**IEM**) with DIPP except MSMEs units which will be as per Ministry of MSME or units registered with the concerned Directorates of the State Government showing clearly the activity for which the unit is registered, will only be eligible to get benefits under the scheme. Only benchmarked machinery as specified will be eligible for the subsidy under the scheme. The maximum subsidy for overall investment by an individual entity under ATUFS will be restricted to upper limit of ₹ 300 million.

*Export Promotion Capital Goods Scheme (**EPCG Scheme**)*

To facilitate import of capital goods for producing quality goods and services to enhance India's export competitiveness. EPCG Scheme covers manufacturer exporters with or without supporting manufacturer(s), merchant exporters tied to supporting manufacturer(s) and service providers. Also covers a service provide who is designated/ certified as a Common Service Provider (**CSP**) by the DGFT.

The EPCG Scheme allows import of capital goods for pre-production, production, and post-production at 5% customs duty subject to and export obligation equivalent to 8 times of the duty saved on capital goods imported under the EPCG Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of license. Capital Goods would be allowed at 0% duty for exports of agricultural products and their value-added variants. However, in respect of EPCG licenses with a duty saved of ₹ 1,000 million or more, the same export obligation shall be required to be fulfilled over a period of 12 years.

National Textile Policy, 2000

The National Textile Policy, 2000 (**NTP**) aims at facilitating the growth of the textile industry to attain and sustain a pre-eminent global standing in the manufacture and export of clothing. The objective is sought to be achieved by liberalising controls and regulations so that the different segments of the textile industry are enabled to perform in a greater competitive environment. In furtherance of its objectives, the strategic thrust of the NTP is on technological upgradation, enhancement of productivity, quality consciousness, product diversification, maximising employment opportunities, and so on. The NTP also envisages certain sector specific initiatives, including the sector of raw materials, spinning, weaving, powerloom, handloom, jute and textile. The Policy also lays down certain delivery mechanisms for the implementation of the policy and to enable the Indian textile industry to realise its full potential and achieve global excellence.

Salient objective of NTP is as follows –

- Equip the textile industry to withstand pressures of import penetration and maintain a dominant presence in the domestic market;
- Develop a strong multi-fiber base with thrust on product up-gradation and diversification;
- Sustain and strengthen the traditional knowledge, skills and capabilities of our weavers and craftspeople;
- Enrich human resource skills and capabilities, with special emphasis on those working in the decentralized sectors of the textile industry; and for this purpose to revitalize the institutional structure;
- Make Information Technology (**IT**), an integral part of the entire value chain of textile;
- Production and thereby facilitate the textile industry to achieve international standards in terms of quality, design and marketing; and
- Involve and ensure the active co-operation and partnership of the State Governments, Financial Institutions, Entrepreneurs, Farmers and Non-Governmental Organizations in the fulfilment of these objectives, vide the NTP, the Government has conveyed it's commitment towards providing a conducive environment to enable the Indian textile industry to realise its full potential, achieve global excellence, and fulfil its obligation to different sections of society.

Production-Linked Incentive Scheme in Textiles Products

In November 2020, the Union Cabinet approved the introduction of the Production-Linked Incentive Scheme in Textiles Products to enhance India's Manufacturing Capabilities as well as Exports. An amount of ₹ 10,683 crore has been approved as an outlay for a period of 5 years. This initiative will be implemented by the Ministry of Textile and is expected to cover forty product categories under man-made fibre.

*The Petroleum Act, 1934 (**Petroleum Act**) and Petroleum Rules, 2002*

The Petroleum Act was passed to consolidate and amend the laws relating to the import, transport, storage, production, refining and blending of petroleum. Under the Petroleum Rules, 2002, any person intending to store furnace oil/petroleum, of such class and in such quantities, otherwise than under a license shall take the approval of the Chief Controller before commencing storage.

*The Boilers Act, 1923 (**Boilers Act**)*

The Boilers Act and rules thereof encompass rules and regulations for the safe and proper construction, erection, repair, use and operation of boilers. The Boilers Act also lays down the process for formulation of boiler rules, examination by and appointment of boiler inspectors, provisions for inspection certifications and imposition of penalties for the violations of any provisions of the Boilers Act.

Goa, Fire Force Act, 1986

The Goa, Fire Force Act, 1986 provides for the establishment and maintenance of fire force in the Union territory of Goa, Daman and Diu. The act lays down provisions and framework with respect to the maintenance of fire force, appointment of members of fire force, issue of certificates to members of fire force, powers of government/ director at the site of fire, acquisition of firefighting property, penalties, etc.

General legislations applicable to our business

*Factories Act, 1948 (**Factories Act**)*

The Factories Act defines a 'factory' to cover any premises which employs 10 or more workers and in which manufacturing process is carried on with the aid of power and any premises where there are at least 20 workers, where a manufacturing process is being carried on without the aid of power. State Governments have the authority to formulate rules in respect of matters such as prior submission of plans and their approval for the establishment of factories and registration and licensing of factories. The Factories Act provides that the person who has ultimate control over the affairs of the factory and in the case of a company, any one of the directors, must ensure the health, safety, and welfare of all workers. It provides such safeguards of workers in the factories as well as offers protection to the exploited workers and improve their working conditions. The penalties for contravention of the Factories Act include fine and imprisonment for the 'occupier' or 'manager' as defined under the Factories Act, and enhanced penalties for repeat offences and contravention of certain provisions relating to use of the hazardous materials.

*Legal Metrology Act, 2009 (**Metrology Act**) and the Legal Metrology (Packaged Commodities) Rules, 2011 (**Metrology Rules**)*

The Legal Metrology Act seeks to establish and enforce standards of weights and measures, regulate trade and commerce in weights, measures and other goods which are sold or distributed by weight, measure or number and for matter's incidental thereto. The Legal Metrology Act, inter alia, provides for: (a) regulation of weight or measure used in transaction or for protection; (b) approval of model of weight or measure; (c) verification of prescribed weight or measure by Government approved Test Centre; (d) exempting regulation of weight or measure or other goods meant for export; (e) nomination of a person by the companies who will be responsible for complying with the provisions of the enactment; and (f) empowering the Central Government to make rules for enforcing the provisions of the enactment. Any non-compliance or violation of the provisions of the Legal Metrology Act may result in, among others, a monetary penalty on the manufacturer or seizure of goods or imprisonment in certain cases.

The Metrology Rules prescribe specific rules for pre-packaging and the sale of packaged commodities. Such rules include inter alia the nature of declarations that are required to be made such as the name and address of the manufacturer, the dimensions and weight of the commodity, increased visibility of the retail price.

*Bureau of Indian Standards Act, 2016 (**BIS Act**)*

The BIS Act provides for the establishment of the Bureau of Indian Standards (**BIS**) to take all necessary steps for the harmonious development of the activities of standardisation, conformity assessment and quality assurance of goods, articles, processes, systems, and services as may be necessary, to protect the interests of consumers and various stakeholders. The BIS Act has enabling provisions for the Government to bring under compulsory certification regime any goods or article of any scheduled industry, process, system or service which it considers necessary in the public interest or for the protection of human, plant health, safety of the environment, or prevention of unfair trade practices, or national security. Further, the BIS Act also provides for, among other things, repairing or replacement or reprocessing. The BIS Act empowers the Central Government in consultation with the BIS to order compulsory use of standard mark for any goods or process if it finds it expedient to do so in public interest. The BIS Act also provides the penalties in case there is a contravention of the provisions of the BIS Act.

*Consumer Protection Act, 2019 (**Consumer Protection Act**) and the rules made thereunder*

The Consumer Protection Act, which repeals the Consumer Protection Act, 1986, was designed and enacted to provide simpler and quicker access to redress consumer grievances. It seeks, inter alia to promote and protect the interests of consumers against deficiencies and defects in goods or services and secure the rights of a consumer against unfair trade practices, which may be practiced by manufacturers, service providers and traders. The definition of "consumer" has been expanded under the Consumer Protection Act to include persons engaged in offline or online transactions through electronic means or by tele-shopping or direct-selling or multi-level marketing. Substantial changes were introduced by the Consumer Protection Act through the introduction of Consumer Protection (E-Commerce) Rules, 2020 which led to the inclusion of the e-commerce industry under Consumer Protection Act with "e-commerce" defined to refer to the buying and selling of goods or services over digital or electronic network. Therefore, the Consumer Protection Act aims to cover entities that are involved in the process of selling goods or services online. It provides for the establishment of consumer disputes redressal forums and commissions for the purposes of redressal of consumer grievances. In addition to awarding compensation and/or passing corrective orders, the forums, and commissions under the Consumer Protection Act, in cases of misleading and false advertisements, are empowered to impose imprisonment for a term which may extend to two years and fine which may extend to ten lakhs. In cases of manufacturing for sale or storing, selling, or distributing or importing products containing an adulterant, the imprisonment may vary between six months to seven years and fine between one lakh to ten lakh depending upon the nature of injury to the consumer.

*Information Technology Act, 2000 (**IT Act**)*

The purpose of enacting the IT Act was to give legal recognition to transactions conducted online. The Act established a digital signature system for electronic document authentication and states penalties and jail terms for civil and criminal wrongs. The IT Act specifies several offenses, such as those involving fraudulent activity originating from computer applications, unauthorized disclosure of private information, and unauthorized access to computer systems. The IT Act was amended in 2008 to make contracts created electronically legally enforceable. The IT Act also protects intermediaries from liability for third-party information they host or make available to them, and it establishes liability for carelessness in handling sensitive personal data. Additionally, the IT Act empowers the Government of India to direct any of its agencies to intercept, monitor or decrypt any information generated, transmitted, received or stored in any computer source in the interest of sovereignty, integrity, defence and security of India, among other things.

Laws relating to Country of Origin

Currently, Legal Metrology (Packaged Commodities) Rules, 2011 (**Packaged Commodity Rules**) require a declaration of 'country of origin' or 'country of manufacture' or 'country of assembly' on the imported products. This is aimed at curbing false and misleading claims by the brands to deceive the customers, as also to give complete information of the product to a potential buyer. The Packaged Commodity Rules were wide, and amendment made applicable to the product listing information on e-commerce platforms and inter alia, mandates the specification of Country of Origin on the product listing page. Demands for specifying the Country of Origin (**COO**) of products sold online has gained ground in view of the Prime Minister's vision of "Make in India" campaign. The Government had asked e-commerce entities to adhere to the Packaged Commodity Rules and display Country of Origin of products listed on their platform/s by August 01, 2020. In the recently draft of proposed amendment to the Consumer Protection (E-Commerce) Rules, 2020, inter alia, requires and e-commerce entity that offers imported goods or services for sale, to identify goods based on their country of origin, provide a filter mechanism on their e-commerce website and display notification regarding the origin of goods at the pre-purchase stage, at the time of goods being viewed for purchase, suggestions of alternatives to ensure a fair opportunity for domestic goods and further to provide ranking for goods and ensure that the ranking parameters do not discriminate against domestic goods and seller

Shops and Establishment Legislations

Under the provisions of local Shops and Establishments laws applicable in various states, establishments are required to be registered. Such laws regulate the working and employment conditions of the workers employed in shops and establishments including commercial establishments and provide for fixation of working hours, rest intervals, overtime, holidays, leave, termination of service, maintenance of shops and establishments and other rights and obligations of the employers and employees. Our offices are required to be registered under the shops and establishments legislations of the states where they are located.

Intellectual Property Laws

The Trade Marks Act, 1999

The Trademarks Act governs the statutory protection of trademarks and prohibits any registration of deceptively similar trademarks, among others. The Trade Marks Act was enacted to provide exclusive rights to trademarks, including brands, labels, and headings, and to provide relief from trademark infringement. Trademark registration for goods and services is allowed in India. As per the provisions of the Trademarks Act, any individual or joint applicant who believes they are the owner of a trademark may submit an application for trademark registration to the Trademark Registry. This application may be based on the applicant's intention to use a trademark in the future or on their actual use of the trademark. A trademark registration can be renewed after it has been granted and is valid for ten years unless it is revoked. The mark expires if it is not renewed, and then the registration needs to be renewed. Additionally, owners of both domestic and foreign trademarks now have access to simultaneous protection of their marks in India and other nations thanks to the Trade Marks (Amendment) Act, 2010 (the "Trademark Amendment Act"). The Trademark Amendment Act also seeks to simplify the law relating to transfer of ownership of trademarks by assignment or transmission and to conform Indian trademark law to international practice.

The Copyright Act, 1957 and the Copyright Rules, 2013

Copyright protection in India is governed by the Copyright Act and the Rules made thereunder. Although obtaining or enforcing a copyright in an otherwise protectable work does not require copyright registration, registration under the copyright laws serves as prima facie evidence of the information entered therein and speeds up infringement proceedings by minimizing delays brought on by evidentiary considerations. According to the Copyright Act, infractions are punishable by a fine, imprisonment, or both, with the severity of the penalty increasing for repeat offenders.

The Patents Act, 1970

In India, the patent system is regulated by the Patents Act and as per the Patents Act, a patent is a type of intellectual property right that relates to inventions. The government grants the patentee a limited-time exclusive right in exchange for full disclosure of his invention, preventing others from creating, utilizing, importing, or selling the patented product, or from using the process to produce it. Since India is a party to the Agreement on Trade Related Aspects of Intellectual Property Rights, it must acknowledge both process and product patents. The Patents Act stipulates that certain types of inventions and materials may not be granted patent protection, even if they meet the aforementioned requirements, in addition to the general requirement that an invention must satisfy the requirements of novelty, utility, and non-obviousness in order to avail patent protection.

Environmental Legislations

Key environment regulations applicable to companies in India include The Environment (Protection) Act, 1986, The Water (Prevention and Control of Pollution) Act, 1974, The Water (Prevention and Control of Pollution) Cess Act, 1977, The Air (Prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2016 and E-Waste (Management) Rules, 2016.

Labour Law Legislations

The employment of workers, depending on the nature of activity, is regulated by a wide variety of generally applicable labour laws, including the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, Payment of Gratuity Act, 1972, the Payment of Bonus Act, 1965, Contract Labour (Regulation and Abolition)

Act, 1970, the Maternity Benefit Act, 1961, the Employee's Compensation Act, 1923, the Trade Unions Act, 1926, Equal Remuneration Act, 1976, the Industrial Dispute Act, 1947, Apprentices Act, 1961, Industrial Employment (Standing Orders) Act, 1946, the Inter-State Migrant Workmen (Regulation of Employment and Conditions of Service) Act, 1979, the Equal Remuneration Act, 1976, the Child Labour (Prohibition and Regulation) Act, 1986, and the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

In order to rationalize and reform labour laws in India, the Government has enacted the following codes:

(a) Code on Wages, 2019, which regulates and amalgamates wage and bonus payments and subsumes 4 existing laws namely – the Payment of Wages Act, 1936, the Minimum Wages Act, 1948, the Payment of Bonus Act, 208 1965 and the Equal Remuneration Act, 1976. It regulates, inter alia, the minimum wages payable to employees, the manner of payment and calculation of wages and the payment of bonus to employees.

(b) Industrial Relations Code, 2020, which consolidates and amends laws relating to trade unions, the conditions of employment in industrial establishments and undertakings, and the investigation and settlement of industrial disputes. It subsumes the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946 and the Industrial Disputes Act, 1947.

(c) Code on Social Security, 2020, which amends and consolidates laws relating to social security, and subsumes various social security related legislations, inter alia including the Employee's State Insurance Act, 1948, the Employees' Provident Funds and Miscellaneous Provisions Act, 1952, the Maternity Benefit Act,1961 and the Payment of Gratuity Act, 1972. It governs the constitution and functioning of social security organisations such as the Employee's Provident Fund and the Employee's State Insurance Corporation, regulates the payment of gratuity, the provision of maternity benefits and compensation in the event of accidents that employees may suffer, among others.

(d) The Occupational Safety, Health and Working Conditions Code, 2020, consolidates and amends the laws regulating the occupational safety and health and working conditions of the persons employed in an establishment. It replaces 13 old central labour laws including the Contract Labour (Regulation and Abolition) Act, 1970 and received the presidential assent on September 28, 2020.

Other than few provisions of the Code on Social Security which have been notified on May 3, 2023, the provisions of these codes shall become effective on the day that the Government shall notify for this purpose.

Laws governing foreign investments

Foreign investment in India is governed by the provisions of The Foreign Exchange Management Act, 1999 (**FEMA**), the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 (**FEMA NDI Rules**) along with the Consolidated FDI Policy issued by the DPIIT, from time to time. Further, the RBI has enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 which regulate the mode of payment and reporting requirements for investments in India by a person resident outside India.

In terms of the SEBI FPI Regulations, the investment in Equity Shares by a single FPI or an investor group (which means multiple entities registered as FPIs and directly or indirectly having common ownership of more than 50% or common control) must be below 10% of our post-Offer Equity Share capital. Further, in terms of the FEMA Non-Debt Instruments Rules, the total holding by each FPI or an investor group shall be below 10% of the total paid-up Equity Share capital of our Company and the total holdings of all FPIs put together with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%).

*Foreign Trade (Development and Regulation) Act, 1992 (**FTA**) and the Foreign Trade (Regulation) Rules, 1993 and the Foreign Trade Policy, 2023*

The FTA aims to facilitate the increase in foreign trade by regulating imports and exports to and from India. It authorizes the government to announce and subsequently formulate the export and import policy and to keep amending the same on a timely basis. The government has also been given a wide power to prohibit, restrict and regulate the exports and imports in general as well as specified cases of foreign trade. The FTA read along with the Indian Foreign Trade Policy, 2023 provides that no person or company can make exports or imports without having obtained an importer exporter code (**IEC**) number unless such person or company is specifically exempted. An application for an importer exporter code number has to be made to the Office of the Director General of Foreign Trade, Ministry of Commerce. An IEC number allotted to an applicant is valid for all its branches, divisions, units, and factories. Failure to obtain the IEC number shall attract penalty under the FTA.

Laws relating to Taxation

The Goods and Services Tax (**GST**) is levied on supply of goods or services or both jointly by the Central Government and State Governments. GST provides for imposition of tax on the supply of goods or services and will be levied by the Central Government and by the state government including union territories on intra-state supply of goods or services. Further, Central Government levies GST on the inter-state supply of goods or services. The GST law is enforced by various acts viz. Central Goods and Services Act, 2017 (**CGST**), relevant state's Goods and Services Act, 2017 (**SGST**), Union Territory Goods and Services Act, 2017 (**UTGST**), Integrated Goods and Services Act, 2017 (**IGST**), Goods and Services (Compensation to States) Act, 2017 and various rules made thereunder.

Further, the Income-tax Act, 1961 (**Income Tax Act**) is applicable to every company, whether domestic or foreign whose income is taxable under the provisions of this Act or rules made there under depending upon its 'Residential Status' and 'Type of Income' involved. The Income Tax Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arising in India. Every company assessable to income tax under the Income Tax Act is required to comply with the provisions thereof, including those relating to tax deduction at source, advance tax, minimum alternative tax, etc. In 2019, the Government has also passed an amendment act pursuant to which concessional rates of tax are offered to a few domestic companies and new manufacturing companies.

In addition to the Goods and Services Act, 2017 and the Income-Tax Act, 1961, some other tax legislations that may be applicable to our Company include:

1. Income Tax Rules, 1962, as amended by the Finance Act in respective years;
2. The Customs Act, 1962;
3. Central Goods and Service Tax Act, 2017, the Central Goods and Service Tax Rules, 2017 and various state-specific legislations made thereunder;
4. State-specific legislations in relation to professional tax; and
5. Indian Stamp Act, 1899 and various state-specific legislations made thereunder.

Other Applicable Laws

In addition to the above, our Company is also required to comply with the provisions of the Companies Act and rules framed thereunder, foreign exchange laws, contract laws, customs act and other applicable statutes enacted by the Centre or relevant State Governments and authorities for our day-to-day business and operations. Our Company is also subject to various central and state tax laws.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was originally 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 Registrar of Companies, West Bengal at Kolkata on October 10, 2005. Thereafter, our Company was converted into a public limited company pursuant to a special resolution passed by the Shareholders of our Company 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.

Changes in the Registered Office: The details of changes in the registered office of our Company since incorporation are set forth below:

Date of change	Details of the address of Registered office	Reason(s) for change
December 1, 2020	The registered office of our Company was changed from 192, Jamunalal Bajaj Street, Kolkata, 700007 to Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata, West Bengal – 700025.	Operational Convenience
June 3, 2021	The registered office of our Company was changed from Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata West Bengal 700025 to SRV NO. 187/4/1/2, near Surangi Bridge, Surangi, Dadra & Nagar Haveli, Silvassa- 396230.	Operational Convenience

Main Objects of our Company: The main objects contained in the Memorandum of Association of our Company are as follows:

1. *To acquire and takeover by way of conversion or any other mode the existing partnership firm M/s. Sanathan Texturisers of 192, Jamuna Lal Bajaj Street, Kolkata-700007 as a going concern along with all assets and liabilities including goodwill, furniture & fixtures and any other fixed assets, stock in trade, investments, executed and unexecuted contracts and all interest therein including various rights, benefits, patent, licences, awards, pending contracts, security deposits, concessions, trademarks, claims, compensations, registrations with various authorities of the central and state government and privileges required or possessed by them and business used in connection thereof and belonging thereto, with or without such modification as may be decided upon, and to carry on the Business of the same and with a view thereto enter into an agreement and pay for consideration of takeover in cash or by issue of fully or partly paid up shares including premiums, if any or partly paid up shares and partly in cash.*

2. *To carry on in India or elsewhere the Business of manufacturing, processing, producing, washing, dyeing ginning, pressing, spinning, weaving, krimping, texturizing, carding, bleaching, combing, doubling, finishing, calendering, sizing, colouring, printing, mercerizing, reeling, winding, throwing, embroidering, blending, sorting, garnetting, stretching, drying, drawing, cutting, improving, buying, selling, reselling, importing, exporting, transporting, string, fabrication, developing, marketing or supplying and to act as broker, trader, agent, C&F agent, distributor, representative, consultant, collaborator, adatia, stockists, liasioner, jobworker, export house or otherwise to deal in all types of textile goods, dress materials, fabrics, cloths, yarns, such as nets, matting, hosiery, plastic cloths, water proof fabrics, pavliners, american cloths, imitation leather and rubber cloths, tents, durries, newar, ropes, rugs, carpets, carpet backing gloves, laces, terry fabrics, velvet, georgette, gabardine, pashminas, floor cloth, twid, patto, canvas, khaddar, denim, stone wash, suitings, shirting, sarees and other similar items made on powerloom, handloom or mill by manmade or natural materials like cotton, flax, hemp, linen, wool, nylon, viscose, ramie, polyster, silk, art silk, rayon, jute, staple, fibres, cashmilon, filaments, terecotton, monofilaments, multifilaments, acrylics, polynosic, polypropeline, polymide, polymethane, cellulose, dropping, spun or other fibrous substances or any combination thereof available at present and as may be invented in future.*

Amendments to our Memorandum of Association: Set out below are the amendments to our Memorandum of Association during the last 10 years.

Sr. No.	Date of Shareholders Resolution	Particulars
1.	February 2, 2019	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 120.00 million consisting of 12,000,000 Equity Shares of ₹ 10 each to ₹ 750.00 million consisting of 75,000,000 Equity Shares of ₹ 10 each.
2.	June 3, 2021	Clause II of our Memorandum of Association was amended to reflect the change in the registered office of our Company from the State of West Bengal to the Union Territory of Dadra & Nagar Haveli and Daman and Diu.
3.	November 12, 2021	Clause V of our Memorandum of Association was amended to reflect the increase in the authorised share capital of our Company from ₹ 750.00 million consisting of 75,000,000 Equity Shares of ₹ 10 each to ₹ 900.00 million consisting of 90,000,000 Equity Shares of ₹ 10 each.
4.	November 12, 2021	Clause I of our Memorandum of Association was amended to reflect the change in the name of our Company from '*Sanathan Textiles Private Limited*' to '*Sanathan Textiles Limited*', pursuant to the conversion of our Company into a public limited company.

Major events and milestones of our Company:

The table below sets forth the key events in the history of our Group (i.e. our Company and its Subsidiaries):

Fiscal	Particulars
2006	Company took over the business of manufacturing polyester yarn from Sanathan Texturisers with capacity of 4,500 MTPA.
2007	Our Company commenced cotton yarn manufacturing at our facility located at Silvassa with a capacity of 1,500 MTPA.
2008	Achieved installed manufacturing capacity of polyester yarn at 13,550 MTPA, tripled from 4,500 MTPA in the year 2004 by gradual expansion.
2011	Undertook expansion for doubling the manufacturing capacities of cotton yarn from 1,500 MTPA to 3,500 MTPA.
2013	Setting up of a fully integrated plant for polyester yarn and achieved the installed manufacturing capacity of 46,500 MTPA tripled from 13,550 MTPA in the year 2008 by gradual expansion.
2014	Undertook expansion for almost doubling the manufacturing capacity of polyester yarn from 46,500 MTPA to 92,950 MTPA.
2015	Undertook expansion for increasing the manufacturing capacities of cotton yarn from 3,500 MTPA to 6,200 MTPA.
2017	Undertook an expansion of value-added product basket and installation of upgraded machinery for polyester and cotton yarn of partially oriented yarn and fully oriented yarn.
2018	Setting-up of plant for manufacturing of yarns for industrial and technical textile with a capacity of 5,475 MTPA.
2019	Installed manufacturing capacity of polyester yarn reached capacity of 200,750 MTPA, almost doubled from 92,950 MTPA in the year 2014 by gradual expansion.
2020	More than doubled the capacity of cotton yarn manufacturing from 6,200 MTPA in the year 2019 to 14,000 MTPA.
2021	IDY capacity expansion up to 9000 MTPA.
2024	Subsidiary commences production of Double Twisted Cotton Yarn at Silvassa Unit 3 with production capacity of 540 MTPA.

Awards and Accreditations

Fiscal	Particulars
2011	Received Certificate of Merit issued by the Synthetic & Rayon Textiles Export Promotion Council for achieving 100% growth in Export Performance during the year 2010-2011

Fiscal	Particulars
2023	Received the Registration cum Membership Certificate issued by Synthetic & Rayon Textiles Promotion Council.
2023	Received the Certificate of Recognition as a Three Star Export House by the Ministry of Commerce and Industry.
2023	Received the Registration cum Membership Certificate issued by the Federation of Indian Export Organisations.
2024	Received the authorization to use the STANDARD 100 by, OEKO – TEX® mark.

1. **Our holding company**

   As on the date of this Draft Red Herring Prospectus, our Company does not have a holding company.

2. **Other details regarding our Company**

   For details regarding the description of our activities, products, market of each segment, the growth of our Company, technology, management, major suppliers and customers, exports, location, environmental issues, market, marketing and competition, see '*Our Business', 'Our Management'* and *'Industry Overview*' on pages 218, 259 and 160 respectively.

3. **Defaults or rescheduling/restructuring of borrowings with financial institutions/banks**

   Except as disclosed below, there have been no defaults or rescheduling/restructuring of our outstanding borrowings availed by our Company from financial institutions or banks:

   i. As per the Reserve Bank of India Circular No. RBI/2019-20/186 dated March 27, 2020, and Circular No. RBI/2019-20/244, dated May 23, 2020, our Company availed the moratoriums in relation to the payment of principal amounts and interest for the period from March 1, 2020 to June 31, 2020 in respect of term loans availed from Bank of Baroda and Union Bank of India.

   ii. Payment deferral of the repayment of instalments with Lansdesbank Baden-Wurttemberg due on August 28, 2020, and March 1, 2021, in light of the COVID-19 crisis and the expected negative impact on our business.

   For details, see '*Financial Statements - Restated Consolidated Financial Information - Notes to Restated Financial Statement - Note 15 - Borrowings'* on page 336.

   For further details in relation to security provided by our Company for securing the loan and financial implication on our Company for the default of loans, please see '*Financial Indebtedness*' beginning on page 383, and the '*Financial Information*' beginning on page 296.

4. **Time/cost overruns in stetting up projects**

   There have been no time/cost overruns pertaining to setting up of projects by our Company as on the date of this Draft Red Herring Prospectus.

5. **Launch of key products or services, capacity/facility creation, location of plants, entry into new geographies or exit from existing markets**

   For details regarding launch of key products/ services, entry into new geographies or exit from existing markets, see '*Our Business'* and *'History and Certain Other Corporate Matters - Major events and milestones of our Company'* on pages 218 and 252 respectively.

6. **Details regarding material acquisition of business/undertakings, mergers, amalgamations and revaluation of assets in the last 10 years**

   Except as disclosed below, our Company has not acquired any material business or undertaken any mergers or amalgamations or divestments of business or undertaking since its incorporation.

   Transfer of Equity Shares of Universal Texturisers Private Limited to our Company

Our Company acquired 4,998,499 Equity Shares of Universal Texturisers Private Limited held by Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabhdas Dattani, Geeta Dinesh Dattani, Jayshree Anilkumar Dattani, Sammir Dineshkumar Dattani, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Vajubhai Investments Private Limited, Paresh Kumar V Dattani HUF and Beena Paresh Dattani for a total consideration of ₹ 135.00 million on September 26, 2021. Paresh Vrajlal Dattani (Chariman and Managing Director), Ajay Vallabhdas Dattani (Joint Managing Director), Dinesh Vrajdas Dattani (Executive Director) and Anilkumar Dattani (Executive Director) are the Promoters of our Company. Our Company has not entered into any acquisition agreement for acquiring the equity shares of Universal Texturisers Private Limited. The acquisition of equity shares was completed by way of executing share transfer forms between our Company and the shareholders of Universal Texturisers Private Limited. The mode of payment of the purchase consideration was cash, by way of a bank transfer. The acquisition price was arrived at by way of a valuation report dated September 6, 2021, issued by Ravi Shanker Nanduri, Registered Valuer – Securities or Financial Assets (Registration no. IBBI/RV/03/2019/12712).

Agreement for Succession of Partnership Firm dated March 20, 2006 (Succession Agreement) and Deed of Succession of Partnership Firm dated April 1, 2006 (Deed of Succession)

Our Company entered into the Succession Agreement and Deed of Succession with Sanathan Texturisers (represented by Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Dinesh Vrajdas Dattani and Anilkumar Vrajdas Dattani) to succeed its business as a going concern, with effect from April 1, 2006, for the purpose of expanding our business. In terms of the Deed of Succession, our Company succeeded all the assets, liabilities, existing rights, obligations, and contractual activities of Sanathan Texturisers as a going concern. As consideration for this succession, 1,128,100 Equity Shares were allotted to Ajay Vallabhdas Dattani, 876,300 Equity Shares to Anilkumar Vrajdas Dattani, 1,184,200 Equity Shares to Dinesh Vrajdas Dattani and 1,186,400 Equity Shares to Paresh Vrajlal Dattani respectively, at a premium of ₹ 40 per Equity Share for a total consideration of ₹ 218.75 million. For the details in relation to this allotment, see '*Capital Structure – Equity Share capital history of our Company*' on page 98. Paresh Vrajlal Dattani (Chariman and Managing Director), Ajay Vallabhdas Dattani (Joint Managing Director), Dinesh Vrajdas Dattani (Executive Director) and Anilkumar Dattani (Executive Director) are the Promoters of our Company. There is no outstanding amount to be paid as the purchase consideration. The acquisition price was decided pursuant to the Succession Agreement and Deed of Succession. No valuation was carried out by our Company while entering into the aforesaid agreements and the acquisition price was evaluated in accordance with the book value of the partnership firm.

7. **Inter-se agreements between Shareholders**

As on the date of this Draft Red Herring Prospectus, our Company, Promoters and Shareholders do not have any inter-se agreements/arrangements and clauses/covenants which are material in nature and that there are no other clauses/covenants which are adverse/pre-judicial to the interests of the minority/public shareholders. Also, there are no other agreements, deed of assignments, acquisition agreements, shareholders' agreement, inter-se agreements or agreements of like nature.

8. **Our Subsidiaries**

As on the date of this Draft Red Herring Prospectus, our company two subsidiaries, namely, Universal Texturisers Private Limited and Sanathan Polycot Private Limited. For details with respect to our Subsidiaries, see '*Our Subsidiaries*' on page 256.

9. **Details of our Joint Ventures and Associate Companies**

As on the date of this Draft Red Herring Prospectus, our Company does not have any joint ventures or associate companies.

10. **Guarantees given by the Promoter Selling Shareholders participating in the Offer for Sale**

For details of guarantees given by our Promoters in relation to the credit facilities availed by our Company, see '*Financial Indebtedness*' on page 383.

11. **Other material agreements**

As on the date of this Draft Red Herring Prospectus, our Company has not entered into any subsisting material agreement, other than in the ordinary course of business. There are no other material agreements (except agreements entered in the ordinary course of business) have been entered into by our Company as on the date of this Draft Red Herring Prospectus. Further, there are no agreements, arrangements and clauses or covenants which are material, and which needs to be disclosed or the non-disclosure of which may have bearing on the investment decision in the Offer.

12. **Agreements with Key Managerial Personnel, Senior Management, Directors or Promoter or any other employee**

As on the date of this Draft Red Herring Prospectus, there are no agreements entered into by our Key Managerial Personnel, Senior Management, Promoters, Directors or any other employee of our Company, either by themselves or on behalf of any other person, with any shareholder or any other third party with regard to compensation or profit sharing in connection with dealings in the securities of our Company.

13. **Summary of key agreements with strategic partners, joint venture partners and / or financial partners**

Except as disclosed in *'History and Certain Corporate Matters - Details regarding material acquisition of business/undertakings, mergers, amalgamations and revaluation of assets in the last 10 years'* on page 253, as on the date of this Draft Red Herring Prospectus, our Company does not have any strategic partners, joint venture partners and / or financial partners.

14. **Details of Special Rights**

There are no Shareholders who are entitled to nominate Directors or have any other special rights.

OUR SUBSIDIARIES

Our Company has 2 subsidiaries as on the date of this Draft Red Herring Prospectus, details of which are set out below:

1. Universal Texturisers Private Limited

Corporate Information

Universal Texturisers Private Limited was incorporated on March 31, 2006, under the Companies Act, 1956 with the Registrar of Companies, West Bengal at Kolkata. Its registration number is 005706 and its Corporate Identification Number is U17299DN2006PTC005706, and its registered office is situated at SRV NO. 187/4/1/2, Near Surangi Bridge Surangi, Dadra & Nagar Haveli Silvassa- 396230, India. The change in the registered office of Universal Texturisers Private Limited from West Bengal to Silvassa was for operational convenience and to run the business more economically. However, UTPL is currently not carrying on any operations.

Nature of Business

Universal Texturisers Private Limited is engaged in the business of manufacture of polyester, texturized and cotton yarn and related textile products.

Capital Structure

Particulars	Aggregate Nominal Value (₹ in million)
Authorised Share Capital	
5,000,000 equity shares of ₹ 10 each	50.00
Issued, subscribed and paid-up capital	
4,998,500 equity shares of ₹ 10 each	49.98

Shareholding Pattern

The shareholding pattern of Universal Texturisers Private Limited is set out below:

Sr. No.	Name of Shareholders	No. of Equity Shares	Percentage shareholding (%)
1.	Sanathan Textiles Limited^	4,998,494	100.00
2.	Paresh Vrajlal Dattani*	1	Negligible
3.	Ajay Vallabhdas Dattani*	1	Negligible
4.	Dinesh Vrajdas Dattani*	1	Negligible
5.	Anilkumar Vrajdas Dattani*	1	Negligible
6.	Varun P Dattani*	1	Negligible
7.	Sammir Dineshkumar Dattani*	1	Negligible
Total		**4,998,500**	**100.00**

**Nominee of Sanathan Textiles Limited*

^Our Company acquired 4,998,499 Equity Shares of Universal Texturisers Private Limited held by Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabh Dattani, Geeta Dinesh Dattani, Anilkumar Vrajdas Dattani, Jayshree Anilkumar Dattani, Sammir Dineshkumar Dattani, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Vajubhai Investments Private Limited, Paresh Kumar V Dattani HUF and Beena Paresh Dattani for total consideration of ₹ 135.00 million on September 26, 2021.

Key Financial information of Universal Texturisers Private Limited based on the audited financial statements is as follows:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022*
Revenue from Operations (₹ million)	-	-	-
Profit/(Loss) after Tax (₹ million)	0.97	0.73	0.56
Earnings per Share (Basic) (face value of ₹10 per equity share) (₹)	0.19	0.15	0.11
Earnings per Share (Diluted) (face value of ₹10 per equity share) (₹)	0.19	0.15	0.11
Reserves (excluding revaluation reserve) (₹ million)	24.96	24.00	23.26

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022*
Net Asset Value (₹ per share)	14.99	14.80	14.65

**Our Company acquired 4,998,499 Equity Shares of Universal Texturisers Private Limited held by Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabh Dattani, Geeta Dinesh Dattani, Anilkumar Vrajdas Dattani, Jayshree Anilkumar Dattani, Sammir Dineshkumar Dattani, Vallabhdas Dattani HUF, Sonali Ajaykumar Dattani, Vajubhai Investments Private Limited, Paresh Kumar V Dattani HUF and Beena Paresh Dattani for total consideration of ₹ 135.00 million on September 26, 2021.*

Interest of our Company

Our Company has 100% shareholding in Universal Texturisers Private Limited.

2. Sanathan Polycot Private Limited

Corporate Information

Sanathan Polycot Private Limited was incorporated on April 20, 2021, under the Companies Act, 2013, pursuant to a certificate of incorporation issued by Central Registration Centre, Ministry of Corporate Affairs on behalf of the jurisdictional Registrar of Companies, i.e., Registrar of Companies, Gujarat at Ahmedabad. Its registration number is 005662 and its Corporate Identification Number is U17309DN2021PTC005662, and its registered office is situated at SRV NO. 187/4/1/2, near Surangi Bridge, Surangi, D.&N.H., Dadra & Nagar Haveli Silvassa- 396240 Gujarat, India.

The management of the Company had incorporated Sanathan Polycot Private Limited to avail the benefit of a concessional income tax rate under section 115BAB of the Income Tax Act, 1961 in line with their vision of strategic expansion.

Nature of Business

Sanathan Polycot Private Limited is yet to start its operations and is incorporated to carry on the business of manufacture of polyester, texturized and cotton yarn and related textile products.

Capital Structure

Particulars	Aggregate Nominal Value (₹ in million)
Authorised Share Capital	
99,00,000 equity shares of ₹ 10 each	99.00
4,40,100,000 preference shares of ₹ 10 each	4,401.00
Issued, subscribed and paid-up capital	
9,900,000 equity shares of ₹ 10 each	99.00
3,31,500,000 preference shares of ₹ 10 each	3,315.00

Shareholding Pattern

The shareholding pattern of Sanathan Polycot Private Limited is set out below:

Sr. No.	Name of Shareholders	No. of Equity Shares	Percentage shareholding (%)
1.	Sanathan Textiles Limited	9,899,994	100
2.	Paresh Vrajlal Dattani*	1	Negligible
3.	Ajay Vallabhdas Dattani*	1	Negligible
4.	Dinesh Vrajdas Dattani*	1	Negligible
5.	Anilkumar Vrajdas Dattani*	1	Negligible
6.	Varun P Dattani*	1	Negligible
7.	Sammir Dineshkumar Dattani*	1	Negligible
Total		**9,900,000**	**100**

**Nominee of Sanathan Textiles Limited*

Key Financial information of Sanathan Polycot Private Limited based on the audited financial statements is as follows:

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations (₹ million)	2.71	-	-
Profit/(Loss) after Tax (₹ million)	(75.70)	(34.45)	(0.95)
Earnings per Share (Basic) (face value of ₹10 per equity share) (₹)	(7.65)	(3.48)	(0.10)
Earnings per Share (Diluted) (face value of ₹10 per equity share) (₹)	(7.65)	(3.48)	(0.10)
Reserves (excluding revaluation reserve) (₹ million)	1,921.57	1,230.19	(0.95)
Net Asset Value (₹ per share)	204.10	134.26	9.90

Interest of our Company

Our Company has 100% shareholding in Sanathan Polycot Private Limited.

Accumulated profits or losses

As on the date of this Draft Red Herring Prospectus, there are no accumulated profits or losses of any of our Subsidiaries that have not been accounted for by our Company in the Restated Consolidated Financial Information

Interest in our Company

Except as disclosed in '*Our Business*' and '*Restated Consolidated Financial Information'* on pages 218 and 296, respectively, none of our Subsidiaries have any business interest in our Company.

Common pursuits

Our subsidiaries, Universal Texturisers Private Limited and Sanathan Polycot Private Limited, are engaged in the similar line of business as that of our Company. However, there is no conflict of interest amongst our aforementioned Subsidiaries and our Company as these Subsidiaries are controlled by our Company. Our Company shall adopt necessary procedures and practices as permitted by law and regulatory guidelines to address any instances of conflict of interest, if and when they may arise. For details of transactions of our Company with our Subsidiaries, please see '*Restated Consolidated Financial Information - Note no. 31 - Related Party Transactions'* on page 355.

Other confirmations

None of our Subsidiaries have their securities listed on any stock exchange in India or abroad. Further, neither of our Subsidiaries have been refused listing of their securities by any stock exchange in India or abroad during the last 10 years, nor have they failed to meet the listing requirements of any stock exchange in India or abroad.

Our Subsidiaries do not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

OUR MANAGEMENT

In accordance with the Companies Act and our Articles of Association, our Company must have not less than 3 and not more than 15 Directors. As on the date of this Draft Red Herring Prospectus, our Board comprises 8 Directors, including our Chairman and Managing Director, our Joint Managing Director, two Executive Directors and four Non-Executive Independent Directors (one of whom is a woman director).

The following table sets forth details regarding our Board as on the date of filing of this Draft Red Herring Prospectus:

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
1.	**Paresh Vrajlal Dattani** ***Designation***: Chairman and Managing Director ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026. ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Address*****:** 19A, 19th Floor, Tytan, A.B. Dubash Marg, Opp. L.J. Marg, August Kranti Marg, Mumbai – 400026, Maharashtra, India. ***Occupation*****:** Business ***Date of Birth***: July 24, 1960 ***DIN***: 00163591	64	*Indian Companies:* 1. Sanathan Polycot Private Limited; 2. Vajubhai Investments Private Limited; 3. Universal Texturisers Private Limited; 4. Omnibus Industrial Development Corporation of Daman Diu and Dadra Nagar Haveli Limited; and 5. Association of Synthetic Fibre Industry. *Foreign Companies:* Nil
2.	**Ajay Vallabhdas Dattani** ***Designation***: Joint Managing Director ***Current term***: Five years with effect from December 1, 2021 to November 30, 2026 ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Address*****:** 3C, 3rd Floor, Plot no. 70, Lalit Kunj, Sir Pochkanwala Road, Off Worli Sea Face, Worli, Mumbai, Mumbai City, Maharashtra - 400030 ***Occupation*****:** Business ***Date of Birth***: July 23, 1967 ***DIN***: 00163739	57	*Indian Companies:* 1. Universal Texturisers Private Limited; 2. Sanathan Polycot Private Limited; and 3. Vajubhai Investments Private Limited. *Foreign Companies:* Nil
3.	**Anilkumar Vrajdas Dattani** ***Designation***: Executive Director	66	*Indian Companies:* 1. Vajubhai Investments Private Limited; and

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
	Current term: Five years with effect from December 1, 2021 to November 30, 2026 ***Period of Directorship***: Since incorporation, *i.e.*, October 10, 2005 ***Address*****:** 9 C Ridge Apt, 18 Ridge Road, Opp Sahadri Guest House, Malabar Hill, Mumbai, Maharashtra – 400006. ***Occupation*****:** Business ***Date of Birth***: April 20, 1958 ***DIN***: 00164175		2. Sanathan Polycot Private Limited. *Foreign Companies:* Nil
4.	**Dinesh Vrajdas Dattani** **Designation**: Executive Director **Current Term**: From June 13, 2024 till November 30, 2026 **Period of Directorship**: Since June 13, 2024 **Address**: Flat no. 15, 8th Floor, Bhaveshvar Sagar, 20, Nepean Sea Road, Patel Compound, Mumbai – 400036 **Occupation**: Businessman **Date of Birth**: July 27, 1948 **DIN**: 00163701	76	*Indian Companies* Vajubhai Investment Private Limited Universal Texturisers Private Limited *Foreign Companies* Nil
5.	**Debabrata Sarkar** ***Designation***: Independent Director ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Address*****:** Mayfair Boulevard, 701, Narayan Apartments, Flat no. 701, Main Avenue Road, Santacruz (West), Mumbai – 400054 ***Occupation*****:** Service ***Date of Birth***: November 3, 1953 ***DIN***: 02502618	70	*Indian Companies*: 1. IDL Explosives Limited; 2. Emami Limited; 3. Hinduja Leyland Finance Limited; 4. Inceptum Advisors Private Limited; 5. Mylead Fintech Private Limited; 6. Easy Home Finance Limited; 7. Aditya Birla Sun Life Insurance Company Limited; 8. GOCL Corporation Limited;

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
			9. Vistra ITCL (India) Limited; and 10. NDL Ventures Limited *Foreign Companies:* Nil
6.	**Khurshed Thanawalla** ***Designation***: Independent Director ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Address*****:** Building no. 6, Manav Mandir Road, Near Manav Mandir School, Malabar Hill, Mumbai, Maharashtra - 400006 ***Occupation*****:** Service ***Date of Birth***: December 24, 1942 ***DIN***: 00201749	81	*Indian Companies:* 1. Ahura Holdings Private Limited; 2. Standard Salt Works Limited; 3. Hilti Manufacturing India Private Limited; 4. Bircher Sensors India Private Limited; 5. Stovec Industries Limited; 6. Nysa Marine Services Private Limited; 7. Gaslite Shipping Private Limited; 8. Nysa LPG Logistics Private Limited; 9. Gaslite EXIM Trade Private Limited; 10. Gaslite Ship Management Private Limited; 11. Gaslite Advisory Private Limited; 12. Behr Bircher Cellpack BBC India Private Limited; and 13. Standard Industries Limited *Foreign Companies:* Nil
7.	**Rupal Vora** ***Designation***: Independent Director ***Current term***: Three years with effect from March 31, 2023	61	*Indian Companies:* 1. Aarthi Pharmalabs Limited; 2. Winro Commercial (India) Limited;

Sr. No.	Name, designation, term, period of directorship, address, occupation, date of birth and DIN	Age	Other Directorship
	Period of Directorship: Since March 31, 2023 ***Address*****:** 806 Cumballa Crest 42, G Deshmukh Marg, HSBC Bank Lane, Peddar Road, Cumballa Hill, Mumbai– 400006. ***Occupation*****:** Lawyer ***Date of Birth***: June 24, 1963 ***DIN***: 07096253		3. Saraswati Commercial (India) Limited; 4. Walchandnagar Industries Limited; 5. Four Dimensions Securities (India) Limited; 6. Extramarks Education India Private Limited; 7. Geecee Ventures Limited; 8. Bombay Cycle and Motor Agency Limited; and 9. Singularity Holdings Limited. *Foreign Companies:* Nil
8.	**Vinay Aggarwal** ***Designation***: Independent Director ***Current term***: Five years with effect from November 22, 2021 ***Period of Directorship***: Since November 22, 2021 ***Address*****:** 5A, Shyam Niwas, Flat no. 6, 51B, Desai Road, Mumbai – 400026 ***Occupation*****:** Service ***Date of Birth***: August 20, 1952 ***DIN***: 00030483	72	*Indian Companies:* 1. Datamatics Global Services Limited; and 2. Lumina Datamatics Limited. *Foreign Companies:* 1. Lumina Datamatics Inc., USA

Brief profiles of our 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 several 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 several years of experience in the textile industry.

Dinesh Vrajdas Dattani, aged 76 is an Executive Director of our Company. He holds a degree of bachelor's in commerce from University of Calcutta. He has 19 years of work experience in the textile industry. He is responsible for providing strategic inputs for our business operations based on his experience in the textile industry. He also holds directorships in Vajubhai Investments Private Limited and Universal Texturisers Private Limited.

Debabrata Sarkar is an Independent Director of our Company. He has been on the Board of our Company since November 22, 2021. He is a fellow of 'The Institute of Chartered Accountants of India' and holds a master's degree in commerce from University of Calcutta. He is also certified associate of the Indian Institute of Bankers. He was appointed in the officers' cadre as a chartered accountant at Bank of Baroda in 1982. He was an executive director of Allahabad Bank in 2009 and was appointed as the chairman and managing director of Union Bank of India with effect from April 2012 and retired from this position on November 30, 2013. Further, he was a non-executive chairman and nominee director of Union KBC Asset Management Co. Private Limited. He has more than 30 years of work experience in the Banking and finance sector.

Khurshed Thanawalla is an Independent Director of our Company. He is appointed on the Board of our Company on November 22, 2021. He was a member of The Institute of Chartered Secretaries & Administrators, London. He is a fellow of the Chartered Management Institute, Corby, United Kingdom. He has over 39 years of experience across the spectrum of the textiles industry. He retired as Country Representative – India for Oerlikon Group in 2016 and was serving as managing director from 1985 till 2016, and as a chairman of Oerlikon Textile India Private Limited till 2021. He was also a chairman of Rotaries Screens of Asia (Pte) Ltd., Singapore till 1978.

Rupal Vora is an Independent Director of our Company and has been on the Board of our Company since March 31, 2023. She holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay, followed by a bachelor's degree in law from Government Law College, University of Bombay. She's a member of Bar council of Maharashtra and Goa bar association. She is a member of the Institute of Directors since 2020. She has more than 25 years of experience in Direct Taxes and Accounts/Finance.

Vinay Aggarwal is an Independent Director of our Company. He has been on the Board of our Company since November 22, 2021. He holds a bachelor's degree in commerce from Sydenham College of Commerce and Economics, University of Bombay, and a master's degree in business administration from the Northeastern University, Boston, Massachusetts, United States of America. He has several years of experience in finance and was previously associated with Tata Consultancy Services and also served as a director of finance for Tata Burroughs Limited, an Indian entity of Burroughs Corporation. He has more than 35 years of experience in finance sector.

Confirmations

None of our Directors were or are directors of listed companies during the preceding 5 years of this Draft Red Herring Prospectus whose shares have been / were suspended from being traded on any stock exchange during his / her tenure as a director of such listed company.

None of our Directors were or are directors in listed companies which were delisted from the stock exchanges during his / her tenure.

Except as disclosed in this Draft Red Herring Prospectus, none of our Directors are interested as a member in any firm or company which has any interest in our Company.

Our Directors do not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

Relationship amongst our Directors and Key Managerial Personnel and, or Senior Management

Except as stated below, none of our Directors are related to each other:

1. Paresh Vrajlal Dattani, Chairman and Managing Director and Anilkumar Vrajdas Dattani, Executive Director of our Company are brothers.
2. Paresh Vrajlal Dattani, Chairman and Managing Director is Ajay Vallabhdas Dattani, Joint Managing Director and Mikesh A Dattani, Director – Production, Planning and Marketing, uncle.
3. Anilkumar Vrajdas Dattani, Executive Director, is Ajay Vallabhdas Dattani, Joint Managing Director and Varun P Dattani, Director – Export and Yarns for Technical Textiles and Industrial Use, uncle.
4. Ajay Vallabhdas Dattani, Joint Managing Director; Varun P Dattani, Director – Export and Yarns for Technical Textiles and Industrial Use; and Mikesh A Dattani, Director – Production, Planning and Marketing are cousins.
5. Anilkumar Vrajdas Dattani, Executive Director, is the father of Mikesh A Dattani, Director – Production, Planning and Marketing.
6. Dinesh Vrajdas Dattani, Executive Director, is the brother of Paresh Vrajlal Dattani and Anilkumar Vrajdas Dattani, who are the Chairman and Managing Director and the Executive Director, respectively.
7. Paresh Vrajlal Dattani, Chairman and Managing Director is the father of Varun P Dattani, Director – Export and Yarns for Technical Textiles and Industrial Use.
8. Beena Paresh Dattani, Director – Social Welfare, is the spouse of Paresh Vrajlal Dattani, Chairman and Managing Director and mother of Varun P Dattani, Director – Export and Yarns for Technical Textiles and Industrial Use.
9. Beena Paresh Dattani, Director – Social Welfare is also the aunt of Ajay Vallabhdas Dattani, Joint Managing Director andMikesh A Dattani, Director – Production Planning & Marketing.

Further, except for the relationship set out above, our Directors are not related to any of the Key Managerial Personnel and Senior Management of our Company.

No consideration, either in cash or shares or in any other form have been paid or agreed to be paid to any of our Directors or to the firms, or companies in which they have an interest in, by any person, either to induce any of our Directors to become or to help any of them qualify as a director, or otherwise for services rendered by them or by the firm, trust or company in which they are interested, in connection with the promotion or formation of our Company.

Further:

1. None of our Directors has been identified as a Wilful Defaulter or Fraudulent Borrower as defined under the SEBI ICDR Regulations; and
2. None of our Directors has been declared a fugitive economic offender in accordance with the Fugitive Economic Offenders Act, 2018.

Arrangement or understanding with major shareholders, customers, suppliers or others

There is no arrangement or understanding with our major shareholders, customers, suppliers or others, pursuant to which any of our Directors were appointed as a Director or member of senior management.

Service contracts with Directors

None of our Directors have entered into service contracts with our Company which provide benefits upon termination of employment.

Borrowing Powers of our Board

In accordance with the Articles of Association of our Company, and Section 180(1)(c) of the Companies Act, 2013, our Shareholders have pursuant to a special resolution dated November 25, 2021 authorised our Board to borrow any sum or sums of money for the purpose of business of the Company, notwithstanding that the monies to be borrowed together with the money already borrowed by the Company must not exceed the aggregate paid up capital and free reserves, provided however, the maximum amount must not exceed ₹ 20,000.00 million.

Terms of Appointment of the Executive Directors of our Company

Chairman and Managing Director

Paresh Vrajlal Dattani was appointed as a Director with effect from October 10, 2005. He was appointed as Chairman and Managing Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. He is entitled to the following remuneration and perquisites with effect from December 1, 2021:

Date of appointment	December 1, 2021
Term of appointment	5 years
Remuneration per annum (in ₹ million)	40.00
Other Terms and Conditions / Perquisites and allowances of expenses	Commission: • Profit based commission of up to 1.25% of the net profits of audited financial statement, subject to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

Joint Managing Director

Ajay Vallabhdas Dattani was appointed as a Director with effect from October 10, 2005. He was appointed as the Joint Managing Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. He is entitled to the following remuneration and perquisites with effect from December 1, 2021:

Date of appointment	December 1, 2021
Term of appointment	5 years
Remuneration per annum (in ₹ million)	40.00
Other Terms and Conditions / Perquisites and allowances of expenses	Commission: • Profit based commission of up to 1.25% of the net profits of audited financial statement, subject to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

Executive Directors

Anilkumar Vrajdas Dattani was appointed as the Director of our Company with effect from October 10, 2005 He was appointed as an Executive Director for five years with effect from December 1, 2021, pursuant to a Board resolution dated November 22, 2021 and a Shareholders' resolution dated November 25, 2021. He is entitled to the following remuneration and perquisites with effect from December 1, 2021:

Date of appointment	December 1, 2021
Term of appointment	5 years
Remuneration per annum (in ₹ million)	40.00
Other Terms and Conditions / Perquisites and allowances of expenses	Commission:

	• Profit based commission of up to 1.25% of the net profits of audited financial statement, subject to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

Dinesh Vrajdas Dattani was appointed as an Executive Director with effect from June 13, 2024 till November 30, 2026, pursuant to a Board and Shareholders' resolutions dated June 13, 2024.

Date of appointment	June 13, 2024
Term of appointment	From June 13, 2024 till November 30, 2026
Remuneration per annum (in ₹ million)	₹ 20.00
Other Terms and Conditions / Perquisites and allowances of expenses	Commission: Profit based commission of up to 1.25% of the net profits of audited financial statement, subject to recommendation of Nomination and Remuneration Committee and approval of the Board of Directors.

Terms of appointment of our Non-Executive Directors and Independent Directors

Pursuant to a resolution passed by our Board at its meeting held on November 22, 2021, and March 31, 2023, each Independent Director is entitled to receive sitting fees of ₹ 100,000 per meeting for attending meetings of our Board and, ₹ 25,000 per meeting for attending committees and commission is capped up to 0.025% of net profits of the Company per Independent Director, subject to the recommendation of Nomination and Remuneration Committee and approval of the Board and in accordance with section 149(9), read with sections 197 and 198, of the Companies Act, 2013.

Neither our Company nor our Subsidiaries have paid any compensation or granted any benefit on an individual basis to any of our Directors (including contingent or deferred compensation) other than the remuneration paid to them for Fiscal 2024.

Payment or benefits to Directors

The details of payments and benefits made to our Directors by our Company, in Fiscal 2024 are as follows:

Executive Directors

(in ₹ million)

Sr. No.	Name of the Executive Director	Designation	Amount
1.	Paresh Vrajlal Dattani	Chairman and Managing Director	40.00
2.	Ajay Vallabhdas Dattani	Joint Managing Director	40.00
3.	Anilkumar Vrajdas Dattani	Executive Director	40.00
4.	Dinesh Vrajdas Dattani	Executive Director	Nil
Total			**120.00**

Non-Executive Directors and Independent Directors

(in ₹ million)

Sr. No.	Name of Non-Executive and Independent Director	Designation	Amount
1.	Debabrata Sarkar	Independent Director	0.65
2.	Khurshed Thanawalla	Independent Director	0.70
3.	Rupal Vora	Independent Director	0.60
4.	Vinay Aggarwal	Independent Director	0.60
Total			**2.55**

Remuneration paid by our Subsidiaries

As on date of this Draft Red Herring Prospectus, none of our Directors have received any remuneration from the Subsidiaries of our Company.

Bonus or Profit-Sharing Plans

Except as set out in the Nomination and Remuneration Policy of our Company, none of our Directors are party to any bonus or profit-sharing plan of our Company.

Contingent or Deferred Compensation to our Directors

There is no contingent or deferred compensation payable to our Directors which does not form part of their remuneration.

Shareholding of Directors in our Company

The Articles of Association of our Company do not require our Directors to hold any qualification shares.

The shareholding of our Directors in our Company as of the date of this Draft Red Herring Prospectus is set forth below:

Sr. No.	Name of Director	Number of Equity Shares	Percentage shareholding (%)
1	Paresh Vrajlal Dattani	7,012,600	9.75
2	Ajay Vallabhdas Dattani	7,327,650	10.19
3	Anilkumar Vrajdas Dattani	6,819,700	9.48
4	Dinesh Vrajdas Dattani	7,112,800	9.89
Total		**28,272,750**	**39.30**

Interest of our Directors

All our Executive Directors may be deemed to be interested to the extent of remuneration and reimbursement of expenses, if any, payable to each of them, by our Company. Our Non-Executive Director or Independent Directors may be deemed to be interested to the extent the sitting fees and commission, if any, payable to them for attending meetings of our Board and / or committees thereof as approved by our Board and, or, Shareholders, and the reimbursement of expenses payable to them, as approved by our Board.

Further, except as disclosed under '*Shareholding of Directors in our Company*' above, none of our Directors hold any Equity Shares or any other form of securities in our Company. Further, our Directors may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of the Equity Shares held by them in the Company.

Our Directors may be deemed to be interested to the extent of certain related party transactions that were undertaken with them by our Company. Our Directors may also be deemed to be interested in the contracts, agreements/arrangements entered into or to be entered into by our Company in the normal course of business with any company in which they hold directorships or any partnership firm in which they are partners. For further details, see *'Restated Consolidated Financial Information'* on page 296.

Interest in the promotion/formation of our Company

Except for our Chairman and Managing Director i.e., Paresh Vrajlal Dattani, Joint Managing Director i.e., Ajay Vallabhdas Dattani and Executive Directors i.e., Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani, none of our Directors have any interest in the promotion of our Company. Except for our Chairman and Managing Director i.e., Paresh Vrajlal Dattani, and our Joint Managing Director i.e., Ajay Vallabhdas Dattani and our Executive Directors i.e., Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani, being the initial subscribers to the memorandum of association of our Company, none of our Directors were involved in the formation of our Company.

Interest as to property

None of our Directors are interested in any property acquired or proposed to be acquired of our Company.

Loans to Directors

Our Directors have not availed any loans from our Company.
Other interest

No sum has been paid or agreed to be paid to our Directors or to any firms or companies in which they may be partners or members respectively, in cash or shares or otherwise by any person either to induce him / her to become, or to qualify him/ her as, a Director, or otherwise for services rendered by him/ her or by such firm or company, in connection with the promotion or formation of our Company.

Anilkumar Vrajdas Dattani, Executive Director and Mikesh A Dattani, Director - Production, Planning and Marketing have mortgaged their flats as security for the financing facilities availed by our Company.

Changes in our Board in the last 3 years

Except for the following, there has been no change in the Board of Directors of the Company, in the last 3 years.

Sr. No.	Name	Date of Appointment/ Change in Designation/Cessation	Reasons
1.	Debabrata Sarkar	November 22, 2021	Appointment as Independent Director
2.	Debabrata Sarkar	November 25, 2021	Regularisation as Independent Director
3.	Khurshed Thanawalla	November 22, 2021	Appointment as Independent Director
4.	Khurshed Thanawalla	November 25, 2021	Regularisation as Independent Director
5.	Vinay Aggarwal	November 22, 2021	Appointment as Independent Director
6.	Vinay Aggarwal	November 25, 2021	Regularisation as Independent Director
7.	Bhumika Batra	November 22, 2021	Appointment as Independent Director
8.	Paresh Vrajlal Dattani	December 1, 2021	Change in designation
9.	Ajay Vallabhdas Dattani	December 1, 2021	Change in designation
10.	Bhumika Batra	January 12, 2023	Resignation as Independent Director
11.	Rupal Vora	March 31, 2023	Appointment as Additional Independent Director
12.	Rupal Vora	September 5, 2023	Regularisation as Independent Director
13.	Sammir Dineshkumar Dattani	June 13, 2024	Resignation as Executive Director
14.	Dinesh Vrajdas Dattani	June 13, 2024	Appointment as Executive Director

Corporate Governance

The corporate governance provisions of the SEBI Listing Regulations will be applicable to us immediately upon the listing of the Equity Shares on the Stock Exchanges. We are in compliance with the requirements of the applicable regulations, including the SEBI Listing Regulations and the Companies Act, 2013 in respect of corporate governance pertaining to the constitution of our Board and committees thereof and formulation of policies.

Our Board has been constituted in compliance with the Companies Act and the SEBI Listing Regulations. Our Board functions either as a full board or through various committees constituted to oversee specific operational areas.

As on the date of this Draft Red Herring Prospectus, our Board comprises 8 Directors (including 1 women director), of whom 4 are Executive Directors and 4 are Independent Directors.

Committees of our Board

Our Board has constituted the following committees of the Board in terms of the SEBI Listing Regulations and the Companies Act:

1. Audit Committee;

2. Nomination and Remuneration Committee;
3. Stakeholders' Relationship Committee;
4. Corporate Social Responsibility Committee;
5. Risk Management Committee; and

Our Board may, from time to time, constitute committees to delegate certain powers for various functions, in accordance with applicable laws.

Audit Committee

The Audit Committee of our Board was constituted by a resolution of our Board at their meeting held on November 22, 2021 and was reconstituted on March 16, 2024. The constitution of the Audit Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the Committee
1.	Debabrata Sarkar	Independent Director	Chairman
2.	Khurshed Thanawalla	Independent Director	Member
3.	Vinay Aggarwal	Independent Director	Member

The Company Secretary will act as the Secretary of the Committee.

The scope and functions of the Audit Committee are in accordance with Section 177 of the Companies Act and Regulation 18 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Audit Committee:

The Audit Committee shall be responsible for, among other things, from time to time, the following:

A. Powers of the Audit Committee

The Audit Committee shall be responsible for, among other things, from time to time, the following:

1. To investigate any activity within its terms of reference;

2. To seek information from any employee;

3. To obtain outside legal or other professional advice;

4. To secure attendance of outsiders with relevant expertise, if it considers necessary; and

5. Such other powers as may be prescribed under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

B. Role of the Audit Committee

The role of the Audit Committee shall include the following:

1. To oversee the financial reporting process;

2. To review financial results and related information and disclosure of financial information relating to the Company to ensure that the financial statements are correct, sufficient and credible;

3. To approve or modify any related party transactions, to review internal financial controls and risk management system;

4. To formulate policy on related party transactions, which shall include materiality of related party transactions;

5. To review, at least on a quarterly basis, the details of related party transactions entered into by the Company pursuant to each of the omnibus approvals given;

6. To recommend appointment, re-appointment, replacement, remuneration and terms of appointment of auditors of the Company and the fixation of the audit fee;

7. To review and evaluate with the management performance of statutory and internal auditors, effectiveness of audit process and adequacy of the internal control systems;

8. To review and monitor the statutory auditor's independence and performance, and effectiveness of audit process;

9. Approval of payment to statutory auditors for any other services rendered by the statutory auditors of the Company;

10. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the Board for approval, with particular reference to:

    (i) Matters required to be included in the director's responsibility statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act as amended from time to time;

    (ii) Changes, if any, in accounting policies and practices and reasons for the same;

    (iii) Major accounting entries involving estimates based on the exercise of judgment by management;

    (iv) Significant adjustments made in the financial statements arising out of audit findings;

    (v) Compliance with listing and other legal requirements relating to financial statements;

    (vi) Disclosure of any related party transactions; and

    (vii) Modified opinion(s) in the draft audit report.

11. Reviewing, with the management, the quarterly, half-yearly and annual financial statements before submission to the Board for approval;

12. Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/ notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter. This also includes monitoring the use/application of the funds raised through the proposed initial public offer by the Company;

13. Approval or any subsequent modifications of transactions of the Company with related parties and omnibus approval for related party transactions proposed to be entered into by the Company, subject to the conditions as may be prescribed;

14. To set out criteria for granting omnibus approval in line with the Company's policy on related party transactions and such approval shall be applicable in respect of transactions which are repetitive in nature;

15. Scrutinising of inter-corporate loans and investments;

16. Valuation of undertakings or assets of the Company, wherever it is necessary;

17. Evaluation of internal financial controls and risk management systems;

18. Overseeing the vigil mechanism established by the Company, with the chairman of the Audit Committee directly hearing grievances of victimization of employees and directors, who used vigil mechanism to report genuine concerns in appropriate and exceptional cases;

19. Reviewing the adequacy of internal audit function if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

20. Discussing with internal auditors on any significant findings and follow up thereon;

21. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;

22. Discussing with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

23. Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non payment of declared dividends) and creditors;

24. Reviewing the functioning of the whistle blower mechanism;

25. Approving the appointment of the chief financial officer or any other person heading the finance function or discharging that function after assessing the qualifications, experience and background, etc. of the candidate; and

26. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board and/or specified/provided under the Companies Act, the SEBI Listing Regulations, Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 or by any other regulatory authority.

27. Reviewing the utilization of loans and/ or advances from/investment by the holding company in any subsidiary exceeding ₹ 1,000,000,000 or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as per applicable law.

28. Considering and commenting on rationale, cost-benefits and impact of schemes involving merger, demerger, amalgamation etc., on the Company and its shareholders.

29. To ensure that an Information System Audit of the internal systems and processes is conducted at least once in two years to assess operational risks faced by the Company.

30. to review compliance with the provisions of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, at least once in a financial year and shall verify that the systems for internal control under the said regulations are adequate and are operating effectively.

C. Reviewing Powers

The Audit Committee shall mandatorily review the following information:

1. management’s discussion and analysis of financial condition and results of operations;

2. statement of significant related party transactions submitted by the management;

3. management letters / letters of internal control weaknesses issued by the statutory auditors;

4. internal audit reports relating to internal control weaknesses;

5. the appointment, removal and terms of remuneration of the chief internal auditor;

6. examination of the financial statements and the auditors’ report thereon;

7. review the financial statements, in particular, the investments made by any unlisted subsidiary; and

8. statement of deviations:

(i) quarterly statement of deviation(s) including report of monitoring agency, if applicable, submitted to stock exchange(s) where the Equity Shares are proposed to be listed in terms of the SEBI Listing Regulations; and

(ii) annual statement of funds utilised for purposes other than those stated in the document/prospectus/notice in terms of the SEBI Listing Regulations.

Nomination and Remuneration Committee

The Nomination and Remuneration Committee of our Board was constituted by a resolution of our Board at their meeting held on November 22, 2021 and was reconstituted on March 16, 2024. The constitution of the Nomination and Remuneration Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the Committee
1.	Debabrata Sarkar	Independent Director	Chairman
2.	Khurshed Thanawalla	Independent Director	Member
3.	Rupal Vora	Independent Director	Member

The scope and functions of the Nomination and Remuneration Committee are in accordance with Section 178 of the Companies Act and Regulation 19 of the SEBI Listing Regulations and its terms of reference are as follows:

Terms of Reference for the Nomination and Remuneration Committee:

The Nomination and Remuneration Committee shall be responsible for, among other things, the following:

1. Formulation of the criteria for determining qualifications, positive attributes and independence of a director and recommend to the board of directors of the Company (**Board** or **Board of Directors**) a policy relating to the remuneration of the directors, key managerial personnel and other employees (**Remuneration Policy**);

2. The Nomination and Remuneration Committee, while formulating the Remuneration Policy, should ensure that:

   a. the level and composition of remuneration be reasonable and sufficient to attract, retain and motivate directors of the quality required to run our Company successfully;

   b. relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c. remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

3. formulation of criteria for evaluation of performance of independent directors and the Board;

4. devising a policy on Board diversity;

5. identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down and recommend to the Board their appointment and removal and shall specify the manner for effective evaluation of performance of the Board, its committees, and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance. The Company shall disclose the Remuneration Policy and the evaluation criteria in its annual report;

6. reviewing and recommending to the Board, manpower plan/ budget and sanction of new senior management positions from time to time in the future;

7. for every appointment of an independent director, the Nomination and Remuneration Committee shall evaluate the balance of skills, knowledge, and experience on the Board and on the basis of such evaluation, prepare a description of the role and capabilities required of an independent director. The person recommended to the Board for appointment as an independent director shall have the capabilities identified in such description. For the purpose of identifying suitable candidates, the Nomination and Remuneration Committee may:

   a. use the services of an external agencies, if required;

   b. consider candidates from a wide range of backgrounds, having due regard to diversity; and

   c. consider the time commitments of the candidates.

8. extending or continuing the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors;

9. evaluation and recommendation of termination of appointment of directors in accordance with the Board's governance principles for cause or for other appropriate reasons;

10. making recommendations to the Board in relation to the appointment, promotion and removal of the senior management personnel;

11. recommending to the Board, all remuneration, in whatever form, payable to senior management, including revisions thereto;

12. administering, monitoring and formulating detailed terms and conditions of the Employees Stock Option Scheme of the Company;

13. framing suitable policies and systems to ensure that there is no violation, as amended from time to time, of any securities laws or any other applicable laws in India or overseas, including:

   i. the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended; and

   ii. the Securities and Exchange Board of India (Prohibition of Fraudulent and Unfair Trade Practices relating to the Securities Market) Regulations, 2003, as amended.

14. carrying out any other function as is mandated by the Board from time to time and / or enforced/mandated by any statutory notification, amendment or modification, as may be applicable;

15. performing such other functions as may be necessary or appropriate for the performance of its duties;

16. periodically reviewing and re-examining the terms of reference and making recommendations to our Board for any proposed changes;

17. authorization to obtain advice, reports or opinions from internal or external counsel and expert advisors;

18. ensuring proper induction program for new directors, key managerial personnel and senior management and reviewing its effectiveness along-with ensuring that on appointment, they receive a formal letter of appointment in accordance with guidelines provided under the Companies Act;

19. developing a succession plan for our Board and senior management and regularly reviewing the plan;

20. ensuring that it proactively maintains a balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company;

21. consideration and determination of the Remuneration Policy based on performance and also bearing in mind that the remuneration is reasonable and sufficient to attract, retain and motivate members of the Board and such other factors as the Nomination and Remuneration Committee shall deem appropriate; and

22. perform such other activities as may be delegated by the Board or specified/ provided under the Companies Act to the extent notified and effective, as amended or by the SEBI Listing Regulations or by any other applicable law or regulatory authority.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee of our Board was constituted by a resolution of our Board at their meeting held on November 22, 2021 and was reconstituted on March 16, 2024. The constitution of the Stakeholders' Relationship Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the Committee
1.	Vinay Aggarwal	Independent Director	Chairperson
2.	Rupal Vora	Independent Director	Member
3.	Ajay Vallabhdas Dattani	Joint Managing Director	Member

Terms of Reference for the Stakeholders' Relationship Committee:

The Stakeholders' Relationship Committee shall be responsible for, among other things, as may be required by the under applicable law, the following:

The terms of reference of the Stakeholders' Relationship Committee include the following:

1. considering and specifically looking into various aspects of interests of shareholders, debenture holders and other security holders;

2. resolving the grievances of the security holders of the listed entity including complaints related to allotment of shares, transfer of shares or debentures, including non-receipt of share or debenture certificates and review of cases for refusal of transfer / transmission of shares and debentures, depository receipt, non-receipt of annual report , balance sheet or profit and loss account, non-receipt of declared dividends, issue of new/duplicate certificates, general meetings etc. and assisting with quarterly reporting of such complaints;

3. review of measures taken for effective exercise of voting rights by shareholders;

4. investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

5. giving effect to all transfer/transmission of shares and debentures, dematerialisation of shares and re-materialisation of shares, split and issue of duplicate/consolidated share certificates, compliance with all the requirements related to shares, debentures and other securities from time to time;

6. review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the registrar and share transfer agent of the Company and to recommend measures for overall improvement in the quality of investor services;

7. review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company; and

8. Carrying out such other functions as may be specified by the Board from time to time or specified/provided under the Companies Act or SEBI Listing Regulations, or by any other regulatory authority.

Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of our Board was constituted by a resolution of our Board at their meeting held on November 22, 2021 and was reconstituted on March 16, 2024. The constitution of the Corporate Social Responsibility Committee is as follows:

Sr. No.	Name of the Director	Designation	Position in the Committee
1.	Khurshed Thanawalla	Independent Director	Chairman
2.	Rupal Vora	Independent Director	Member
3.	Anilkumar Vrajdas Dattani	Executive Director	Member

The scope and functions of the Corporate Social Responsibility Committee are in accordance with Section 135 of the Companies Act.

Terms of Reference for the Corporate Social Responsibility Committee

The terms and reference of the Corporate Social Responsibility Committee include the following:

1. formulate and recommend to the Board, a "Corporate Social Responsibility Policy" which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and the rules made thereunder, as amended (**Companies Act**), monitor the implementation of the same from time to time, and make any revisions therein as and when decided by the Board;

2. identify corporate social responsibility policy partners and corporate social responsibility policy programmes;

3. review and recommend the amount of expenditure to be incurred on the activities referred to in clause (a) and the distribution of the same to various corporate social responsibility programs undertaken by the Company;

4. delegate responsibilities to the corporate social responsibility team and supervise proper execution of all delegated responsibilities;

5. review and monitor the implementation of corporate social responsibility programmes and issuing necessary directions as required for proper implementation and timely completion of corporate social responsibility programmes;

6. assistance to the Board to ensure that our Company spends towards the corporate social responsibility activities in every Fiscal, such percentage of average net profit/ amount as may be prescribed in the Companies Act;

7. providing explanation to the Board if the Company fails to spend the prescribed amount within the financial year;

8. providing updates to our Board at regular intervals of six months on the corporate social responsibility activities;

9. any other matter as the Corporate Social Responsibility Committee may deem appropriate after approval of the Board or as may be directed by the Board, from time to time; and

10. exercise such other powers as may be conferred upon the Corporate Social Responsibility Committee in terms of the provisions of Section 135 of the Companies Act

Risk Management Committee

The Risk Management Committee was constituted by a resolution of our Board at their meeting held on November November 22, 2021 and was reconstituted on March 16, 2024. The members of the Risk Management Committee are:

Sr. No.	Name of the Director	Designation	Position in the Committee
1.	Vinay Aggarwal	Independent Director	Chairman
2.	Paresh Vrajlal Dattani	Chairman & Managing Director	Member

Sr. No.	Name of the Director	Designation	Position in the Committee
3.	Ajay Vallabhdas Dattani	Joint Managing Director	Member

The scope and functions of the Risk Management Committee are in accordance with Section 178 of the Companies Act and the Regulation 21 of the SEBI Listing Regulations.

Terms of Reference for the Risk Management Committee

The terms of reference of the Risk Management Committee include the following:

1. To review and assess the risk management system and policy of the Company from time to time and recommend for amendment or modification thereof. The risk management policy shall include the following:

    i. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Risk Management Committee;

    ii. Measures for risk mitigation including systems and processes for internal control of identified risks; and

    iii. Business continuity plan.

2. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

3. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

4. To keep the Board informed about the nature and content of its discussions, recommendations and actions to be taken;

5. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee;

6. To implement and monitor policies and/or processes for ensuring cyber security;

7. To frame, devise and monitor risk management plan and policy of the Company, including evaluating the adequacy of risk management systems;

8. To review and recommend potential risk involved in any new business plans and processes;

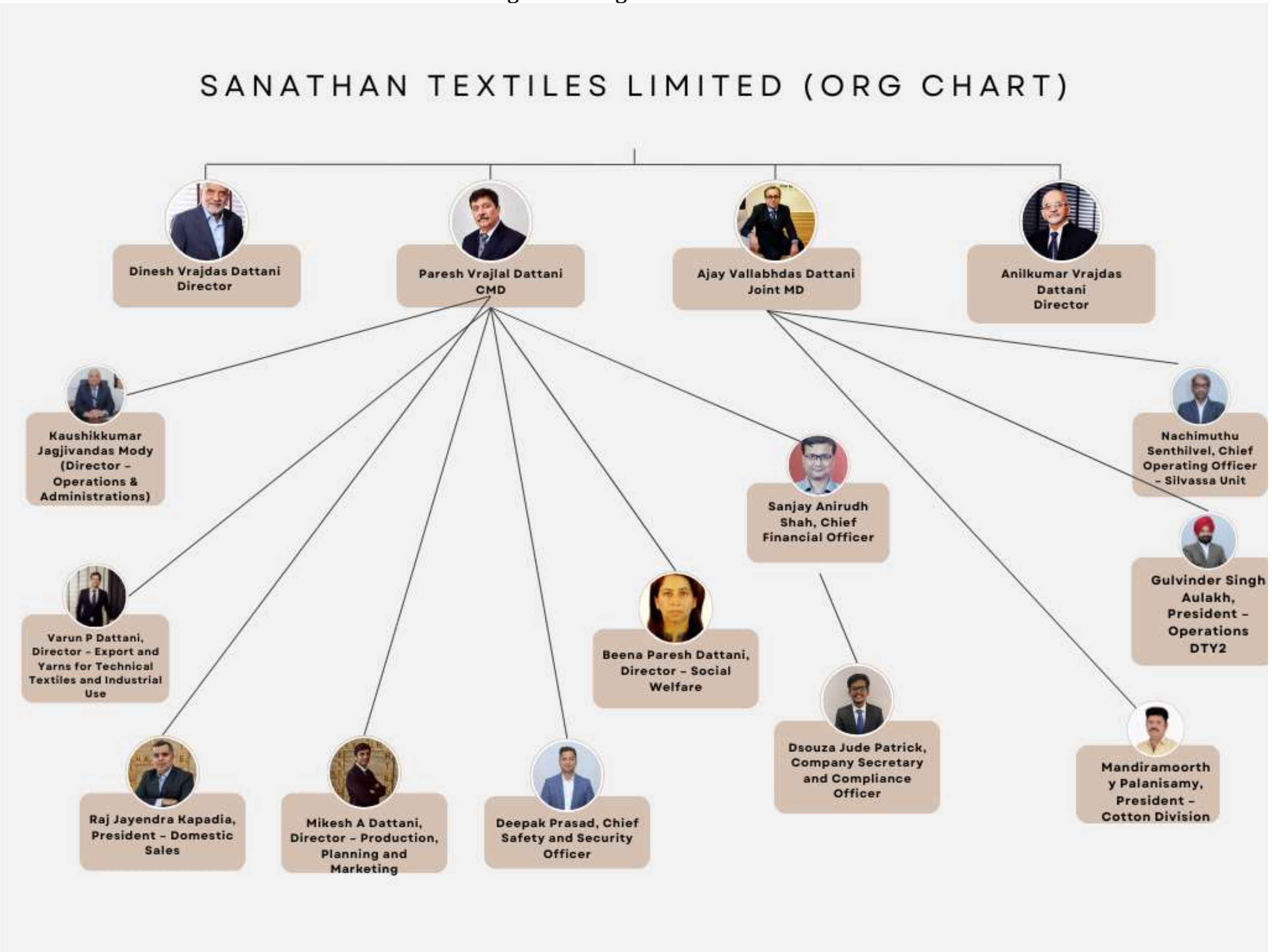
9. To review the Company's risk-reward performance to align with the Company's overall policy objectives;

10. Monitor and review regular updates on business continuity;

11. Advise the Board with regard to risk management decisions in relation to strategic and operational matters such as corporate strategy; and

12. Performing such other activities as may be delegated by the Board or specified/ provided under the Companies Act, 2013, as amended, or by the SEBI Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

Management Organisation Structure



Key Managerial Personnel and Senior Management

In addition to Paresh Vrajlal Dattani, our Chairman and Managing Director, and Ajay Vallabhdas Dattani, our Joint Managing Director, whose details have been provided under the paragraph '*Brief profile of our Directors'* on page 262, the details of our other Key Managerial Personnel as on the date of this Draft Red Herring Prospectus, are as follows:

1. Sanjay Anirudh Shah, Chief Financial Officer; and

2. Dsouza Jude Patrick, Company Secretary and Compliance Officer

Brief Profiles of our Key Managerial Personnel

Sanjay Anirudh Shah is the Chief Financial Officer of our Company. He has been associated with our Company since March 16, 2024. He is an associate member of The Institute of Chartered Accountants of India. He has passed the examination for bachelor's degree in commerce and master's degree in commerce from the University of Mumbai. Prior to joining our Company, he was associated with Yashraj Biotechnology Limited, The Bombay Dyeing and Manufacturing Company Limited, Shrenuj and Company Limited, ICICI Prudential Life Insurance Company Limited, Hutchison Essar Limited (now Vodafone Idea Limited), L&T Finance Limited and Kanyakumari Builders Private Limited. He has several of experience in the field of finance. He oversees the financial management and formulates financial strategies of our Company. During Fiscal 2024, he was paid a gross remuneration of ₹ 0.12 million.

Dsouza Jude Patrick is the Company Secretary and Compliance Officer of our Company. He has been associated with our Company since November 2, 2021. He is an associate member of 'The Institute of Company Secretaries of India'. He holds a bachelor's degree in commerce and a bachelor's degree in law from University of Mumbai. Prior to joining our Company, he worked in the corporate secretarial team of Tata Communications Limited. He has also handled the secretarial and legal work for Radhakrishna Foodland Group. He has over 8 years of experience in corporate secretarial and legal work which also includes CSR and Sustainability Development Projects. He plays a pivotal role in managing secretarial, legal and compliance functions of our Company. During Fiscal 2024, he was paid a gross remuneration of ₹ 1.65 million.

Senior Management

The details of our Senior Management as on the date of this Draft Red Herring Prospectus, are as follows:

1. Varun P Dattani, Director – Export and Yarns for Technical Textiles and Industrial Use;

2. Mikesh A Dattani, Director – Production, Planning and Marketing;

3. Beena Paresh Dattani, Director – Social Welfare;

4. Mandiramoorthy Palanisamy, President – Cotton Division;

5. Kaushikkumar Jagjivandas Mody, Director – Operations and Administrations;

6. Raj Jayendra Kapadia, President – Domestic Sales;

7. Nachimuthu Senthilvel, Chief Operating Officer – Silvassa Unit;

8. Deepak Prasad, Chief Safety and Security Officer; and

9. Gulvinder Singh Aulakh, President – Operations DTY2.

Brief Profiles of our Senior Management

Varun P Dattani is the Director – Export and Yarns for Technical Textiles and Industrial Use of our Company. He has been associated with our Company since January 1, 2011. He holds a bachelor's degree in science

(Technical Systems Management) from University of Illinois at Urbana-Champaign. His core responsibilities include Business Expansion of Technical Textile division, Market Analysis specially for Exports, and People Management (HR). He has over 13 years of experience in textiles industry. During Fiscal 2024, he was paid a gross remuneration of ₹ 10.00 million.

Mikesh A Dattani is the Director – Production, Planning and Marketing of our Company. He has been associated with our Company since January 1, 2011. He has passed the examination for bachelor's degree in science (Polymers and Fibres Chemistry) from Clemson University. He oversees the entire production planning and analysis at Silvassa unit. He has over 13 years of experience in textiles industry. During Fiscal 2024, he was paid a gross remuneration of ₹ 10.00 million.

Beena Paresh Dattani is the Director – Social Welfare of our Company. She has been appointed at this designation on January, 2024. She has passed the examination for bachelor's degree in commerce from University of Bombay and attended University of Bombay for legal studies. She holds a diploma in nutrition and diet planning from Tulip International and is registered as an acupuncture practitioner with Indian Academy of Acupuncture Science, Aurangabad, India. Her responsibility includes Social Engagement partnership, employees benefits and engagement. She is also appointed as the Chairperson of the POSH Committee of our Company. Since 2013, she has been associated with our Company for handling administrative work at the head office of our Company. During Fiscal 2024, she was paid a gross remuneration of ₹ 0.13 million.

Mandiramoorthy Palanisamy is the President - Cotton Division of our Company. He has been associated with our Company since December 6, 2006. He holds a diploma in textile technology from State Board of Technical Education and Training, Tamil Nadu. He was previously associated with SCM Textiles Spinners as a Factory Manager. He has over 20 years of experience in cotton yarn manufacturing, quality and process control in textiles industry. During Fiscal 2024, he was paid a gross remuneration of ₹ 6.02 million.

Kaushikkumar Jagjivandas Mody is the Director of Operations and Administration of our Company. He has been associated with the Company since June 1, 2021. He holds a bachelor's degree in mechanical engineering and a degree in Master of Business Administration from the Maharaja Sayajirao University of Baroda. Prior to joining our Company, he was associated with Reliance Industries Limited, Petrofils Co-Operative Limited, and Silvassa Industries Private Limited. He plays an important role in formulating strategies for expansion of our Company's business and oversees the function of our manufacturing units. He has over several years of experience in business and site management. During Fiscal 2024, he was paid a gross remuneration of ₹ 8.78 million.

Raj Jayendra Kapadia is the President of Domestic Sales of our Company. He has been associated with our Company since April 1, 2015. He has passed the examination for bachelor's degree in commerce from University of Mumbai. He engages with customers and manages sales across our Indian customers. He has over 9 years of experience in sales and marketing. He was previously associated with Universal Texturisers Private Limited, our Subsidiary as Head – Sales. During Fiscal 2024, he was paid a gross remuneration of ₹ 4.16 million.

Nachimuthu Senthilvel is the Chief Operating Officer – Silvassa Unit of our Company. He has been associated with the Company since October 1, 2012. He holds a bachelor's degree of technology in textiles technology from PSG College of Technology, Anna University and a master's degree in arts (history) from Madurai Kamaraj University. He oversees plant operations for Silvassa, ensuring efficient and smooth functioning of all manufacturing processes and resource allocation. Prior to joining our Company, he was associated with the Coimbatore Pioneer Mills Limited, B.K. Polytex (division of B.K. Paper Mills Limited), Vijayeswari Textiles Limited and Universal Texturisers Private Limited, our Subsidiary. He has over 24 years of experience in textiles industry. During Fiscal 2024, he was paid a gross remuneration of ₹ 5.34 million.

Deepak Prasad is the Chief Safety and Security Officer of our Company. He has been associated with the Company since September 23, 2021. He holds a bachelor's degree in science (honors) from Ranchi University and master's degree in business administration (human resource and marketing) from Veer Bahadur Singh Purvanchal University. He is responsible for ensuring safety and security of employees and conducting necessary safety processes for our manufacturing units. He is an ex-commission officer at commander rank in Indian Navy (Armed Forces) having over 10 years of experience. He has experience in handling security, safety and specialisation in firefighting operation including Nuclear/Biological/Chemical. He has also completed a course on Damage Control Fire Fighting (NBCD) from NBCD School, INS Shivaji, Lonavala, Maharashtra. He also has specialisation in CSP (Certified Security Professional) which is an internationally accredited certification in Security & Safety domain. Prior to joining our Company, he was associated with Reliance Jio Infocom Limited and Tata Steel BSL Limited. During Fiscal 2024, he was paid a gross remuneration of ₹ 4.57 million.

Gulvinder Singh Aulakh is the President – Operations DTY2 of our Company. He has been associated with the Company since July 12, 2021. He has completed diploma in mechanical engineering from Punjab State Board of Technical Education. He has passed the examination for bachelor's degree in technology (mechanical) from Karnataka State Open University. His responsibilities at our Company include managing our polyester division – DTY (Draw Textured Yarn). Prior to joining our Company, he was previously associated with Reliance Industries Limited. He has over 34 years of experience in managing the plants. In Fiscal 2024, he was paid a gross remuneration of ₹ 5.78 million.

Relationship amongst our Key Managerial Personnel and Senior Management

Other than as mentioned in *'Relationship amongst our Directors and Key Managerial Personnel and, or Senior Management'* on page 264, none of our Key Managerial Personnel and Senior Management are related to each other:

Arrangements and Understanding with major shareholders, customers, suppliers or others

None of our Key Managerial Personnel and Senior Management have been selected pursuant to any arrangement or understanding with any Shareholders, customers or suppliers or others.

Retirement and termination benefit

Except for applicable statutory benefits, none of our Key Managerial Personnel and Senior Management would receive any benefits on their retirement or on termination of their employment with our Company.

Service Contracts with Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and Senior Management have entered into any service contract with our Company.

Contingent and deferred compensation payable to Key Managerial Personnel and Senior Management

There is no contingent or deferred compensation payable to our Key Managerial Personnel and Senior Management which does not form part of their remuneration.

Status of Key Managerial Personnel and Senior Management

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Shareholding of Key Managerial Personnel and Senior Management

Except as disclosed in '*Our Management - Shareholding of Directors in our Company*' on page 267 and as mentioned below, none of the Key Managerial Personnel or members of Senior Management hold any Equity Shares in our Company:

Sr. No.	Name of the Key Managerial Personnel/Senior Management	Number of Equity Shares held	Percentage of total pre-Issue paid up equity share capital (%)
1.	Beena Paresh Dattani	2,66,400	0.40
2.	Mikesh A Dattani	1,50,600	0.21
3.	Varun P Dattani	1,200	Negligible

Bonus or Profit-Sharing Plan of Key Managerial Personnel and Senior Management

None of our Key Managerial Personnel and Senior Management are party to any bonus or profit-sharing plan of our Company other than performance based discretionary incentives given to the Key Managerial Personnel and Senior Management.

Changes in the Key Managerial Personnel and Senior Management

Except as disclosed below and as disclosed in '*Our Management – Changes in the Board in the last three years'* with respect to the Executive Directors on page 268, there have been no changes in the Key Managerial Personnel and Senior Management in the last three years:

Name	Designation	Date of change	Reason for change
Sanjay Anirudh Shah	Chief Financial Officer	March 16, 2024	Appointment as Chief Financial Officer
Nidhi Batavia	Chief Financial Officer	January 25, 2024	Cessation as Chief Financial Officer
Beena Paresh Dattani	Director – Social Welfare	January 19, 2024	Appointment as Director – Social Welfare
Gulvinder Singh Aulakh	President – Operation DTY2	September 15, 2023	Promoted as President – Operation DTY2
Dsouza Jude Patrick	Company Secretary	November 2, 2021	Appointment as Company Secretary
Rishita Vinda	Company Secretary	November 2, 2021	Cessation as Company Secretary and appointed as assistant Company Secretary
Deepak Prasad	Chief Security Officer	September 23, 2021	Appointment as Chief Security Officer
Gulvinder Singh Aulakh	Vice President - Operation	July 12, 2021	Appointment as Vice President - Operation
Kaushikkumar Jagjivandas Mody	Director - Operations and Administrations	June 1, 2021	Appointment as Director - Operations and Administrations

Interests of Key Managerial Personnel and Senior Management

Except as disclosed above in *'Interest of Directors'* with respect to the Executive Directors, our Key Managerial Personnel and members of Senior Management do not have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment, reimbursement of expenses incurred by them during the ordinary course of business and statutory benefits such as gratuity, provident fund and pension entitled to our Key Managerial Personnel and members of Senior Management. The Key Managerial Personnel and members of Senior Management may also be deemed to be interested to the extent of any dividend payable to them and other distributions in respect of Equity Shares, if any, held by them in the Company. To the extent applicable, our Key Managerial Personnel and members of Senior Management are also interested in any Equity Shares which may be allotted to them pursuant to exercise of options under the ESOP Plan and any distributions in relation thereof.

Our Key Managerial Personnel and our Senior Management do not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

Attrition of Key Managerial Personnel and Senior Management vis-à-vis industry

The rate of attrition of our Key Managerial Personnel and our Senior Management is not high in comparison to the industry in which we operate.

Payment or benefits to Directors or Key Managerial Personnel and Senior Management (non-salary related)

Except as disclosed above under *'Interest of our Directors'* on page 267*,'Interests of Key Managerial Personnel and Senior Management'* on page 281 and as stated in see '*Restated Consolidated Financial Information - Note no. 31 - Related Party Transactions'* on page 355, no amount or benefit has been paid or given within the 2 years preceding the date of filing of this Draft Red Herring Prospectus or intended to be paid or given to any officer of our Company, including our Directors, Key Management Personnel and Senior Management.

Employee Stock Option Scheme

For details of the ESOP Plan of our Company, see *'Capital Structure'* on page 120.

OUR PROMOTERS AND PROMOTER GROUP

The Promoters of our Company are:

1. Paresh Vrajlal Dattani;
2. Ajay Vallabhdas Dattani;
3. Dinesh Vrajdas Dattani;
4. Anilkumar Vrajdas Dattani;
5. D&J Family Trust;
6. P&B Family Trust;
7. A&J Family Trust; and
8. Nimbus Trust

As on date of this Draft Red Herring Prospectus, our Promoters hold 70,172,750 Equity Shares constituting 97.55% of the issued, subscribed and paid-up Equity Share capital of our Company, as set forth below:

Sr. No.	Name of the Promoter	No. of Equity Shares	% of pre-Offer issued, subscribed and paid-up Equity Share Capital
1.	Nimbus Trust	10,475,000	14.56
2.	D&G Family Trust	10,475,000	14.56
3.	A&J Family Trust	10,475,000	14.56
4.	P&B Family Trust	10,475,000	14.56
5.	Paresh Vrajlal Dattani	7,012,600	9.75
6.	Ajay Vallabhdas Dattani	7,327,650	10.19
7.	Anilkumar Vrajdas Dattani	6,819,700	9.48
8.	Dinesh Vrajdas Dattani	7,112,800	9.89
Total		**70,172,750**	**97.55**

Brief Profiles of our Promoters

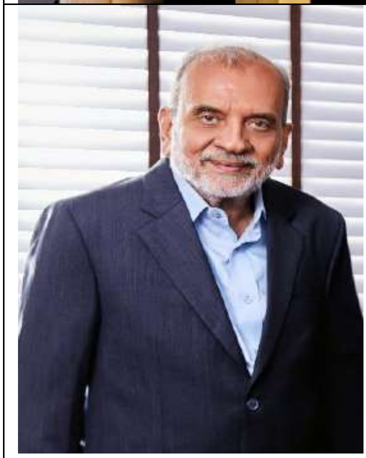
Paresh Vrajlal Dattani

Date of Birth: July 24, 1960

PAN: AEAPD8148Q

Paresh Vrajlal Dattani, aged 64 years, is the Promoter, Chairman and Managing Director of our Company. Other than the entities forming part of the Promoter Group, he is not involved in any other venture.

For a complete profile of Paresh Vrajlal Dattani, including his educational qualifications, residential address, professional experience, other directorships etc., see *'Our Management'* on page 259.

	**Ajay Vallabhdas Dattani** **Date of Birth:** July 23, 1967 **PAN:** AEAPD8147B Ajay Vallabhdas Dattani, aged 57 years, is the Promoter and Joint Managing Director of our Company. Other than the entities forming part of the Promoter Group, he is not involved in any other venture. For a complete profile of Ajay Vallabhdas Dattani, including his educational qualifications, residential address, professional experience, other directorships etc., see *'Our Management'* on page 259.
	**Dinesh Vrajdas Dattani** **Date of Birth:** July 27, 1948 **PAN:** ADWPD3056C **Nationality:** Indian **Address:** Flat no. 15, 8th Floor, Bhaveshvar Sagar, 20, Nepean Sea Road, Patel Compound, Mumbai - 400036 Dinesh Vrajdas Dattani aged 76 years is the Promoter of our Company. Other than the entities forming part of the Promoter Group, he is not involved in any other venture. For a complete profile of Dinesh Vrajdas Dattani, including his educational qualifications, residential address, professional experience, other directorships etc., see '*Our* Management' on page 259.
	**Anilkumar Vrajdas Dattani** **Date of Birth:** April 20, 1958 **PAN:** ADWPD3054A Anilkumar Vrajdas Dattani aged 66 years is the Promoter and Executive Director of our Comp any. Other than the entities forming part of the Promoter Group, he is not involved in any other venture. For a complete profile of Anilkumar Vrajdas Dattani, including his educational qualifications, residential address, professional experience, other directorships etc., see *'Our Management'* on page 259.

Our Company confirms that the PAN, bank account number, passport number, Aadhar card number of our Promoters and driving license number of Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Dinesh Vrajdas Dattani and Anilkumar Vrajdas Dattani will be submitted to the Stock Exchanges at the time of filing of this Draft Red Herring Prospectus.

Our Promoter Entities:

(a) D&G Family Trust

Corporate information and History

D&G Family Trust was constituted pursuant to a trust deed dated November 2, 2021 at Mumbai. As on the date of this Draft Red Herring Prospectus, the D&G Family Trust holds 10,475,000 Equity Shares representing 14.56% of the total paid-up equity share capital of our Company. The principal office of the D&G Family Trust is located at Flat Number 15, 8th floor, Bhaveshwar Sagar Building, Patel Compound, 20, Napean Sea Road, Cumbala Hill, Mumbai 400026, Maharashtra, India. Set out below are the objectives of the D&G Family Trust:

i To provide, *inter alia*, a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;

ii To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing circumstances of lifestyle and their varying needs including, as applicable, but not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries; and

iii To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

Settlor of the D&G Family Trust

The settlor of the D&G Family Trust is Dinesh Vrajdas Dattani.

Trustees of the D&G Family Trust

Dinesh Vrajdas Dattani (managing trustee), Paresh Vrajlal Dattani, Anilkumar Vrajdas Dattani and Ajay Vallabhdas Dattani are the administrative trustees of D&G Family Trust.

Beneficiaries of the D&G Family Trust

Geeta Dinesh Dattani, Sammir Dineshkumar Dattani, and Lineal descendants of Sammir Dineshkumar Dattani are the beneficiaries of the D&G Family Trust.

Change in control or management

There has been no change in control or management of D&G Family Trust since its inception.

Relationships of settlors, trustees and beneficiaries

- Dinesh Vrajdas Dattani (settlor and managing trustee) and Geeta Dinesh Dattani (beneficiary) are spouse;
- Dinesh Vrajdas Dattani (settlor and managing trustee), Paresh Vrajlal Dattani (trustee) and Anilkumar Vrajdas Dattani (Trustee) are brothers;
- Dinesh Vrajdas Dattani (settlor and managing trustee) and Geeta Dattani (beneficiary) are Sammir Dineshkumar Dattani's (beneficiary) parents; and
- Dinesh Vrajdas Dattani (settlor and managing trustee) is Ajay Vallabhdas Dattani's (Trustee) uncle.

Our Company confirms that the permanent account number and bank account number of D&G Family Trust shall be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

(b) P&B Family Trust

Corporate information and History

P&B Family Trust was constituted pursuant to a trust deed dated November 2, 2021 at Mumbai. As on the date of this Draft Red Herring Prospectus, the P&B Family Trust holds 10,475,000 Equity Shares, representing 14.56% of the total paid-up equity share capital of our Company. The principal office of the P&B Family Trust is located at 19A/ 19B, 19th floor, Tytan Building, A.B. Dubhash Marg, Opp Laxmibai Jagmohandas Marg, August Kranti Marg, Cumbala Hill, Mumbai 400026, Maharashtra, India. Set out below are the objectives of the P&B Family Trust:

i To provide, *inter alia*, a suitable succession structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;

ii To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing circumstances of lifestyle and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence and (vi) other expenses and contingencies of the beneficiaries; and

iii To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

Settlor of the P&B Family Trust

The settlor of the P&B Family Trust is Paresh Vrajlal Dattani.

Trustees of the P&B Family Trust

Paresh Vrajlal Dattani (managing trustee), Dinesh Vrajdas Dattani, Anilkumar Vrajdas Dattani and Ajay Vallabhdas Dattani are the administrative trustees of P&B Family Trust.

Beneficiaries of the P&B Family Trust

Beena Paresh Dattani, Varun P Dattani, and Lineal descendants of Varun P Dattani are the beneficiaries of the P&B Family Trust.

Change in control or management

There has been no change in control or management of P&B Family Trust since its inception.

Relationships of settlors, trustees and beneficiaries

- Paresh Vrajlal Dattani (settlor and managing trustee) and Beena Paresh Dattani (beneficiary) are spouse;

- Paresh Vrajlal Dattani (settlor and managing trustee), Dinesh Vrajdas Dattani and Anilkumar Vrajdas Dattani (trustees) are brothers;

- Paresh Vrajlal Dattani (settlor and managing trustee) and Beena Paresh Dattani (beneficiary) are Varun P Dattani's (Beneficiary) parents; and

- Paresh Vrajlal Dattani (settlor and managing trustee) is Ajay Vallabhdas Dattani (trustee) uncle.

Our Company confirms that the permanent account number and bank account number of P&B Family Trust shall be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

(c) A&J Family Trust

Corporate information and History

A&J Family Trust was constituted pursuant to a trust deed dated November 2, 2021 at Mumbai. As on the date of this Draft Red Herring Prospectus, the A&J Family Trust holds 10,475,000 Equity Shares, representing 14.56% of the total paid-up equity share capital of our Company. The principal office of the A&J Family Trust is located at 33, Sadhana, 5th floor, Navroji Gamadia Road, Off Peddar Road, Cumbala Hill, Mumbai 400026, Maharashtra, India. Set out below are the objectives of the A&J Family Trust:

i To provide, *inter alia*, a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;

ii To provide for different needs and requirements of the beneficiaries in accordance with the terms of the trust deed depending upon changing circumstances of lifestyle and their varying needs including, as applicable, boy not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence; and (vi) other expenses and contingencies of the beneficiaries;

iii To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

Settlor of the A&J Family Trust

The settlor of the A&J Family Trust is Anil Vrajdas Dattani.

Trustees of the A&J Family Trust

Anilkumar Vrajdas Dattani (managing trustee), Dinesh Vrajdas Dattani. Paresh Vrajlal Dattani and Ajay Vallabhdas Dattani are the administrative trustees of A&J Family Trust.

Beneficiaries of the A&J Family Trust

Jayshree Anilkumar Dattani and Mikesh A Dattani are the beneficiaries of the A&J Family Trust.

Change in control or management

There has been no change in control or management of A&J Family Trust since its inception.

Relationships of settlors, trustees and beneficiaries

- Anilkumar Vrajdas Dattani (settlor and managing trustee) and Jayshree Anilkumar Dattani (beneficiary) are spouse;
- Anilkumar Vrajdas Dattani (settlor and managing trustee), Dinesh Vrajdas Dattani and Paresh Vrajlal Dattani (trustee) are brothers;
- Anilkumar Vrajdas Dattani (settlor and managing trustee) and Jayshree Anilkumar Dattani (beneficiary) are Mikesh A Dattani's (beneficiary) parents; and
- Anilkumar Vrajdas Dattani (settlor and managing trustee) is Ajay Vallabhdas Dattani's (trustee) uncle.

Our Company confirms that the permanent account number and bank account number of A&J Family Trust shall be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

(d) Nimbus Trust

Corporate information and History

Nimbus Trust was constituted pursuant to a trust deed dated November 2, 2021 at Mumbai. As on the date of this Draft Red Herring Prospectus, the Nimbus Trust holds 10,475,000 Equity Shares, representing 14.56% of the total paid-up equity share capital of our Company. The principal office of the Nimbus Trust is located at 3-C, 3rd Floor, Lalit Kunj, 70, Sir Pochankwala Road, Off Worli Sea Face, Worli, Mumbai 400030, Maharashtra, India. Set out below are the objectives of the A&J Family Trust:

i To provide, *inter alia*, a suitable succession planning structure to ensure seamless intergenerational transfer of the trust fund amongst the beneficiaries who are family members;

ii To provide for different needs and requirements of the Beneficiaries in accordance with the terms of the trust deed depending upon changing circumstances of life style and their varying needs including, as applicable, but not limited to (i) maintenance; (ii) education; (iii) marriage expenses; (iv) medical expenses; (v) residence; and (vi) other expenses and contingencies of the beneficiaries;

iii To ensure that the trust fund is properly managed and administered in accordance with the provisions of the trust deed and to undertake other activities of any nature whatsoever in accordance with the powers available to the trustees under the trust deed or applicable law.

Settlor of the Nimbus Trust

The settlor of the Nimbus Trust is Ajay Vallabhdas Dattani.

Trustees of the Nimbus Trust

Ajay Vallabhdas Dattani (managing trustee), Dinesh Vrajdas Dattani, Paresh Vrajlal Dattani and Anil Vrajdas Dattani are the trustees of Nimbus Trust.

Beneficiaries of the Nimbus Trust

Sonali Ajaykumar Dattani and Aakash A Dattani are the beneficiaries of the Nimbus Trust.

Change in control or management

There has been no change in control or management of Nimbus Trust since its inception.

Relationships of settlors, trustees and beneficiaries

- Ajay Vallabhdas Dattani (settlor and managing trustee) and Sonali Ajaykumar Dattani (beneficiary) are spouse;

- Ajay Vallabhdas Dattani (settlor) and Sonali Ajaykumar Dattani (beneficiary) are Aakash A Dattani's (Beneficiary) parents; and

- Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani and Anilkumar Dattani (trustees) are Ajay Vallabhdas Dattani's (settlor) uncle.

Our Company confirms that the permanent account number and bank account number of Nimbus Trust shall be submitted to the Stock Exchanges at the time of filing the Draft Red Herring Prospectus.

In the event of any change in control of any of D&G Family Trust, P&G Family Trust, A&J Family Trust and Nimbus Trust, the then applicable provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 shall be applicable.

Interests of our Promoters

Our Promoters are interested in our Company to the extent: (a) that they have promoted our Company; and (b) of their respective shareholding in our Company, the shareholding of their relatives and entities in which the Promoters are interested and which hold the Equity Shares, and the dividends payable upon such shareholding, if any; (c) any other distributions in respect of the Equity Shares held by them, their relatives or such entities, if any; (d) of being the Directors and Key Managerial Personnel of our Company and the sitting fees/remuneration, benefits and reimbursement of expenses, payable to them as per the terms of their employment by our Company; and (e) that our Company has undertaken transactions with them, or their relatives or entities in which our Promoters hold shares or have an interest, if applicable. For further details of our Promoters, see '*Summary of Offer Document - Summary of Related Party Transactions*', '*Capital Structure*' and '*Our Management*' on pages 27, 96, and 259, respectively.

None of our Promoters are interested as a member of a firm or company and no sum has been paid or agreed to be paid to any of our Promoters or to any such firm or company in cash or shares or otherwise by any person either to induce him to become, or to qualify him as, a director, or otherwise, for services rendered by such Promoter(s) or by such firm or company in connection with the promotion or formation of our Company.

None of our Promoters have an interest in any property acquired by or leased to our Company during the 3 years immediately preceding the date of this Draft Red Herring Prospectus or proposed to be acquired or leased to our Company, or in any transaction by our Company for acquisition of land, construction of building or supply of machinery.

There are no entities forming part of our Promoter Group that are engaged in business activities similar to those of our Company. Further, our Promoters do not have any interest in any venture that is involved in any activities similar to those conducted by our Company. Our Company will adopt the necessary procedures and practices as permitted by law to address any conflict situation as and when it arises.

Our Promoters, except for Dinesh Vrajdas Dattani, are interested in our Company to the extent of remuneration paid to them and to the extent that they are directors on the board of directors of our Subsidiary. Our Promoter, Anilkumar Vrajdas Dattani, has mortgaged his flat as security for the financing facilities availed by our Company. For further details, please see section titled '*Our Subsidiaries*' and '*Our Management*' on pages 256 and 259, respectively.

Our Promoters and the members of our Promoter Group does not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

Payment or benefits to our Promoters or to the members of our Promoter Group

Except as stated in '*Our Management*' and '*Restated Consolidated Financial Information – Note 31 - Related party Transactions'* on pages 259 and 355, respectively, there has been no direct or indirect contracts, agreements or any other arrangements pursuant which any amount, payment or benefit paid or given, respectively, to our Promoters or Promoter Group during 2 years prior to the date of this Draft Red Herring Prospectus and no amount, payment or benefit is intended to be paid or given to any of our Promoters or the members of our Promoter Group.

Material guarantees

As on the date of this Draft Red Herring Prospectus, our Promoters have not given any material guarantees to any third party with respect to the Equity Shares.

Change in the control of our Company

There has been no change in control of our Company in the last five years immediately preceding the date of this Draft Red Herring Prospectus.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, members of our Promoter Group, persons in control of our Company and the persons in control of our Promoter Entity are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any securities market regulator in any other jurisdiction or any other authority/court in India or abroad.

None of the companies with which our Promoters are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

Neither our Company, nor our Promoters have been identified as a wilful defaulter or a fraudulent borrower by any bank or financial institution (as defined in the SEBI ICDR Regulations) or consortium thereof, in accordance with the guidelines issued by Reserve Bank of India.

Neither our Company, nor our Promoters have been declared as 'Fraudulent Borrowers' by the lending banks or financial institution or consortium, in terms of RBI master direction dated July 01, 2016.

Our Promoters have not been declared as fugitive economic offenders under the Fugitive Economic Offenders Act, 2018.

Companies with which our Promoters have disassociated in the last 3 years

Our Promoters have not disassociated themselves from any company in the last 3 years preceding the date of filing of this Draft Red Herring Prospectus.

Our Promoters are not and have never been a promoter, director or person in control of any other company which is prohibited from accessing or operating in capital markets or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or any other regulatory or governmental authority.

Our Promoter Group

In addition to our Promoters, the following persons and entities form part of our Promoter Group in terms of Regulation 2(1)(pp) of the SEBI ICDR Regulations.

Natural persons who are part of the Promoter Group*

Name of Promoter	Relationship	Name of the Relative
Paresh Vrajlal Dattani	Spouse	Beena Paresh Dattani
	Brother	Vallabhdas V Dattani
	Brother	Vinodkumar Vrajlal Dattani
	Brother	Anilkumar Vrajdas Dattani
	Brother	Dinesh Vrajdas Dattani
	Sister	Sudha Jayendra Kapadia
	Sister	Chandan Suresh Chandarana
	Sister	Nirupama Trilok Sayani
	Sister	Urmila Karsandas
	Son	Varun P Dattani
	Daughter	Tanvi P Dattani
	Spouse’s Brother	Chetan Kantilal Suchak
	Spouse’s Brother	Jayesh Kantilal Suchak*
	Spouse’s Sister	Kashmira Atul Mashru
Ajay Vallabhdas Dattani	Spouse	Sonali Ajaykumar Dattani
	Mother	Jyotsna V Dattani
	Father	Vallabhdas V Dattani
	Sister	Ekta Joshi
	Son	Aakash A Dattani
	Spouse’s Brother	Amit Kanani
	Spouse’s Sister	Dipali Parikshit Engineer
Anilkumar Vrajdas Dattani	Spouse	Jayshree Anilkumar Dattani
	Brother	Vallabhdas V Dattani
	Brother	Paresh Vrajlal Dattani
	Brother	Dinesh Vrajdas Dattani
	Brother	Vinodkumar Vrajlal Dattani
	Sister	Sudha Jayendra Kapadia
	Sister	Chandan Suresh Chandarana
	Sister	Urmila Karsandas
	Sister	Nirupama Trilok Sayani
	Son	Mikesh A Dattani
	Daughter	Anjana Dattani

Name of Promoter	Relationship	Name of the Relative
	Spouse's Mother	Indira Popat
	Spouse's Brother	Sharad Kumar Popat
	Spouse's Brother	Ajit Muljibhai Popat
	Spouse's Brother	Amit Popat
	Spouse's Sister	Varsha Sanjay Raja
Dinesh Vrajdas Dattani	Spouse	Geeta Dinesh Dattani
	Brother	Vallabhdas V Dattani
	Brother	Anilkumar Vrajdas Dattani
	Brother	Paresh Vrajlal Dattani
	Brother	Vinodkumar Vrajlal Dattani
	Sister	Sudha Jayendra Kapadia
	Sister	Chandan Suresh Chandarana
	Sister	Nirupama Trilok Sayani
	Sister	Urmila Karsandas
	Son	Sammir Dineshkumar Dattani
	Daughter	Sweta Vinay Gandhi
	Spouse's Brother	Jagdish Ratilal Kothari
	Spouse's Brother	Anil R Kothari
	Spouse's Sister	Heena Dhirajlal Manek
	Spouse's Sister	Dipti Dilip Jobanputra
	Spouse's Sister	Priti Mukesh Thakkar

Entities forming part of the Promoter Group of our Promoters

Sr. No.	Name
1.	Vajubhai Investments Private Limited
2.	Abhijeet Exports Private Limited
3.	Sreenath Tex Fab Private Limited
4.	Anikaa Commodities Private Limited
5.	Rameshchandra Vishram Andco
6.	Ramniklal Nandlal Bros.
7.	Ajay Kumar V Dattani HUF
8.	Varun Dattani (HUF)
9.	Anilkumar Vrajdas Dattani HUF
10.	Mikesh A Dattani HUF
11.	Vallabhdas V Dattani HUF
12.	Dattani Dineshkumar Vrajdas HUF
13.	Paresh Kumar V Dattani HUF
14.	Samir Dattani HUF
15.	Chetan Kantilal Suchak HUF
16.	N. M. Stones Private Limited
17.	Association of Synthetic Fibre Industry

In connection with the Offer, our Company is required to identify persons and entities, in accordance with the requirements of Regulation 2(1)(pp) of the SEBI ICDR Regulations, as members of the 'promoter group' of the Company. In terms of the Regulation 2(1)(pp) of the SEBI ICDR Regulations, Jayesh Kantilal Suchak (Related Individual**), brother of Beena Paresh Dattani, spouse of Paresh Vrajlal Dattani, one of the Promoters, qualifies as a member of the Promoter Group of the Company. Accordingly, in terms of Regulations 2(1)(pp) of the SEBI ICDR Regulations, (i) any body corporate in which 20% or more of the equity share capital is held by any Related Individual or a firm or a Hindu Undivided Family in which any of the Related Individual is a member; (ii) any body corporate in which a body corporate mentioned in (a) above, holds 20% or more of its equity share capital; and (iii) any Hindu Undivided Family or firm in which the aggregate share of the Promoter and that of the Related Individual is equal to or more than 20% of the total capital, also forms part of our Promoter Group (collectively, the '**Connected Persons'**). The Related Individual has expressed his unwillingness to be named as a member of the Promoter Group in this Draft Red Herring Prospectus and any other document in relation to the Offer and to provide the necessary information and confirmation sought by our Company for disclosures which are required to be included in relation* *to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. Our Company had filed an application dated February 8, 2024 with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding, and from, such natural person(s) and entities, as required under the SEBI ICDR Regulations (**Exemption Application**). By way of a letter dated April 12, 2024 (bearing reference number SEBI/CFD/RAC-DIL1/2024/14316/1), SEBI has rejected the Exemption Application and the request from identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which he holds 20% or more of the equity share capital, as a member of the Promoter Group, and from disclosing information and confirmations regarding him and such entities, as required under the SEBI ICDR Regulations. Since our Company has not been able to procure relevant information, from, and in relation to, the Related Individual and Connected Persons, and to comply with the provisions of the SEBI ICDR Regulations, the disclosures in relation to the Related Individual in this Draft Red Herring Prospectus have been included to the best of our Company's knowledge and to the extent the information was available and accessible in the public domain published on the websites of (i) Watchout Investors (accessible at https://www.watchoutinvestors.com/); (ii) CIBIL (accessible at https://suit.cibil.com/), (iii) BSE Limited (list of debarred entities accessible at https://www.bseindia.com/investors/debent.aspx); and (iv) National Stock Exchange of India Limited (accessible at https://www.nseindia.com/regulations/member-sebi-debarred-entities), on a 'name search' basis. Further, since the Related Individual has expressed his unwillingness to be named as a member of the Promoter Group in this Draft Red Herring Prospectus and any other document in relation to the Offer and to provide the necessary information and confirmation sought, our Company has not been able to ascertain any entity forming part of the Connected Persons which would qualify as a member of our Promoter Group. Neither our Company nor its subsidiaries in the past has engaged in any business or working relationship with the Related Individual. Also, there is no direct or indirect financial interest which may benefit the Related Individual, by virtue of the Offer. Accordingly, details in relation to the Connected Persons, which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus. Please see 'Risk Factors - One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus. For details, please see 'Risk Factors - One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus' on page 36.*

GROUP COMPANY

Under the SEBI ICDR Regulations, the definition of 'group company' includes (a) such companies (other than the promoters and subsidiaries) with which there were related party transactions, during the period for which financial information is disclosed, as covered under applicable accounting standards, and (b) such other companies as are considered material by our Board. Pursuant to a Board resolution dated March 16, 2024 our Board formulated a policy with respect to companies which it considered material to be identified as group company.

Accordingly, for (a) above, all such companies (other than our Corporate Promoters and Subsidiaries) with which our Company had related party transactions during the period covered in the Restated Consolidated Financial Information, as covered under the applicable accounting standards, Ind AS 24, are considered as Group Company in terms of the SEBI ICDR Regulations. For (b) above, our Board does not consider any company as a group company.

Set forth below, based on the aforementioned criteria, are the detail(s) of our Group Company as on the date of this Draft Red Herring Prospectus.

1. Vajubhai Investments Private Limited (VIPL)

Corporate Information

The registered office of Vajubhai Investments Private Limited is Padma Apartment, Flat 1C, 1st Floor, 16A, Pran Nath Pandit Street, Kolkata, West Bengal 700025, India.

Financial Performance

In accordance with the SEBI ICDR Regulations, details of reserves (excluding revaluation reserves), sales, profit after tax, earnings per share, diluted earnings per share and net asset value, derived from the latest audited financial statements available of Vajubhai Investments Private Limited for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022, are available at www.sanathan.com/investor-relations.

Nature and extent of interest of our Group Company

In the promotion of our Company

Our Group Company does not have any interest in promotion and formation of our Company.

In the properties acquired or proposed to be acquired by our Company and its Subsidiaries in the past three years before filing this Draft Red Herring Prospectus or proposed to be acquired by our Company and its Subsidiaries

Our Group Company does not have any interest in any property acquired by our Company or its Subsidiaries in the 3 years preceding the date of filing this Draft Red Herring Prospectus or proposed to be acquired by it as on date of this Draft Red Herring Prospectus.

In transactions for acquisition of land, construction of building and supply of machinery

Our Group Company does not have an interest in any transaction entered into by our Company and its Subsidiaries pertaining to acquisition of land, construction of building and supply of machinery.

Business interests in our Company

Except to the extent of shareholding of Vajubhai Investments Private Limited in our Company, our Group Company does not have any business interest in our Company.

Related Business Transactions within our Group Company and significance on the financial performance of our Company

Except as disclosed under see '*Restated Consolidated Financial Information - Note 31 - Related Party Disclosures'* on page 355, there are no related business transactions with our Group Company.

Common pursuits of our Group Company

There are no common pursuits between our Group Company and our Subsidiaries and our Company. For further details, see '*Restated Consolidated Financial Information' - Note 31 - Related Party Disclosures'* on page 355. We shall adopt necessary procedures and practices as permitted by law to address any instances of conflict of interest, if and when they may arise.

Litigation

As on date of this Draft Red Herring Prospectus, our Group Company is not a party to any pending litigation which will have a material impact on our Company.

Utilisation of Offer Proceeds

Except to the extent of Offer Proceeds received by Vajubhai Investments Private Limited in proportion to the Equity Shares offered in the Offer for Sale, there are no material existing or anticipated transactions in relation to utilisation of the Offer Proceeds with our Group Company.

Other confirmations

As on the date of this Draft Red Herring Prospectus, the securities of our Group Company are not listed on any stock exchange in India or abroad.

Further our Group Company has not made any public or rights issue (as defined under the SEBI ICDR Regulations) of securities in the three years preceding the date of this Draft Red Herring Prospectus, and, therefore, there are no investor complaints pending against them.

Our Group Company does not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board and/or approved by our Shareholders, at their discretion, subject to the provisions of our Articles of Association, the applicable law, including the Companies Act. The dividend policy of our Company was adopted and approved by our Board in its meeting held on November 22, 2021 (**Dividend Policy**).

We may retain all our future earnings, if any, for use in the operations and expansion of our business. As a result, we may not declare dividend in the foreseeable future. In terms of our Dividend Policy, our Board shall consider, *inter alia,* the following internal and external parameters while declaring or recommending dividends to our Shareholders: (i) profits earned during the financial year; (ii) availability of liquid funds; (iii) capital expenditure needs for existing business; (iv) expansion or modernization of the business; (v) additional investments in subsidiaries of our Company; (vi)cost of raising funds from alternate sources; (vii) cost of servicing outstanding debts (viii) funds for meeting contingent liabilities (ix) any other relevant factors and material events as may be deemed fit by our Board; (x) economic scenario; (xi) market scenario – market trends in terms of technological changes mandating investments, competition impacting profits which may require our Company to reserve resources; (xii) regulatory restrictions and obligations in terms of Companies Act, 2013 and dividend distribution tax or any tax deduction at source as required under the applicable laws (xiii) agreements with lenders – restrictions and covenants contain ed in the agreements entered into with the lenders or debenture trustees of our Company from time to time; and (xiv) capital markets – dividend pay-out may depend upon the capital market environment and cost of capital to raise fresh funds through alternate resources.

In addition, our ability to pay dividends may be impacted by a number of other factors, including any tax and regulatory changes in the jurisdiction in which our Company operates which significantly affects the business, taxation and other regulatory changes and restrictive covenants under our current or future loan or financing documents or arrangements, our Company is currently availing or may enter into finance our fund requirements for our business activities from time to time. For details in relation to the risk, see '*Financial Indebtedness'* on page 383.

Our Company has not declared any dividends during Fiscals 2024, 2023, and Fiscal 2022, and from April 1, 2024 till the date of this Draft Red Herring Prospectus.

The consolidated profits earned by our Company may either be retained and used for various purposes by our Company or may be distributed to the Shareholders. Our Company may from time to time, pay interim dividends. Further, our past practices in relation to declaration of dividend and, or, the amount of dividend paid is not necessarily indicative of our future dividend declaration. There is no guarantee that any dividends will be declared or paid of any amount, or with any frequency in the future. For further details in relation to the risk involved, see '*Risk Factor - Our Company has not paid dividends during the last 3 Fiscals and during the current Fiscal. There can be no assurance that our Company will be in a position to pay dividends in the future. Our ability to pay dividends in the future may be affected by any material adverse effect on our future earnings, financial condition or cash flows.*' on page 66.

SECTION VI: FINANCIAL INFORMATION

RESTATED CONSOLIDATED FINANCIAL INFORMATION

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OTHER FINANCIAL INFORMATION

In accordance with the SEBI ICDR Regulations, the audited financial statements of the Company for the financial years ended March 31, 2024, March 31, 2023, and March 31, 2022 (**Audited Consolidated Financial Statements**) are available at https://www.sanathan.com/investor-relations.

Our Company is providing a link to this website solely to comply with the requirements specified in the SEBI ICDR Regulations. The Audited Consolidated Financial Statements do not constitute, (i) a part of this Draft Red Herring Prospectus; or (ii) a prospectus, a statement in lieu of a prospectus, an offering circular, an offering memorandum, an advertisement, an offer or a solicitation of any offer or an offer document to purchase or sell any securities under the Companies Act, 2013, the SEBI ICDR Regulations, or any other applicable law in India or elsewhere in the world. The Audited Consolidated Financial Statements should not be considered as part of information that any investor should consider for subscribing to or purchasing any securities of our Company and should not be relied upon or used as a basis for any investment decision. None of our Company, any of its advisors, nor the BRLMs, nor the Selling Shareholders, nor any of their respective employees, directors, affiliates, agents or representatives accept any liability whatsoever for any loss, direct or indirect, arising from any information presented or contained in the Audited Consolidated Financial Statements, or the opinions expressed therein.

The accounting ratios required in terms of Clause 11 of Part A of Schedule VI of the SEBI ICDR Regulations, as calculated based on the Restated Consolidated Financial Information, are set out below:

Particulars	As at and for Financial Year ended March 31, 2024	As at and for Financial Year ended March 31, 2023	As at and for Financial Year ended March 31, 2022
Profit for the year (**A**) (₹ in million)	1,338.48	1,527.41	3,554.42
Weighted average number of Equity Shares in calculating basic EPS (**B**) (in millions)	71.94	71.94	71.94
Weighted average number of Equity Shares in calculating diluted EPS (**C**) (in millions)	71.94	71.94	71.94
Basic EPS (D = A/B) (in ₹)	**18.60**	**21.24**	**49.40**
Diluted EPS (E = A/C) (in ₹)	**18.60**	**21.24**	**49.40**
Total Equity (**F**) (₹ in million)	12,749.74	11,401.10	9,866.38
Return on Equity (G = A/F *100) (%)	**11.08%**	**14.36%**	**43.95%**
Net Asset Value per Equity Share (basic) (J = F/B) (in ₹)	**177.22**	**158.47**	**137.14**
Net Asset Value per Equity Share (diluted) (K = F/C) (in ₹)	**177.22**	**158.47**	**137.14**
EBITDA (₹ in million) (**L**)#	2,265.81	2,595.30	5,376.12
Revenue from operations (₹ in million) (**M**)	29,575.04	33,292.13	31,853.20
EBITDA Margin## (%) (N = L / M * 100)	**7.66%**	**7.80%**	**16.88%**

#*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.*
@*Average net worth is considered for return on equity*

Reconciliation of profit / loss for the year to EBITDA and EBITDA Margin

The table below reconciles profit/ (loss) for the year to EBITDA. EBITDA is calculated as sum of restated profit/loss for the year, tax expense, depreciation expense and finance cost less other income, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(₹ in million, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations (**A**)	29,575.04	33,292.13	31,853.20
Profit after tax for the year	1,338.48	1,527.41	3,554.42
Finance costs	230.84	224.18	324.60
Depreciation and amortisation expense	443.89	434.86	421.70
Tax expense	475.60	566.91	1,236.80
Less: Other income	(223.00)	(158.06)	(161.40)
EBITDA (B)	**2,265.81**	**2,595.30**	**5,376.12**
EBITDA Margin (B/A*100)	**7.66%**	**7.80%**	**16.88%**

Reconciliation of total equity to Net Asset Value per Equity Share

The table below Net Asset Value per Equity Share. Net Asset Value per Equity Share is calculated as total equity divided by weighted average number of Equity Shares.

(₹ in million, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Total Equity (**A**)	12,739.82	11,401.34	9,873.93
Weighted average number of Equity Shares (**B**)	71,943,000	71,943,000	71,943,000
Net Asset Value per Equity Shares (A/B)	**177.22**	**158.47**	**137.14**

Related Party Transactions

For details of the related party transactions, as per the requirements under applicable Accounting Standards i.e. Ind As 24 'Related Party Disclosures' Fiscal 2024, 2023, and Fiscal 2022, read with SEBI ICDR Regulations, and as reported in the Restated Consolidated Financial Information, see '*Restated Consolidated Financial Information – Note no. 31 – Related Party Transactions'* on page 355.

FINANCIAL INDEBTEDNESS

Our Company and Subsidiary avails loans in the ordinary course of its business for the purposes of capital expenditure, working capital and other business requirements. For details of the borrowing powers of our Board, see '*Our Management - Borrowing Powers of Board*' on page 265.

Our Company has obtained the necessary consents required under the loan agreements entered into in connection with and for undertaking activities in relation to the Offer, including effecting a change in our capital structure, change in our shareholding pattern, change in our constitutional documents including amending the Memorandum of Association and Articles of Association of our Company, change in the management or board composition, as applicable.

The following table sets forth the details of our aggregate outstanding borrowings, on a consolidated basis, as on June 30, 2024:

(in ₹ million)

Category of borrowing	Sanctioned Amount	Amount outstanding as on June 30, 2024* (Consolidated)
Secured		
Fund based borrowings		
Term loans**	17,201.12	6,615.12
Cash credit/ Working capital demand loans	1,600.00	Nil
Total fund based borrowings (A)	**18,801.12**	**6,615.12**
Non fund based borrowings		
Letter of credit/ bank guarantee	7,150.00	4,489.93
Total Non fund based borrowings (B)	7,150.00	4,489.93
Unsecured		
Total unsecured borrowings (C)	Nil	Nil
Total borrowings (A + B +C)	**25,951.12**	**11,105.05**

**As certified by Jain Tripathi & Co, the Independent Chartered Accountants through certificate dated August 20, 2024.*
***Includes EURO loan sanction EUR 58.82 million and outstanding EUR 4.08 million, which was converted in ₹ by 89.25 as at rate of exchange on June 30, 2024.*

A brief summary of the financial indebtedness of our outstanding borrowings, on a consolidated basis, as on June 30, 2024 is set out below:

Term Loans

i. **Our Company**

Set out below are brief details of the term loan facilities availed by our Company from its lenders:

Sr. No.	Purpose	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
Bank of Baroda					
1.	Vehicle Loan	18.02	16.20	8.75%	60 Months
Security		Hypothecation charge on the Porche AG Germany Taycan			
2.	Vehicle Loan	17.57	15.12	8.70%	60 Months
Security		Hypothecation charge on the Porsche AG Germany Taycan			
3.	Vehicle Loan	19.80	17.35	8.75%	60 Months
Security		Hypothecation charge on the Audi Q8			
4.	Vehicle Loan	11.38	9.97	8.75%	60 Months
Security		Hypothecation charge on the BMW X5M			
Union Bank of India					
1.	FTCL	906.80	721.71	1 Y MCLR + 1.50%	40 quarterly installments
Overall Security		**<u>Prime Security-</u>**			

Sr. No.	Purpose	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
		For details of security, please refer to Note 1, Note 2 and Note 3 below. **Collateral Security-** Second pari passu charge on entire current assets of the company. **Common Security-** First pari passu charge by way of equitable mortgage of Flat no. 9C, 9th Floor, C-Wing, Ridge Apartments, Ridge Rad, Malabar Hills, Mumbai – 400006. **Personal Guarantee by-** Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Jayshree Anilkumar Dattani			
Bank of Baroda					
1.	For acquiring capital assets for expansion of PFY division	25.30	10.50	0.50% above -1- Year MCLR + Strategic Premium, i.e. 9.40% p.a.	Repayable in 28 quarterly installments from April 1, 2018
Overall Security		**Primary Security-** For details of security, please refer to Note 1, Note 2 and Note 3 below. **Collateral Security-** Extension of charge on pari passu basis on all current assets (including stocks & receivables both present and future. **Personal Guarantee-** Ajay Vallabhdas Dattani, Anilkumar Dattani, Jayashree Dattani, Mikesh A Dattani, Sammir Dineshkumar Dattani, Paresh Vrajlal Dattani and Varun P Dattani			
2.	To part finance purchase of IDY machinery	72.90	65.30	0.50% above -1- Year MCLR + Strategic Premium, i.e. 9.40% p.a.	Repayable in 38 quarterly installments from September 30, 2021
Overall Security		**Primary Security-** For details of security, please refer to Note 1, Note 2 and Note 3 below. **Collateral Security-** Extension of charge on pari passu basis on all current assets (including stocks & receivables both present and future. **Personal Guarantee-**			

Sr. No.	Purpose	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
		Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Jayashree Dattani, Mikesh A Dattani, Sammir Dineshkumar Dattani, Paresh Vrajlal Dattani and Varun P Dattani			
3.	To part finance the cost of the project of cotton spinning unit	40.10	Nil	0.50% above -1- Year MCLR + Strategic Premium, i.e. 9.40% p.a.	28 quarterly installments from February 2017
Overall Security		**<u>Primary Security-</u>** For details of security, please refer to Note 1, Note 2 and Note 3 below. **<u>Collateral Security-</u>** Extension of charge on pari passu basis on all current assets (including stocks & receivables both present and future. **<u>Personal Guarantee-</u>** Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Jayashree Dattani, Mikesh A Dattani, Sammir Dineshkumar Dattani, Paresh Vrajlal Dattani and Varun P Dattani			
4.	To part finance the cost of the project of cotton spinning unit.	1,344.00	1,216.70	0.50% above -1-Year MCLR + Strategic Premium, i.e. 9.45% p.a.	40 quarterly installments commencing from April 2021
Overall Security		**<u>Primary Security-</u>** For details of security, please refer to Note 1, Note 2 and Note 3 below. **<u>Collateral Security-</u>** Extension of charge on pari passu basis on all current assets (including stocks & receivables both present and future. **<u>Personal Guarantee-</u>** Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Jayashree Dattani, Mikesh A Dattani, Sammir Dineshkumar Dattani, Paresh Vrajlal Dattani and Varun P Dattani			

Note 1 - First charge on pari passu basis on Equitable Mortgage of Factory Land & Building:

(a) Survey no. 190/2/1 (now amalgamated as No. 187/4/1/2) admeasuring 72200 sq. mt. near Surangi Bridge, Dapada, Silvassa, Dadra & Nagar Haveli – 396230
(b) Survey no. 250 admeasuring 15800 sq. mt., near Surangi Bridge, Dapada, Silvassa, Dadra & Nagar Haveli – 396230
(c) Survey no. 257/1 admeasuring 1400 sq. mt., near Surangi Bridge, Dapada, Silvassa, Dadra & Nagar Haveli – 396230
(d) Survey no. 251P admeasuring 675 sq. mt., near Surangi Bridge, Dapada, Silvass, Dadra & Nagar Haveli – 396230
(e) Survey no. 258/3 admeasuring 1600 sq. mt. near Surangi Bridge, Dapada, Silvassa, Dadra & Nagar Haveli – 396230

Note 2 - First charge on pari passu basis by way of Equitable Mortgage of factory land and building:

(a) Survey no. 320/1/1/2, admeasuring 86400 sq. mt., Village Surangi, Silvassa, Dadra & Nagar Haveli in the name of the company.
(b) Survey no. 314(P) admeasuring 2000 sq. mt., Village Surangi, Silvassa, Dadra & Nagar Haveli in the name of the company.
(c) Survey no. 315, admeasuring 8600 sq. mt., Village Surangi, Silvassa, Dadra & Nagar Haveli in the name of the company.
(d) Survey no. 314(P), admeasuring 3000 sq. mt., Village Surangi, Silvassa, Dadra & Nagar Haveli in the name of the company.

Note 3 - Particulars of Security-

(a) First charge on pari-passu basis by way of equitable mortgage of office premises at 15th Floor, D-Wing, Trade World Bldg, Kamala Mills Compound, Senapti Bapat Marg, Lower Parel (W), Mumbai – 400013 including open car parking spaces.

(b) First charge on pari-passu basis by way of Hypothecation of Plant and machinery and all other movable & misc. fixed assets of the company (excluding machines purchased by raising foreign currency loan from Landes Bank Baden, Germany for POY & CP plant.

ii. **Sanathan Polycot Private Limited**

Set out below are brief details of the term loan facilities availed by our Subsidiary, Sanathan Polycot Private Limited, from its lenders:

Sr. No.	Purpose	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
Union Bank of India					
1.	Financing cost of construction of factory and purchase of machinery for polyester and cotton plant	5,225.00	1281.36	For RTL: 1 Year MCLR + 0.65% i.e., 9.30% p.a.	8 years post SCOD excluding moratorium period of 1 year.
Overall Security		**Prime Security:** • Exclusive charge by way of equitable mortgage of factory land and building. • Exclusive charge by way of hypothecation of plant and machineries, other movables and fixed assets (excluding machineries charged with Standard Chartered Bank for ECB Facility.) **Collateral Security:** • Second pari passu charge on current assets of the company. **Personal Guarantee:** Guarantee by Anilkumar Vrajdas Dattani, Paresh Vrajlal Dattani and Ajay Vallabhdas Dattani. **Corporate Guarantee:** 100% irrevocable and unconditional corporate guarantee of promoter – Sanathan Textiles Limited.			
Punjab National Bank					
1.	Cost of production of factory for polyester and cotton plant.	4,275.00	1,598.95	1 Year MCLR 8.60% + 5.30% - 4.60% (concession), i.e., 9.30% p.a. On obtaining rating of 'A & above' by any external rating agency, ROI shall be 9.05% p.a.	8 years post SCOD excluding moratorium period of 1 year.
Overall Security		**Prime Security:** For details of security, please refer to Note 1 below.			

Sr. No.	Purpose	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
		Collateral Security: • Second pari passu charge on current assets of the company. **Personal Guarantee:** Guarantee by Anilkumar Vrajdas Dattani, Paresh Vrajlal Dattani and Ajay Vallabhdas Dattani. **Corporate Guarantee:** 100% irrevocable and unconditional corporate guarantee of promoter – Sanathan Textiles Limited.			
Standard Chartered Bank AG and DekaBank Deutsche Girozentrale					
1.	Under Tranche A: (i) Payment to Hermes of up to 100% of Hermes premium (ii) financing of amounts payable to a seller under the Umbrella contract in respect of Eligible Goods & Services in connection with Sub-Project A, up to an aggregate maximum amount equal to 85% of the umbrella contract value to sub-project A. Under Tranche B: Towards financing of amounts payable to a seller under the umbrella contract in respect of Eligible Goods and Service in connection with sub-project B, up to an aggregate maximum amount equal to 85% of the umbrella contract value relating to sub-project B.	5,285.25	1,661.95	Percentage rate per annum which is the aggregate of the applicable: (a) Margin, and (b) EURIBOR	20 equal and consecutive semi-annual installments commencing 6 months after the SPOC
Overall Securities		Corporate Guarantee by Sanathan Textiles Limited All rights, titles and interests in the machinery and equipment exclusively financed by ECB, for the manufacture of Synthetic fibre yarns FOY, PTY, including polymerization.			

Note 1 –
First pari passu charge by way of equitable mortgage of factory land building.

First pari passu charge by way of hypothecation of plant and machineries, other movables and fixed assets (excluding machineries charged with Standard Chartered Bank for its ECB Facility)

Working Capital Loans and Non-Fund based Borrowings

i. **Our Company**

Set out below are brief details of the working capital facilities availed by our Company from its lenders:

Sr. No.	Nature of Borrowing	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
Union Bank of India					
1.	Inland/Import LC	1,610.00	1,271.81	For Inland LC: 1.20% p.a. to 2.40% p.a.+ GST For Import LC : 0.22% p.a. to 1.31% p.a. + GST	As per Transaction
Overall Securities		Hypothecation of goods received under LC duly insured with usual bank clause and pledge of term deposits for margin money. **<u>Prime Security-</u>** First pari passu charge on the entire current assets of the company. **<u>Collateral Security-</u>** Second pari passu charge on fixed assets of the company (excluding Landes Bank exposure for POY Division and CP Plant). **<u>Personal Guarantee by-</u>** Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Jayshree Anilkumar Dattani.			
2.	Cash Credit, WCDL, FCL, Inland/Import LC	240.00	Nil	1 year MCLR + 1.80%	12 months subject to annual review and as per transaction as applicable.
Overall Securities		First pari-passu charge on RM+WIP+FG fully paid and insured with usual bank clause and first pari-passu charge on other current assets of the company. **<u>Prime Security-</u>** First pari passu charge on the entire current assets of the company. **<u>Collateral Security-</u>** Second pari passu charge on fixed assets of the company (excluding Landes Bank exposure for POY Division and CP Plant). **<u>Personal Guarantee by-</u>**			

Sr. No.	Nature of Borrowing	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
		Paresh Vrajlal Dattani, Dinesh Vrajdas Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Jayshree Anilkumar Dattani.			
Bank of Baroda					
1.	Cash Credit to meet working capital requirements	970.00	Nil	For cash credit: 0.50% above 1 Year MCLR + Strategic Premium at present with monthly rest annual reset. For WCDL: 0.50% above tenor based MCLR + Strategic Premium	12 months subject to annual review
	Overall Securities	For details of security, please refer to Note 1 below. **Personal Guarantee-** Anil Vrajdas Dattani, Ajay Vallabhdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Paresh Dattani, Jayshree A Dattani			
2.	To meet the working capital requirements for exports	290.00	Nil	ROI is subject to change from time to time as per bank's guidelines / changes in MCLR/ARR/ credit rating of the account	For PC, maximum usance – 90 days For FBP/FBD maximum usance – 180 days.
Overall Securities		For details of security, please refer to Note 1 below. **Personal Guarantee-** Anil Vrajdas Dattani, Ajay Vallabhdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Paresh Dattani, Jayshree A Dattani			
3.	For procurement of raw materials	2,390.00	1,910.87	Charge concessional commission on inland/import LC @ 0.75% p.a. + GST except usance FLC above ₹ 50.00 million	12 months subject to annual review
	Overall Security	For details of security, please refer to Note 1 below. **Personal Guarantee-** Anilkumar Vrajdas Dattani, Ajay Vallabhdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Paresh Dattani, Jayshree A Dattani			
4.	Issuance of guarantee towards earnest money/security deposit/performance etc. favoring	500.00	403.74	Charge concessional commission on inland performance/Financial BG @ 0.75% p.a. + GST	12 months subject to annual review

Sr. No.	Nature of Borrowing	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
	Govt./Semi Govt. bodies/Electricity Department etc.				
	Overall Security	For details of security, please refer to Note 1 below. **<u>Personal Guarantee-</u>** Anilkumar Vrajdas Dattani, Ajay Vallabhdas Dattani, Sammir Dineshkumar Dattani, Mikesh A Dattani, Varun P Dattani, Paresh Dattani, Jayshree A Dattani			
		IndusInd Bank			
1.	To meet working capital requirements	100.00	Nil	As mutually agreed	Annually
	Overall Security	Please see Note 2.			
2.	Letter of Credit	1,150.00	151.45	As mutually agreed	180 days 90 days from the date of shipment. SBLC to be issued for maximum tenor of 180 days at a time and may be rolled over up to stipulated tenor.
	Overall Security	Please see Note 2.			
		Standard Chartered Bank			
1.	Import Letter of Credit	1,500.00	752.06	As negotiated and agreed with the client from time to time to be charged on the Letter of Credit Facility. Letter of Credit commissioned to be charged for commitment plus usance period	Import LCs may be issued at sight and/or usance tenor of up to 180 days
	Overall Security	First Pari Passu charge on the Current Assets of the Borrower. Second Pari Passu charged on the movable fixed assets of the Borrower. Second Pari Passu charge on the immovable fixed assets of the company located at: 1. Land & Building at Survey No. 187/4/1/2, 250,251/P, 247/1 & 258/3 190/2 & 252/2 near Surangi Bridge, Dapada, Silvassa, Dadra & Nagar Haveli – 396230;			

Sr. No.	Nature of Borrowing	Sanctioned Amount (in ₹ million)	Amount outstanding (as on June 30, 2024) (in ₹ million)	Rate of Interest/ Commission	Tenure / Tenor
		2. Land & Building at survey No. 320/1/1/2/1/1, 341P, 315, Near Surangi Bridge, Dapada, silvassa, Dadra & Nagar Haveli – 396230 Second Pari Passu Charge on the Office premises 15th Floor, d-Wong, Wprld Trade Building, Kamala Mills Compound, Lower Parel, Mumbai . First Pari Passu charge on flat No. 9C, 9th Floor, C-wing, New Ridge Apartments, Ridge Road, Malabar Hill, Mumbai-400006 in the name if Mikesh A Dattani & Anilkumar Vrajdas Dattani. **Personal Guarantees:** Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani, Mikesh A Dattani, Dinesh Vrajdas Dattani, Sammir Dineshkumar Dattani, Varun P Dattani and Jayshree Anilkumar Dattani.			

Note 1 –
Primary Security-
First pari passu charge by way of Hypothecation of entire current assets including stocks and book debts, both present and future.
Cash Margin of LC and BG Limits @10%
Collateral Security-
Extension of charge on pari passu basis on all existing as well as future fixed assets of the company, which are primarily charged for the term loans.
Note 2 –
Primary Security:

First Pari-Passu charge on entire present and future current assets of the company.

Address:	*NA*		
Charge Type	*Equitable Mortgage*	*Charge Seniority*	*First Pari-Passu*
Other charge Sharing Bank/ Instructions	*Bank of Baroda, Union Bank of India & Standard Chartered Bank*		
Security Conditions	*1. Commercial office space situated at D-1501, 15th Floor, Trade World "D" wing, Kamala Mill Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013,* *2. Factory Land and Building (unit1) situated at Survey no. 187/4/1/2,250,251/p, 252/1, 258/1, 258/3 village sarangi, district silvassa Union Territory of Dadra & Nagar Haveli and* *3. Factory Land and Building (unit2) situated at survey no. 314 (part), 320/1/2/1, 315, 320/8 village sarangi, District Silvassa Union Territory of Dadra & Nagar Haveli.*		
Type	*Commercial Land & Building*		
Owner (s)	*NA*		
Area (size)	*NA*		
Usage	*Self Occupied*		
Market Value	*₹ 381.23 Crores*		

Fixed Assets (All)
Extension / 2nd Pari-Passu charge on present and future movable and immovable fixed asset of the company acquired and to be acquired from Term Loan.
Personal Guarantees:
Paresh Kumar Dattani, Ajay Kumar Dattani , Anil Kumar Dattani & Sammir Dattani

ii. **Sanathan Polycot Private Limited**

As on the date of this Draft Red Herring Prospectus, our subsidiary, Sanathan Polycot Private Limited has not availed any working capital or non-fund based facilities.

Principal terms of the financial arrangements entered into by our Company and our Subsidiaries are disclosed below:

1. ***Penal Interest***: The terms of certain financing facilities availed by our Company prescribes penalties for non-compliance of certain obligations by our Company. These include, *inter alia*, delay in payment of or non-payment of instalments or interest, irregularity in cash credit, non-submission / delay in stock statement, non-submission of renewal data, non-compliance with covenants, use of funds for anything other than the purpose for which the loan was availed, non-payment / non acceptance of demand / usance bills of exchange on presenting at due dates etc. Further, the default interest payable on the facilities availed by us typically ranges from 1% to 2% per annum.

2. ***Pre-payment***: The terms of facilities availed by us typically have prepayment provisions which allow for pre-payment of the outstanding loan amount, subject to such prepayment penalties as laid down in the facility agreements. Such prepayment terms are set out below:

   i. Prepayment of most of our facilities does not allow prior to payment of 6 equated monthly instalments.

   ii. The rate of interest on prepayment is 2%.

3. ***Events of Default***: The financing arrangements entered into by our Company contain standard events of default, including:

   i. Default in performance of covenants, conditions or agreements in respect of the loan;

   ii. Default in payment of EMIs or any other amounts due to the lender;

   iii. Default in taking an insurance cover of the product or default in paying the insurance premium as and when due;

   iv. Suffers adverse material change in the financial condition, and as result the lender deems itself or the product to be unsecured.

   v. Sells, transfers, parts with possession or sub-lets or charges or encumbers or creates any lien or endangers the asset in the opinion of the lender.

   vi. If the hypothecated asset depreciates to such an extent that further security should be given or the hypothecated asset is sold, disposed off, charged, encumbered, sub-let or leased/let, without consent of the lender.

   vii. Downgrade in external rating by a credit rating agency;

   viii. Any other indebtedness or any indebtedness of the Corporate Guarantor shall become due and payable or capable of being declared due and payable prior to the stated maturity thereof as a result of a default thereunder or any indebtedness of the borrower or of the Corporate Guarantor shall not be paid when due;

   ix. Any unauthorised modification in the shareholding pattern of our Company including issuance of new shares in the share capital of our Company;

   x. Any action taken or legal proceedings initiated for winding up, dissolution, or reorganisation or for appointment of receiver, trustee or similar officer of any of Company's assets; and

   xi. Any information provided by our Company for financial assistance found to be misleading or incorrect in any material respect.

   The details above are indicative and there are additional terms that may amount to an event of default under the financing arrangements entered into by our Company and our Subsidiaries. We are required to ensure that the aforementioned events of default and other events of default, as specified under the agreements relating to the financing arrangements entered into by our Company and our Subsidiaries, are not triggered.

4. ***Consequences of Events of Default:*** The financing arrangements entered into by our Company set out the consequences of occurrence of events of default, including:

   i. Obligation on part of the lender to make or continue to make the loan available, stands terminated;

   ii. The lender may demand all or any part of the amount due together with accrued interest and all other amounts accrued shall become due and payable immediately;

   iii. The lender may, without any prior notice to our Company, enforce any and/or all security created in its favour;

   iv. The lender may levy additional/ default interest;

   v. The lender may, by giving prior notice, sell the product at a public or private sale, or dispose of, hold upon, lease to others or keep idle the product.

   vi. The lender may apply or appropriate or set off any credit balance standing on our Company's account with the lender towards satisfaction of any sum due;

   vii. The lender may invoke personal/ corporate guarantees of the guarantors or any other contractual comfort that may have been provided;

   viii. The lender may cancel the undrawn commitment and suspend withdrawals under the facility; or

   ix. The lender will have the right to appoint a nominee and/or observer on the Board.

   The details provided above are indicative and there may be additional terms, conditions and requirements under the specific financing arrangements entered into by our Company and our Subsidiaries.

5. ***Restrictive Covenants***: Certain financing arrangements entered into by us contain restrictive covenants. An indicative list of such restrictive covenants is disclosed below. Our Company shall not without the prior approval of the lenders:

   i. Avail any credit facility or accommodation from any other bank(s) so long as the accounts continue in the books of the Consortium;

   ii. Mortgage, lease, surrender or alienation of property or any part thereof;

   iii. Enter into any agreement or arrangement with any person, institution or local or government body for the use, occupation or disposal of the property or any part thereof during the pendency of the loan;

   iv. Enter into any scheme of merger, consolidation, reorganisation, scheme of arrangement or compromise or reconstruction;

   v. Declare any dividend if it fails to meet its interest payment obligations, make any investments by way of share capital or debentures and/ or advance funds to any party other than in the normal course of business;

   vi. Invest by way of share capital in or lend or advance funds to or place deposits with any other concern except investment in subsidiaries within projected level.

   vii. Recognize or register any transfer of shares in our Company's shareholding pattern/capital made or to be made by the promoters and their associates;

   viii. Change or cause to change its shareholding pattern/ extent and nature of holding of the body corporate and/ or its directors/ partners/ designated partner and/or its constituent documents in the nature of Memorandum of Association etc;

ix. Permit any significant change in the nature of business of our Company, ownership or control of our Company;

x. Escrow or create any charge, lien or other encumbrance in any form over future cash flows;

xi. Make any change in the credit rating agency of the Company;

xii. Repay/ prepay or service any unsecured/ secured loans from the Promoter Group/ Directors and such loans from the Promoter Group/ Directors shall, during the tenor of the credit facility availed;

xiii. The facilities shall not be availed for any activities relating to producing or consuming Ozone depleting substances, in terms of Montreal Protocol.

xiv. Infuse additional share capital or shareholders into our Company; or

xv. Undertake any guarantee obligations on behalf of any third party.

The details provided above are indicative and there may be additional terms, conditions and requirements under the specific financing arrangements entered into by our Company and our Subsidiaries. We have obtained necessary consents required under the relevant loan documentation for undertaking activities in relation to the Offer, including, *inter alia*, effecting a change in our shareholding pattern, effecting a change in the composition of our Board and amending our constitutional documents.

Unsecured Indebtedness

As on the date of this Draft Red Herring Prospectus, our Company has not availed any unsecured loans.

For further details pertaining to our indebtedness, see *'Restated Consolidated Financial Information'* on page 296.

CAPITALISATION STATEMENT

The following table sets forth our Company's capitalisation as of March 31, 2024, based on our Restated Consolidated Financial Information. This table should be read in conjunction with the sections '*Risk Factors*', '*Restated Consolidated Financial Information*' and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 34, 296 and 396, respectively.

(in ₹ million, except ratios)

Particulars	Pre-Offer as at March 31, 2024	As adjusted for the proposed Offer*
Total Borrowings		
Current borrowings	426.81	[●]
Non-current borrowings (including current maturities of long-term borrowings)	3,372.01	[●]
Total Borrowings (A)	**3,798.82**	[●]
Total Equity		
Equity share capital	719.43	[●]
Other Equity	12,030.31	[●]
Total Equity (B)	**12,749.74**	[●]
Ratio: Non-Current Borrowings /Total Equity	**0.26**	[●]
Ratio: Total Borrowings/ Total Equity	**0.30**	[●]

**The corresponding post offer capitalisation data for each of amounts mentioned in the above table is not determinable at this stage pending the completion of Book Building Process and hence the same has not been provided in above statement.*

The information mentioned in the above table has been derived from the Restated Consolidated Financial Information.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read together with the information in the section titled 'Summary of Financial Information', and 'Restated Consolidated Financial Information' included in the section titled 'Financial Statements' on pages 81 and 296, respectively. Unless the context requires otherwise, the following discussion and analysis of our financial condition and results of operations on consolidated basis as at and for financial years ended March 31, 2024, March 31, 2023 and March 31, 2022 is derived from our Restated Consolidated, including the notes, annexures and schedules thereto, which have been derived from our audited financial statements as of and for the financial years ended March 31, 2024, March 31, 2023 and March 31, 2022, and prepared in accordance with the applicable provisions of the Companies Act, the Ind AS and restated in accordance with the Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by ICAI and the SEBI ICDR Regulations. The Ind AS differs in certain material respects from IFRS, U.S. GAAP and GAAP in other countries and other accounting principles with which prospective investors may be familiar. Our Company does not provide reconciliation of its financial information to IFRS, U.S. GAAP or GAAP in other countries. Our Company has not attempted to explain those differences or quantify their impact on the financial data included in this Draft Red Herring Prospectus and it is urged that you consult your own advisors regarding such differences and their impact on our Company's financial information. Accordingly, the degree to which the financial information included in this Draft Red Herring Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting principles, policies and practices, the Companies Act and the SEBI ICDR Regulations. Any reliance by persons not familiar with Indian accounting principles, policies and practices on the financial disclosures presented in this section should accordingly be limited.

Our financial year ends on March 31 of each year. Accordingly, references to 'Fiscal 2024', 'Fiscal 2023' and 'Fiscal 2022', are to the 12-month period ended March 31 of the relevant year.

*The industry information contained in this section is derived from the report titled 'Assessment of textile industry with special focus on yarn manufacturing market in India' dated April 12, 2024, read with Addendum dated August 16, 2024 (**CRISIL Report**), prepared and issued by CRISIL, which has been exclusively commissioned and paid for by us in connection with the Offer. The CRISIL Report is available on the website of our Company at https://www.sanathan.com/investor-relations.*

Statements contained in this discussion that are not historical facts may be forward-looking statements. Such statements are subject to certain risks, uncertainties and assumptions that could cause actual results to differ materially from those forward-looking statements. Under no circumstances should the inclusion of such information herein be regarded as a representation, warranty or prediction with respect to the accuracy of the underlying assumptions by us or any other person, or that these results will be achieved or are likely to be achieved. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors and contingencies that could affect our financial condition, results of operations and cash flows. Prospective investors in the Equity Shares are cautioned not to place undue reliance on these forward-looking statements.

You are also advised to read the sections titled 'Forward-looking Statements' and 'Risk Factors' on pages 20 and 34, respectively, which discuss a number of factors or contingencies that could affect our business, financial condition and results of operations.

Overview

We are one of the few companies in India with presence across the polyester, cotton and technical textile sectors. (*Source: CRISIL Report*). Currently, all the three yarn verticals are housed under a single corporate entity. This has facilitated our diversification into new segments which in turn has helped us in serving a large number of customers across various sectors. As on June 30, 2024, we have more than 2,800 active varieties of yarn products (i.e. yarn products manufactured by us during the period April 1, 2021 to March 31, 2024) and more than 30,000 stock keeping units (**SKUs**), and capability to manufacture a diversified product portfolio of more than 14,000 varieties of yarn products and more than 190,000 SKUs that are used in various forms and for varied end uses.

We also have a high share of value-added products such as dope dyed, superfine / micro, functional, industrial and technical yarn, cationic dyeable and specialty yarn which are produced after extensive in-house research. These value added products are tailor-made to customer requirements and have properties and characteristics which are distinctive from our other products. During the Fiscal 2024, Fiscal 2023 and Fiscal 2022, our sale of value added product yarns (i.e. cationic dyeable, born dyed, functional, industrial, speciality and superfine / micro) as a % of the total products sold, based on our Restated Consolidated Financial Statements, is set out below:

Financial Year	Total products sold (Quantity in million)	Value added products sold (Quantity in million)	Value added products sold as a % of Total products sold
Fiscal 2024	225.83	117.21	51.90
Fiscal 2023	240.47	114.81	47.75
Fiscal 2022	241.95	124.15	51.31

Our business is divided into three separate yarn business verticals, consisting of: (a) Polyester yarn products; (b) Cotton yarn products; and (c) Yarns for technical textiles and industrial uses. The revenue mix from the three verticals for Fiscal 2024, Fiscal 2023 and Fiscal 2022, based on our Restated Consolidated Financial Statements, is set out below.

(₹ in million)

Business vertical	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations	Revenue from operations	% of revenue from operations
Polyester yarn products	22,844.89	77.24	26,004.12	78.11	24,488.80	76.88
Cotton yarn products	5,489.19	18.56	6,242.51	18.75	6,426.38	20.17
Industrial and technical textiles yarns	1,240.96	4.20	1,045.50	3.14	938.02	2.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

Our products are manufactured at our facility at Silvassa. Over the years, our Company has scaled up its production and as on June 30, 2024, our facility at Silvassa had a total installed capacity of 223,750 MTPA across the three yarn verticals. While we manufacture products across all verticals, polyester yarn products continue to be our largest item of production. We manufacture polyester chips using purified terephthalic acid (**PTA**) and mono ethylene glycol (**MEG**) and convert the chips into polyester yarn through various intermediate processing to impart specific properties to the yarn.

We expect the global yarn industry as well as the demand for yarn products to steadily grow over the next few years. Increasing demand for apparel from the fashion industry coupled with the growth of e-commerce platforms is expected to drive the market over the forecast period. Indian textile and apparel industry is also projected to grow at a CAGR of 6.0-7.0% from Fiscal 2024 till Fiscal 2028. During this period, exports are expected to grow at a CAGR of 4.5-5.5% while domestic industry is expected to grow at slightly higher pace of 7.0-8.0%. The future growth in Indian textile and apparel market will be led by various economic factors such as increase in discretionary income, rising urban population. Further, the demand is poised by increase in online retailing, shift from cotton to man-made fiber, robust growth of technical textiles segment. Additionally, global industry expanding outside of China would aid the Indian export markets in the growth trajectory. (*Source: CRISIL Report*) We will seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team.

We have, over the years, established long-standing relationship with consumer brands such as Welspun India Limited, Valson Industries Limited, G.M. Fabrics Private Limited, Premco Global Limited, Creative Garments Textile Mills Private Limited, Banswara Syntex Limited, AYM Syntex Limited, Techno Sportswear Private Limited, Haren Textiles Private Limited, Khosla Profil Private Limited, Tulip Elastics Private Limited, Ganesha Ecosphere Limited, Udyogi International Private Limited, Page Industries Limited, D'Décor Home Fabrics Private

Limited, Siyaram Silk Mills Limited, Duvalli S.A., G.M. Syntex Private Limited, Maruti Rub-Plast Private Limited, Geosys India Infrastructures Limited, Wildcraft India Limited, SRF Limited, RSWM Limited, Sangam (India) Limited, Ateliers Reunis De Filature, Abhay Trading Company and Ascent Yarns Private Limited.

During the Fiscal 2024 and Fiscal 2023, we catered to 1,571 and 1,684 customers, respectively. While revenue from domestic sales is the largest component of our revenue from operations, a significant portion of our revenues also emanate from exports. Set out in the table below is a break-up of our revenue, based on our Restated Consolidated Financial Statements, from domestic sales and exports for Fiscal 2024, Fiscal 2023 and Fiscal 2022 respectively.

Particulars	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue *(in ₹ million)*	**% of revenue from operations**	**Revenue *(in ₹ million)***	**% of revenue from operations**	**Revenue *(in ₹ million)***	**% of revenue from operations**
Exports	1,297.33	4.39	3,401.88	10.22	4,155.80	13.05
Domestic	28,277.71	95.61	29,890.25	89.78	27,697.40	86.95
Total	**29,575.04**	**100.00**	**33,292.13**	**100.00**	**31,853.20**	**100.00**

Further, during the Fiscal 2024, and Fiscal 2023, our Company exported its products to 27 and 29 countries, respectively. As on June 30, 2024, we had more than 925 distributors in 7 countries comprising India, Argentina, Singapore, Germany, Greece, Canada and Israel. On January 2, 2024, we were accorded the status of a 'Three Star Export House'. Set out below is our revenue from operations, based on our Restated Consolidated Financial Statements, from various states in India during the Fiscal 2024, Fiscal 2023 and Fiscal 2022:

State	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	Revenue (in ₹ million)*	**% of revenue from operations from domestic sales***	**Revenue (in ₹ million)***	**% of revenue from operations from domestic sales***	**Revenue (in ₹ million)***	**% of revenue from operations from domestic sales***
Andhra Pradesh	33.16	0.12	26.76	0.08	26.60	0.08
Bihar	0.80	Negligible	3.70	0.01	4.14	0.01
Delhi	884.34	3.11	960.20	2.88	745.24	2.34
Dadra & Nagar Haveli and Daman & Diu	935.84	3.29	955.95	2.87	908.07	2.85
Gujarat	5,297.41	18.64	5,961.99	17.91	6,114.07	19.19
Haryana	2,629.96	9.26	3,221.33	9.68	3,405.39	10.69
Himachal Pradesh	93.73	0.33	120.01	0.36	121.89	0.38
Jharkhand	3.63	0.01	-	-	3.13	0.01
Karnataka	441.13	1.55	430.29	1.29	362.50	1.14
Kerala	65.27	0.23	75.00	0.23	53.32	0.17
Madhya Pradesh	183.42	0.65	164.11	0.49	260.45	0.82
Maharashtra	10,247.05	36.06	10,592.10	31.82	8,837.59	27.74
Pondicherry	-	-	-	-	0.14	0.00
Punjab	2,953.95	10.40	3,710.77	11.15	2,770.53	8.70
Rajasthan	1,349.37	4.75	1,429.40	4.29	1,288.88	4.05
Tamil Nadu	1,111.55	3.91	1,154.23	3.47	1,071.37	3.36
Telangana	352.72	1.24	187.54	0.56	445.30	1.40
Uttar Pradesh	1,003.68	3.53	726.01	2.18	865.91	2.72
Uttarakhand	210.64	0.74	220.93	0.66	149.50	0.47
West Bengal	615.91	2.17	92.90	0.28	321.18	1.01
Total	**28,413.56**	**100.00**	**30,003.21**	**100.00**	**27,755.21**	**100.00**

**Excludes trade discount, cash discount and certain miscellaneous items.*

Our Promoters i.e., Paresh Vrajlal Dattani, Ajay Vallabhdas Dattani, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani have experience of 44 years, 27 years, 44 years and 44 years, respectively, in the textile industry. Our Promoter and Chairman & Managing Director, Paresh Vrajlal Dattani has been responsible for augmenting relationships with various stakeholders which has helped our Company expand by increasing its product portfolio on a continuous basis. Our Joint Managing Director and Promoter, Ajay Vallabhdas Dattani, and our Promoters, Anilkumar Vrajdas Dattani and Dinesh Vrajdas Dattani, all have considerable experience in the textile industry, which has contributed to the growth trajectory of our Company. For further details, see '*Our Promoters and Promoter Group*' on page 283.

We are an environmentally conscious Company, and we encourage the use of renewable resources. Our Company has also recently entered into an agreement with third party for purchase of electricity from a solar power generating station and has also entered into an agreement to subscribe to shares of the vendor of the electricity. As of June 30, 2024, our Company had installed rooftop solar projects at our Silvassa facility with a capacity of 2.35 MW. Further, during Fiscal 2024, 0.86% of the energy consumed is derived from renewable resources, i.e. the rooftop solar projects at our Silvassa facility. Our first rooftop solar project become operational from the calendar year 2019. The energy used from renewable resources in unit 1 and unit 2 at our Silvassa facility during the Fiscal 2024, Fiscal 2023 and Fiscal 2022 is as follows:

Solar Power Generation Summary	**(in Megawatt)**	
Period	**Unit 1**	**Unit 2**
June 30, 2024	487.00	395.00
Fiscal 2024	1,561.00	1,337.00
Fiscal 2023	1,628.00	1,362.20
Fiscal 2022	1,637.00	1,427.00

Our facility is designed with 'Zero Liquid Discharge Solution', where no industrial wastewater is discharged into surface waters, thereby minimizing environmental pollution. We also manufacture products from recycled materials which are sold under the brand '*Sanathan Reviro*'.

The scale of our operations and vast distribution network along with our customers' confidence have had a significant impact on our revenues and profitability. Set out below are a few key performance indicators:

(₹ in million, unless stated otherwise)

Particulars	**March 31, 2024**	**Fiscal 2023**	**Fiscal 2022**
	Consolidated	**Consolidated**	**Consolidated**
Revenue from operations	29,575.04	33,292.13	31,853.20
EBITDA(1)	2,265.81	2,595.30	5,376.12
EBITDA margin (2)	7.66%	7.80%	16.88%
Profit after tax	1,338.48	1,527.41	3,554.42
Return on equity (3)	11.09%	14.36%	43.95%
Return on capital employed (4)	11.80%	15.54%	35.83%
Net debt (5)	3,499.49	2,719.82	3,702.62
Net debt / EBITDA	1.54	1.05	0.69
Fixed asset turnover ratio (6)	3.19	3.51	3.56
Working capital cycle (7)	54 Days	44 days	65 days

Notes:

(1) Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income

(2) (Restated profit/loss for the year + Tax expense + Depreciation expense + Finance cost – Other income) / Revenue from operations.

(3) Profit after tax / Average Shareholders' Equity. (Average Shareholders' Equity = (Opening Total Equity + Closing Total Equity) / 2)).

(4) EBIT / Capital employed (EBIT = Earnings before interest and tax. Capital employed = Total equity + Total Debt + Deferred Tax Liabilities).

(5) Current Borrowings + non-current borrowings – cash and cash equivalents

(6) Revenue from operations / Net block of property, plant and equipment.

(7) Number of days for current assets@ - Number of days for current liabilities@@ where:

@ means(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) and @@ means (365/ Raw materials consumed x Trade payables)+(365/ Revenue from operations x Other financial liabilities)+(365/ Revenue from operations x Other current liabilities)+(365/ Revenue from operations x Provisions).

Significant Factors Affecting Our Financial Condition And Results Of Operations

Our business, financial condition and results of operations have been, and are expected to be, influenced by numerous factors. A summary of the most important factors that have had, and that we expect will continue to have, a significant impact on our business, results of operations and financial condition follows below:

Raw materials cost

We source raw materials, such as Purified Terephthalic Acid, Monoethylene Glycol, IDY chips, raw cotton, and other additives from our suppliers with whom we have established long-standing relationships in order to ensure the consistent supply of products to our customers. We do not enter into formal arrangements or contracts with certain of our suppliers and instead issue purchase orders to source our materials on an as-needed basis to such suppliers. For certain raw materials, we enter into quantity based contracts with the suppliers where the pricing is not fixed. During Fiscals 2024, 2023 and 2022, our cost of materials consumed was ₹ 21,317.15 million, ₹ 23,349.10 million and ₹ 20,632.70 million, constituting 72.08%, 70.13% and 64.77% respectively, of our total revenue from operations. Further, during Fiscals 2024, 2023 and 2022, we imported 41.94%, 46.93% and 27.11%, respectively, of our raw materials. Raw materials imported are purchased in foreign currency and the price of such raw materials is subject to foreign exchange fluctuations, political uncertainty, etc. Our cost of goods sold is impacted by the amount of raw materials procured and the price at which we procure such raw materials and may fluctuate from time to time. The availability and price of our raw materials may be subject to a number of factors beyond our control, including macro and micro economic factors, seasonal factors, environmental factors and changes in Government policies and regulations.

Competition

We face competition in all our main business lines. Since our business is competitive, some of our key competitors that have diversified businesses, may have greater resources and offer a broader range of products than ours. Such competitors may also have longer operating histories, greater financial, technical, product development and marketing resources and greater brand recognition. Such competitors could use these resources to market or develop their products that are more effective or less costly than our products or that could render any or all of our products obsolete. Competitive pressures could also affect the pricing of our products. Greater competition for particular products could have a negative impact on pricing. Our success is dependent upon our ability to compete against such competitors. We will continue to seek to distinguish our offerings by providing quality products at competitive prices.

Demand for our products

Demand for our products is also significantly affected by the general level of economic activity and economic conditions in the various geographies and sectors in which we operate. We have benefitted from multi-national companies contemplating diversifying their dependence on China to developing Asian countries including India. Deterioration in economic conditions in any of the key sectors that we operate in may lead to lower demand for our services. Any deterioration in global markets may also have a corresponding effect on our operations as some of our top customers have operations in India. Any decision by such customers to reduce or exit their emerging markets operations may have a significant adverse impact on our business and financial performance.

Capacity utilization

We seek to capitalize on the growth opportunities in the yarn industry considering our current scale of operations, network of distributors, number of customers that we cater to and spearheaded by an experienced management team. As on June 30, 2024, our facility at Silvassa had a production capacity of 223,750 MTPA. We propose to increase our scale of operations in all our three verticals to cater to the increase in demand. The actual production and capacity utilization of our facility at Silvassa for Fiscal 2024, Fiscal 2023 and Fiscal 2022, were as follows:

Product	Actual production (in MTPA)							
	3 months ended June 30, 2024	**Capacity utilization (%)**	**Fiscal 2024**	**Capacity utilization (%)**	**Fiscal 2023**	**Capacity utilization (%)**	**Fiscal 2022**	**Capacity utilizatio n (%)**
Polyester	51,057	101.73	204,447	101.84	211,611	105.41	208,316	103.77
Cotton Yarn	3,892	111.21	15,564	111.17	13,959	99.71	14,907	106.48
Technical Textiles	2,112	93.89	8,460	94.00	7,866	87.40	7,171	102.44
Total	**57,061**	**102.01**	**228,471**	**102.11**	**233,436**	**104.33**	**230,394**	**103.90**

As certified by Mitesh M. Desai, Chartered Engineer, pursuant to certificate dated August 20, 2024.

We are already in the advanced stage of commissioning the Punjab Manufacturing Facility for polyester yarn at Wazirabad, Punjab through our wholly owned subsidiary i.e. Sanathan Polycot Private Limited. The Punjab Manufacturing Facility, once completed and fully operational, is expected to increase our manufacturing capacity from 550 tonnes per day to 1,500 tonnes per day. The construction of the Punjab Manufacturing Facility commenced in August 2023 and is in the advanced stage of commissioning and is expected to be commissioned in phases with the first phase expected to be completed in Fiscal 2025. Once Phase 1 is completed our manufacturing capacity is expected to increase by 700 tonnes per day, and the balance 250 tonnes per day will be commissioned after completion of Phase 2, which is expected to be completed in Fiscal 2027. Further, we have recently commenced cotton yarn operations at unit 3 of our Silvassa Facility with an installed capacity of 540 MTPA and we anticipate that we will commence cotton yarn operations at unit 4 of our Silvassa Facility in Fiscal 2026 which is expected to have an installed capacity of 10,950 MTPA. Our results of operations and financial performance will depend on our ability to maximise our capacity utilisation at our Silvassa Facility and the Punjab Manufacturing Facility and cotton units 3 and 4 at Silvassa Facility. For further details, please see '*Our Business - Our Manufacturing capabilities*' on page 227.

Relationships with customers

We do not enter into long-term contracts with any of our customers. The sales to our customers are basis purchase orders. We have an inhouse testing facility having advance equipment such as wrap reel machine and weigh balance for denier testing (i.e. to determine the fibre thickness of individual threads or filaments), yarn strength tester to determine tensile properties (i.e., to check elongation and tenacity of yarns) and colour viewing booth for visual colour evaluation, capable of catering to the international standards that our customers expect from us and our Product Innovation and Development team works constantly to analyse, test and improve our products. Our team stays abreast of latest market trends which can help in developing and manufacturing innovative value-added yarns. The efforts of our Product Innovation and Development team are supported by our sales teams which give us constant feedback for customer requirements and market trends. We also have an in-house sales team which interacts regularly with our customers in order to understand their evolving requirement. Additionally, our dealer-based sales and distribution network focuses on order servicing and collections. However, failure to meet the expectations of the client can lead to cancellation of current and future orders.

Government policies

Our business and revenues are dependent on policies and regulations in relation to the manufacturing activities and to the textile sector in particular such as advance authorization under the Foreign Trade Policy 2015-2020, the Export Promotion Capital Goods Scheme, benefits under Section 115BAA of the Income Tax Act, 1961. For details, see '*Financial Statements - Restated Consolidated Financial Information - Notes to Restated Financial Statement - Note 38 - Government Grants'* on page 371. Any adverse changes in government policies, subsidies and benefits could materially and adversely affect our financing, capital expenditure, revenues, development or operations relating to our existing and proposed capacities as well as our ability to participate and compete with our peers. Further, policies not limited to our services rendered but largely affecting India could also affect the manner in which we carry out and intend to carry out our operations.

From Fiscal 2021, the Company has opted for a lower rate of tax under section 115BAA of the Income-tax Act, 1961 which was introduced by the Ministry of Law and Justice through the Taxation Laws (Amendment) Ordinance, 2019 dated September 20, 2019. The revised tax rate applicable to the Company is 22% plus surcharge of 10% and cess of 4%. Thus, the effective tax rate is 25.168% from Fiscal 2021 onwards as compared to 34.944% in the previous year. The reduction in the effective tax rate has resulted in the reduction of the total tax outflow from Fiscal 2021 onwards.

Currency fluctuation

We are affected by fluctuations in currency exchange rates with respect to our exports, imports and foreign currency loans. The Indian rupee is our functional currency and our consolidated financial statements are prepared in Indian rupees. We translate foreign currencies into Indian rupees as follows:

- Monetary and non-monetary transactions in foreign currencies are initially recorded in the functional currency at the exchange rates at the date of the transactions;

- Monetary foreign currency assets and liabilities remaining unsettled on reporting date are translated at the rates of exchange prevailing on reporting date. Gains or losses arising on account of realisation or settlement of foreign exchange transactions and on translation of monetary foreign currency assets and liabilities are recognised in the consolidated statement of profit and loss;

- Foreign exchange gains or losses arising on translation of foreign currency monetary assets and liabilities are presented in the consolidated statement of profit and loss on a net basis; and
- However, foreign exchange differences arising from foreign currency monetary loans to the extent regarded as an adjustment to borrowing costs are presented in the consolidated statement of profit and loss.

Our revenues from operations from outside India were ₹ 1,297.33 million, ₹ 3,401.88 million and ₹ 4,155.80 million representing 4.39%, 10.22% and 13.05%, respectively, of our total revenue from operations for Fiscals 2024, 2023 and 2022, respectively. Depreciation of the Indian Rupee against the U.S. Dollar and other foreign currencies may affect our results of operations including by increasing the cost of financing any debt denominated in foreign currency that we may enter into or proposed capital expenditure, if any, in foreign currencies. Further, during Fiscals 2024, 2023 and 2022, we imported 41.94%, 46.93% and 27.11%, respectively, of our raw materials. Raw materials imported are purchased in foreign currency and the price of such raw materials is subject to foreign exchange fluctuations.

The profit or loss realized as fluctuation gains or losses in the foreign currency for Fiscals 2024, 2023 and 2022 is as follows:

Year	**Gain / (Loss) ₹ Million**
Fiscal 2024	83.89
Fiscal 2023	(96.23)
Fiscal 2022	75.70

We also use foreign currency forward contracts to hedge risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions, we designate these derivative financial instruments as hedging instruments (accounted as cash flow hedges) or as derivative instruments (accounted through profit or loss account).

Basis of preparation and material accounting policies

Basis of preparation and presentation

A. General information and statement of compliance:

The Restated Consolidated Financial Information comprises of the Restated Consolidated Statement of Assets and Liabilities as at 31 March 2024, 31 March 2023 and 31 March 2022, the Restated Consolidated Statement of Profit and Loss (including other comprehensive income), the Restated Consolidated Statement of Changes in Equity and the Restated Consolidated Cash Flow Statement for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 and the Summary Statement of Material Accounting Policies, and other explanatory information (collectively, the "**Restated Consolidated Financial Information**").

The Restated Consolidated Financial Information has been approved by the Board of Directors of Sanathan at their meeting held on 16 August 2024 and has been specifically prepared for inclusion in the Draft Red Herring Prospectus ("**DRHP**") to be filed by Sanathan with Securities and Exchange Board of India ('**SEBI**'), the National Stock Exchange of India Limited and BSE Limited (collectively, the **'Stock Exchanges'**) in connection with the proposed Initial Public Offer (“**IPO**”) of equity shares of Rs 10 each of Sanathan. The Restated Consolidated Financial Information has been prepared by the management of Sanathan to comply in all material respects with the requirements of:

a. Section 26 of Part I of Chapter III of the Companies Act, 2013 (the “**Act**");

b. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("**ICDR Regulations**"); and

c. The Guidance Note on Reports in Company Prospectuses (Revised 2019) issued by the Institute of Chartered Accountants of India (**“ICAI”**), as amended from time to time (the **“Guidance Note”**).

The Restated Consolidated Financial Information has been compiled by the management from the audited Consolidated Financial Statements of the Group as at and for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 prepared in accordance with the Indian Accounting Standards (referred to as '**Ind AS**') as prescribed under section 133 of the Act read with Companies (Indian Accounting Standards) Rules 2015, as amended, and other accounting principles generally accepted in India, which have been approved by the Board of Directors at their meetings held on 16 July 2024, 26 July 2023 and 26 May 2022 respectively.

The accounting policies have been consistently applied by the Holding Company in preparation of the Restated Consolidated Financial Information and are consistent with those adopted in the preparation of the Consolidated Financial Statements as at and for the year ended 31 March 2024. This Restated Consolidated Financial Information does not reflect the effects of events that occurred subsequent to the respective dates of the board meeting held for the approval of the Consolidated Financial Statements as at and for the years ended 31 March 2024, 31 March 2023 and 31 March 2022 as mentioned above.

The Restated Consolidated Financial Information have been prepared so as to contain information / disclosures and incorporating adjustments set out below in accordance with the SEBI ICDR Regulations:

a) Adjustments to the profits or losses of the earlier years and of the year in which the change in the accounting policy has taken place is recomputed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years, if any;

b) Adjustments for reclassification of the corresponding items of income, expenses, assets and liabilities, in order to bring them in line with the groupings as per the Consolidated Financial Statements of the Group for the year ended 31 March 2024 and the requirements of the SEBI ICDR Regulations, if any; and

c) The resultant impact of tax due to the aforesaid adjustments, if any.

All amounts included in the Restated Consolidated Financial Information are reported in Indian Rupees (‘**INR**’) in million, unless otherwise stated and “0” denotes amounts less than fifty thousand rupees.

B. Basis of measurement:

The Restated Consolidated Financial Information have been prepared on historical cost basis except for the following material items that have been measured at fair value:

i. Certain financial assets and liabilities (including derivative financial instruments) measured at fair value (refer accounting policy on financial instruments);

ii. Defined benefit plan measured using actuarial valuation; and

iii. Share-based payments.

C. Principles of consolidation

A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group.

The Restated Consolidated Financial Information have been prepared in accordance with Ind AS 110 'Consolidated Financial Statements' and on the basis of separate audited financial statements of the Holding Company and the subsidiaries.

The Restated Consolidated Financial Information of the Group are combined on a line by line basis by adding together book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions resulting in unrealised profits or loss in accordance with Ind AS 110.

All the consolidated subsidiaries have a consistent reporting date of the balance sheet of the Holding Company.

Non-controlling interests, if any, in the results and equity of subsidiary companies are shown separately in the restated consolidated statement of profit and loss, restated consolidated statement of changes in equity and restated consolidated statement of asset and liabilities.

List of subsidiary companies considered in the Restated Consolidated Financial Information:

Name of the subsidiary company*	Country of incorporation	% holding as at		
		31 March 2024	31 March 2023	31 March 2022
Sanathan Polycot Private Limited (with effect from 20 April 2021)	India	100.00%	100.00%	100.00%
Universal Texturisers Private Limited (with effect from 26 September 2021)	India	100.00%	100.00%	100.00%

** Principal business activity of both the subsidiary companies is 'Textile manufacturing'.*

D. Use of estimates and judgements:

The preparation of Restated Consolidated Financial Information requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. This note provides an overview of the areas that involve a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the Restated Consolidated Financial Information.

Recognition of deferred tax assets - The extent to which deferred tax assets can be recognised is based on an assessment of the probability of the Company's future taxable income (supported by reliable evidence) against which the deferred tax assets can be utilised.

Evaluation of indicators for impairment of assets – The evaluation of applicability of indicators of impairment of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Contingent liabilities – At each balance sheet date, basis the management judgment, changes in facts and legal aspects, the Group assesses the requirement of provisions against the outstanding contingent liabilities. However, the actual future outcome may be different from this judgement.

Impairment of trade receivables - The impairment provisions for trade receivable are based on expected credit loss method. The judgement is used in making the assumptions in calculating the default rate required for identifying the provision as per the expected credit loss method at the end of each reporting period.

Impairment of financial assets – At each balance sheet date, based on historical default rates observed over expected life, existing market conditions as well as forward looking estimates, the Group assesses the expected credit losses on outstanding receivables. Further, management also considers the factors that may influence the credit risk of its customer base, including the default risk associated with industry and country in which the customer operates.

Defined benefit obligation ('DBO') – The Group's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the defined benefit expenses of the reporting period.

Useful lives of property, plant and equipment and intangible assets – The Group reviews its estimate of the useful lives of property, plant and equipment and intangible assets at each reporting date, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utilisation of assets.

Government grant – Grants receivable are based on estimates for utilisation of the grant as per the regulations as well as analysing actual outcomes on a regular basis and compliance with stipulated conditions. Changes in estimates or non-compliance of stipulated conditions could lead to significant changes in grant income and are accounted for prospectively over the balance obligation period.

Fair value measurements – The Group applies valuation techniques to determine fair value of equity shares (where active market quotes are not available). This involves developing estimates and assumptions around volatility, dividend yield which may affect the value of equity shares.

Impairment of assets - In assessing impairment, the Group estimates the recoverable amounts of each asset (in case of non-financial assets) based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future cash flows and the determination of a suitable discount rate.

Provision for write down of inventories – The Group writes down inventories to net realisable value based on an estimate of the realisability of inventories. Write downs on inventories are recorded where events or changes in circumstances indicate that the balances may not be realised. The identification of write-downs requires the use of estimates of net selling prices of the down-graded inventories. Where the expectation is different from the original estimate, such difference will impact the carrying value of inventories and write-downs of inventories in the periods in which such estimate has been changed.

Provisions - Provisions are recognised when the Group has a present obligation as a result of past event and it is probable that an outflow of resources will be required to settle the obligation, in respect of which a reliable estimate can be made. Provisions (excluding defined benefit plan) are not discounted to their present value and are determined based on best estimate of the amount required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

Estimates and judgements are continuously evaluated. They are based on historical experience and other factors including expectation of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

Share-based payments - The grant date fair value of the option granted to employees is recognised as employee expense, with corresponding increase in equity, over the period that the employee become unconditionally entitled to the option. The increase in equity recognised in connection with share-based payment transaction is presented as a separate component in equity under 'Employee stock options outstanding reserve'. The amount recognised as expense is adjusted to reflect the impact of the revision estimated based on number of options that are expected to vest, in the consolidated statement of profit end with a corresponding adjustment to equity.

E. Summary of material accounting policies:

Functional and presentation currency

Items included in the Restated Consolidated Financial Information of the Group is measured using the currency of the primary economic environment in which the Group operates i.e., the 'functional currency'. The Restated Consolidated Financial Information are presented in INR, which is the functional and presentation currency of the Group.

Foreign currency transactions and translations

Foreign currency transactions are recorded in the functional currency, by applying to the exchange rate between the functional currency and the foreign currency at the date of the transaction.

Foreign currency monetary items outstanding at the balance sheet date are converted to functional currency using the closing rate. Non-monetary items denominated in a foreign currency which are carried at historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on monetary items on settlement, or restatement as at reporting date, at rates different from those at which they were initially recorded, are recognised in the Restated Consolidated Statement of Profit and Loss in the year in which they arise.

Financial instruments

a. Initial recognition and measurement

The Group recognised financial assets and liabilities when it becomes a party to the contractual provisions of the instrument.

Financial assets are recognised at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets that are not at fair value through profit or loss ('FVTPL') are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised on the trade date.

Financial liabilities are classified as measured at amortised cost or FVTPL. The fair value of a financial liability at initial recognition is normally the transaction price. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss.

In accordance with Ind AS 113 'Fair Value Measurement', the fair value of a financial liability with a demand feature is not less than the amount payable on demand, discounted from the first date that the amount could be required to be paid.

The Group's financial liabilities include trade payables, other payables and loans and borrowings including bank overdrafts.

b. Subsequent measurement

Non derivative financial instruments

Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income ('FVOCI')

A financial asset is subsequently measured at FVOCI if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at FVTPL

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

Financial liabilities

The measurement of financial liabilities depends on their classification.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the Effective Interest Rate ('EIR') method. Gains and losses are recognised in profit or loss when the liabilities are de-recognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Restated Consolidated Statement of Profit and Loss, unless and to the extent capitalised as part of costs of an asset.

The EIR method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The EIR is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the EIR, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

Financial guarantee contract

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantee contracts liabilities, if any, issued by the Holding Company to its subsidiary companies, are measured initially at their fair values and recognised as income in the Statement of Profit and Loss over the period of guarantee.

Where guarantees in relation to loans or other payables of group companies are provided for no compensation, the fair value are accounted for as contributions and recognised as part of cost of investment.
The effect of above recognition and measurement is eliminated in preparation and presentation of Restated Consolidated Financial Information as these are intra-group balances and transactions.

Derivative financial instruments

Derivative financial instruments such as forward contracts, to hedge foreign currency risks are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value with changes in fair value recognised in the Restated Consolidated Statement of Profit and Loss in the period when they arise.

c. De-recognition of financial instruments

The Group de-recognises a financial asset when the contractual right to receive the cash flows from the financial asset expire or it transfers the financial asset. A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Restated Consolidated Statement of Profit and Loss.

d. Offsetting financial instruments

Financial assets and liabilities are offset, and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Current versus non-current classification

An asset is considered as current when it is:

a. Expected to be realised or intended to be sold or consumed in the normal operating cycle, or;

b. Held primarily for the purpose of trading, or;

c. Expected to be realised within twelve months after the reporting period, or;

d. Cash or cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

Liability is considered as current when it is:

a. Expected to be settled in the normal operating cycle, or;

b. Held primarily for the purpose of trading, or;

c. Due to be settled within twelve months after the reporting period, or;

d. There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

All assets and liabilities have been classified as current or non-current as per the Group's operating cycle and other criteria set out in Schedule III to the Act. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the Group has ascertained its operating cycle as not exceeding twelve months for the purpose of current and non-current classification of assets and liabilities.

Property, plant and equipment ('PPE')

Recognition and initial measurement

PPE are stated at their cost of acquisition. The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs and disposal

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is de-recognised when replaced. All other repair and maintenance costs are recognised in Restated Consolidated Statement of Profit and Loss as incurred.

Items such as spare parts are recognised as PPE when they meet the definition of PPE. Otherwise, such items are classified as inventory.

An item of PPE initially recognised is de-recognised upon disposal or when no future economic benefits are expected from its use. Any gain or loss arising on de-recognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is recognised in Restated Consolidated Statement of Profit and Loss when the asset is de-recognised.

Capital work-in-progress includes PPE under construction and not ready for intended use as on the balance sheet date.

Subsequent measurement (depreciation and useful lives)

Freehold land is carried at historical cost (after adjustment of fair value at the time of transition to Ind AS) and is a non-depreciable asset. All other items of PPE are subsequently measured at cost less accumulated depreciation and impairment losses. Depreciation on PPE is provided on a straight-line basis, computed on the basis of useful lives (as set out below) prescribed in Schedule II to the Act, except for plant and equipment wherein based on the technical evaluation, useful life has been estimated to be 8 to 25 years.

The estimated useful lives of different classes of PPE are as follows:

Class of PPE	Useful life
Buildings	30-60 years
Computers	3 - 6 years
Electrical installations and equipment	10 years
Furniture and fixtures	10 years
Factory equipment	15 years
Laboratory equipment	10 years
Office equipment	5 years
Vehicles	8-10 years
Plant and equipment	8-25 years

The residual values are not more than 5% of the original cost of the PPE. The residual values, useful lives and method of depreciation of are reviewed at each reporting date.

Intangible asset under development

Intangible asset under development ('IAUD') includes intangible assets which are not ready for intended use as on balance sheet date.

Intangible assets

Recognition and initial measurement

Intangible assets are recognised when it is possible that the future economic benefits that are attributable to the asset will flow to the Company and the cost of the asset can be measured reliably.

Subsequent measurement (amortisation and useful lives)

Intangible assets are stated at original costs, if any, less accumulated amortisation and cumulative impairment, if any.

Intangible assets are amortised over their useful life, as determined by the management. Amortisation on addition to intangible assets or on disposal of intangible assets is calculated pro-rata from the month of such addition or up to the month of such disposal as the case may be. The estimated useful life of the Group's intangible asset is as follows:

Class of intangible asset	Useful life
Computer software	3 years

Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but it is tested for impairment at each reporting date, or more frequently if events or changes in circumstances indicate that it might be impaired and is carried at cost less accumulated impairment losses.

Leases

Group as a lessee – Right of use ('ROU') assets and lease liabilities

A lease is defined as ‘a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration’.

Classification of leases

The Group enters into leasing arrangements for various assets. The assessment of the lease is based on several factors, including, but not limited to, transfer of ownership of leased asset at end of lease term, lessee’s option to extend/purchase etc.

Recognition and initial measurement of ROU assets

At lease commencement date, the Group recognises a ROU asset and a lease liability on the Restated Consolidated Balance Sheet. The ROU asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Company, an estimate of any costs to dismantle and remove the asset at the end of the lease (if any), and any lease payments made in advance of the lease commencement date (net of any incentives received).

Subsequent measurement of ROU assets
The Group depreciates the ROU assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the ROU asset or the end of the lease term. The Group also assesses the ROU asset for impairment when such indicators exist.

Lease liabilities

At lease commencement date, the Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Group’s incremental borrowing rate. Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed payments) and variable payments based on an index or rate. Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments. When the lease liability is re-measured, the corresponding adjustment is reflected in the ROU asset.

The Group has elected to account for short-term leases and low value leases using the practical expedients. Instead of recognising a ROU asset and lease liability, the payments in relation to these short-term leases and low value leases are recognised as an expense in Restated Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

The Group as a lessor

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases. The respective leased assets are included in the balance sheet based on their nature. Rental income is recognised on straight-line basis over the lease-term.

Impairment of assets

i. Non-financial assets

Assessment is done at each balance sheet date as to whether there is any indication that an asset may be impaired. For the purpose of assessing impairment, the smallest identifiable group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets, is considered as a cash generating unit. If any such indication exists, an estimate of the recoverable amount of the asset/cash generating unit is made. Assets whose carrying value exceeds their recoverable amount are written down to the recoverable amount. Recoverable amount is higher of an asset’s or cash generating unit’s net selling price and its value in use. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. Assessment is also done at each balance sheet date as to whether there is any indication that an impairment loss recognised for an asset in prior accounting periods may no longer exist or may have decreased.

ii. Financial assets

The Group assesses on a forward-looking basis the expected credit losses associated with its financial assets and the impairment methodology depends on whether there has been a significant increase in credit risk.

Trade receivables

In respect of trade receivables, the Group applies the simplified approach of Ind AS 109 'Financial Instruments', which requires measurement of loss allowance at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

Other financial assets

In respect of its other financial assets, the Group assesses if the credit risk on those financial assets has increased significantly since initial recognition. If the credit risk has not increased significantly since initial recognition, the Company measures the loss allowance at an amount equal to 12-month expected credit losses, else at an amount equal to the lifetime expected credit losses.

When making this assessment, the Group uses the change in the risk of a default occurring over the expected life of the financial asset. To make that assessment, the Group compares the risk of a default occurring on the financial asset as at the balance sheet date with the risk of a default occurring on the financial asset as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition. The Group assumes that the credit risk on a financial asset has not increased significantly since initial recognition if the financial asset is determined to have low credit risk at the balance sheet date.

Employee benefits

a. Long-term employee benefits

Defined contribution plan

The Group has defined contribution plan for post-employment benefits in the form of provident fund and employees' state insurance fund. Under the defined contribution plan, the Group has no further obligation beyond making the contributions. Such contributions are charged to the Restated Consolidated Statement of Profit and Loss as incurred.

Defined benefit plan

The Group has defined benefit plan for post-employment benefits in the form of gratuity for its employees in India. Liability for defined benefit plan is provided on the basis of actuarial valuations, as at the balance sheet date, carried out by an independent actuary. The actuarial valuation method used by independent actuary for measuring the liability is the projected unit credit method. The liability recognised in the Restated Consolidated Financial Information in respect of gratuity is the present value of the defined benefit obligation at the reporting date, together with adjustments for unrecognised actuarial gains or losses and past service costs.

Discount factors are determined close to each period-end by reference to market yields on government bonds that have terms to maturity approximating the terms of the related liability. Service cost and net interest expense on the Group's defined benefit plan is included in employee benefits expense.

Actuarial gains or losses are recognised in other comprehensive income (**'OCI'**). Interest expense recognised in Restated Consolidated Statement of Profit and Loss is calculated by applying the discount rate used to measure the defined benefit obligation to the defined benefit liability.

b. Short-term employee benefits

Liabilities for wages and salaries, including non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are classified as short-term employee benefits. These benefits include salaries and wages, short-term bonus, incentives etc. These are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the Restated Consolidated Balance Sheet

c. Share-based payments

The fair value of options granted under Sanathan Textiles Limited Employee Stock Option Plan ('ESOP 2021') recognised as an employee benefit expense with a corresponding increase in equity. The total amount to be expensed is determined by reference to the fair value of the options granted:

- Including any market performance conditions (e.g., the entity's share price);

- Excluding the impact of any service and non-market performance vesting conditions (e.g. profitability, sales growth targets and remaining an employee of the entity over a specified time period), and

- Including the impact of any non-vesting conditions (e.g. the requirement for employees to save or holding shares for a specified period of time).

Total expense is recognised over the vesting period, which is the period over which all the specified vesting conditions are to be satisfied. At the end of each period, the Group revises its estimates of the number of options that are expected to vest based on the non-market vesting and service conditions. It recognises the impact of revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the Group modifies the terms or conditions of the equity instruments granted in a manner is not otherwise beneficial to the employee, the Group continues to account for the services received as consideration for the equity instruments granted as if that modification had not occurred.

Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Group has a present (legal or constructive) obligation as a result of past events, for which it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

Provisions required to settle are reviewed regularly and are adjusted where necessary to reflect the current best estimates of the obligation. Provisions are discounted to their present values, where the time value of money is material.

Contingent liability is disclosed unless the likelihood of an outflow of resources is remote and there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

Contingent asset is not recognised in the Restated Consolidated Financial Information. However, it is recognised only when an inflow of economic benefits is probable.

Borrowing costs

Borrowing costs includes interest expense on borrowings calculated using the EIR, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale ('qualifying asset') are capitalised as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur.

EIR is a method of calculating the amortised cost of a financial asset or a financial liability and of allocating the interest income or interest expense over the relevant period. EIR is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. EIR calculation does not include exchange differences.

The capitalisation of borrowing costs as part of the cost of a qualifying asset commences when expenditure for the asset is being incurred, borrowing costs are being incurred and activities that are necessary to prepare the asset for its intended use or sale are in progress. Capitalisation of borrowing costs is suspended or ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are interrupted or completed.

Inventories

Inventories are valued at the lower of cost and net realisable value.

Cost of raw material comprises of cost of purchase and other cost incurred in bringing the inventory to their present condition and location. Trade discounts, rebates and other similar items are deducted in determining the cost of purchase. Cost is determined on a moving weighted average basis.

The cost of finished goods, intermediate products and work-in-progress includes cost of direct materials and labour and a proportion of variable based on the actual use of production facilities and apportionable fixed overhead expenditure based on the normal operating capacity.

In case of stock-in-trade, cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a moving weighted average basis.

Obsolete, slow moving and defective inventories are identified from time to time and, where necessary, a provision is made for such inventories.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Further, inventories contain stores and packing materials. Adequate allowances are recognised as a measure of consumption over their expected life based on their usage.

Costs of conversion and other costs are determined on the basis of standard cost method adjusted for variances between standard costs and actual costs, unless such costs are specifically identifiable, in which case they are included in the valuation at actuals.

Income recognition

a. Revenue recognition

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised upon transfer of control of promised products to customers in an amount that reflects the consideration the Group expects to receive in exchange for those products. Revenue is measured net of rebates, discounts and taxes. A receivable is recognised by the company when control is transferred as this is the point in time where consideration is unconditional because only the passage of time is required for the payment to be received.

No element of financing is deemed to be present as the sales are made with a credit term of less than 365 days.

The Group applies the revenue recognition criteria to each component of the revenue transaction as set out below:

Sale of products

Revenue from sale of products is recognised when the Group satisfies performance obligation by transferring promised goods to the customer. Performance obligations are satisfied at the point of time when the customer obtains controls of the asset which is generally on dispatch of goods. In cases where performance obligations are satisfied upon delivery based on the terms of the contract, the revenue is recognised upon such delivery.

Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of goods sold and services rendered is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract.

Revenue (other than sale of products)

Revenue (other than sale of products) is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

b. Other operating revenue

Other operating revenue includes export incentives. Export incentives constituting duty drawback, incentives under Remission of Duties and Taxes on Exported Products (RODTEP) and Duty-drawback Scheme which are accounted for on accrual basis where there is reasonable assurance that the Company will comply with the conditions attached to them and the export benefits will be received. Export incentives in the nature of government grants under Export Promotion Capital Goods (EPCG), are notified by Government of India and are accounted for in the year of exports and discharging other conditions attached to the grant, and when there is no uncertainty in its recognition.

c. Interest income

Interest income is recorded on accrual basis using the EIR method.

d. Dividend

Dividend income is recognised when the Group's right to receive dividend is established, which is generally when shareholders approve the dividend.

e. Other income

Other income is recognised when no significant uncertainty as to its determination and realisation exists.

Taxes

Tax expense comprises current and deferred tax. Current and deferred tax is recognised in Restated Consolidated Statement of Profit and Loss except to the extent that it relates to items recognised directly in equity or OCI.

The current income-tax charge is calculated on the basis of the tax laws enacted at the balance sheet date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided in full, on temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the Restated Consolidated Financial Information. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised, or the deferred tax liability is settled. Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Current tax assets and tax liabilities are offset where the Group has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

Earnings per share

Basic earnings per share is calculated by dividing the Restated Consolidated Net Profit or Loss for the year attributable to equity shareholders (after deducting attributable taxes) by the weighted average number of equity shares of the Holding Company outstanding during the year. The weighted average number of equity shares outstanding during the year is adjusted for events including a bonus issue or share split.

For the purpose of calculating diluted earnings per share, the Restated Consolidated Net Profit or Loss for the year attributable to equity shareholders and the weighted average number of shares of the Holding Company outstanding during the year, are adjusted for the effects of all dilutive potential equity shares.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments (original maturity less than three months) that are readily convertible into known amounts of cash, and which are subject to an insignificant risk of changes in value.

For the purpose of the Restated Consolidated Statement of Cash Flows, cash and cash equivalents consist of cash, balance in current accounts with banks and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.

Initial Public Offer ('IPO') related transaction costs

The expenses pertaining to IPO includes expenses pertaining to fresh issue of equity shares, offer for sale by selling shareholders and listing of equity shares and is accounted for as follows:

- Incremental costs that are directly attributable to issuing new shares are deferred until successful consummation of IPO upon which it shall be deducted from equity;

- Incremental costs that are not directly attributable to issuing new shares or offer for sale by selling shareholders, are recorded as an expense in the statement of profit and loss as and when incurred; and

Costs that relate to fresh issue of equity shares and offer for sale by selling shareholders are allocated between those functions on a rational and consistent basis as per agreed terms.

Government grants

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and the grants will be received.

Government grants related to or used for assets are included in the balance sheet as deferred government grant and recognised as income in the Restated Consolidated Statement of Profit and Loss in the proportion of export obligations that have been discharged.

Export benefits available under prevalent schemes are accrued in the year in which the goods are exported and there is no uncertainty in receiving the same.

Investments

Investments in equity instruments of subsidiaries is carried at cost in accordance with Ind AS 27 'Separate Financial Statements'.

All investments in other equity instruments falling under scope of Ind AS 109 'Financial Instruments' are measured at fair value. The debt portion of investment in preference shares in measured at amortised cost.

Mutual funds which are held for trading are classified as at FVTPL with all changes recognised in the Restated Consolidated Statement of Profit and Loss. The mutual funds are valued using closing net asset value (NAV).

For all other equity investments, the Group makes an irrevocable election to present in OCI, the subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable. If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends and impairment loss, are recognised in OCI. There is no recycling of the amounts from the OCI to the consolidated statement of profit and loss, even on sale of the investment. However, the Group may transfer the cumulative gain or loss within categories of equity.

Business combination

The Group accounts for each business combination by applying the acquisition method. The acquisition date is the date on which control is transferred to the acquirer. Judgment is applied in determining the acquisition date and determining whether control is transferred from one party to another.

Control exists when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through power over the entity. In assessing control, potential voting rights are considered only if the rights are substantive.

The Group measures goodwill as of the applicable acquisition date at the fair value of the consideration transferred, including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities (including contingent liabilities in case such a liability represents a present obligation and arises from a past event and its fair value can be measured reliably) assumed. When the fair value of the net identifiable assets acquired and liabilities assumed exceeds the consideration transferred, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. In other cases, the bargain purchase gain is recognised directly in equity as capital reserve.

Consideration transferred includes the fair values of the assets transferred, liabilities incurred by the Group to the previous owners of the acquiree and equity interests issued by the Group. Consideration transferred also includes the fair value of any contingent consideration. Consideration transferred does not include amounts related to settlement of pre-existing relationships.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured, and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in the Restated Consolidated Statement of Profit and Loss.

Transaction costs that the Group incurs in connection with a business combination, such as finder's fees, legal fees, due diligence fees and other professional and consulting fees, are expensed as incurred.

On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any goodwill that arises on account of such business combination is tested annually for impairment or more frequently if events or changes in circumstances indicate that it might be impaired.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders. The difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in profit or loss or other comprehensive income, as appropriate.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors, who are considered as chief operating decision maker ('CODM').

Exceptional items

When items of income and expense within profit or loss from ordinary activities are of such size, nature or incidence that their disclosure is relevant to assist users in understanding the financial performance achieved and in making projections of future financial performance, the nature and amount of such material items are disclosed separately as exceptional items.

Events after the reporting date

Where events occurring after the balance sheet date provide evidence of conditions that existed at the end of the reporting year, the impact of such events is adjusted within the Restated Consolidated Financial Information. Where the events are indicative of conditions that arose after the reporting year, the amounts are not adjusted, but are disclosed if those non-adjusting events are material.

F. New and amended standards adopted by the Group:

The Ministry of Corporate Affairs ('MCA') notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Group.

Key components of our Statement of Profit and Loss based on our Restated Consolidated Financial Information

The following descriptions set forth information with respect to the key components of our profit and loss statements:

Revenue

Revenue consists of revenue from operations and other income.

Revenue from operations

Revenue from operations comprises revenue from sale of products, revenue from sale of stock-in-trade. Other operating revenues comprises export incentives and sale of scrap.

Other income

Other income primarily comprises interest income on bank deposits, net gain on foreign currency transaction and translation, insurance claims, liabilities / provisions no longer required that are written back, gain on disposal of property, plant and equipment, reversal of allowance for expected credit loss.

Expenses

Expenses consist of cost of materials consumed, purchases of stock-in-trade, changes in inventories of finished goods, stock-in-trade and work-in-progress, employee benefits expenses, depreciation expense, finance cost and other expenses.

Cost of materials consumed

Cost of materials consumed relates to costs incurred for the raw materials consumed for manufacturing of finished goods.

Purchases of stock-in-trade

Purchases of stock-in-trade relates to costs incurred for the procurement of inventories for trading.

Changes in inventories of finished goods, stock-in-trade and work-in-progress

Changes in inventories of stock-in-trade comprises net increase or decrease in the inventory of finished goods, intermediate products, stock-in-trade and work-in-progress.

Employee benefits expenses

Employee benefits expenses comprise salaries and wages, contribution to provident fund and other funds, gratuity, share based payments to employees, and staff welfare expenses.

Finance costs

Finance cost comprises interest expense on terms loans, interest expense on cash credit facilities, interest expense on others, and other borrowing costs.

Depreciation expense

Depreciation relates to depreciation on property, plant and equipment and amortisation of other intangible assets.

Other expenses

Other expenses primarily comprise expenses relating to consumption of stores and packing materials, power and fuel, contract labour charges, export expenses, freight expenses, commission expenses, bank charges, insurance, travelling and conveyance, allowance for expected credit loss, other manufacturing expenses, legal and professional charges, expenditure towards corporate social responsibility, loss on foreign currency transaction and translation, and miscellaneous expenses.

Tax Expense

Tax expense comprises current tax and deferred tax.

Non-GAAP measures

Certain Non-GAAP measures like EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share (**Non-GAAP Measures**) presented in this Draft Red Herring Prospectus are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS or Indian GAAP. Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit/ (loss) for the year or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS or Indian GAAP. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance. See '*Risk Factor - Certain Non-GAAP financial measures and certain other statistical information relating to our operations and financial performance like EBITDA, EBITDA Margin, Net Debt, Net Debt/ EBITDA, Fixed Asset Turnover Ratio and Net Asset Value per Equity Share have been included in this Draft Red Herring Prospectus. These Non-GAAP financial measures are not measures of operating performance or liquidity defined by Ind AS and may not be comparable*'.

Reconciliation of profit / loss for the year to EBITDA and EBITDA Margin

The table below reconciles profit/ (loss) for the year to EBITDA. EBITDA is calculated as sum of restated profit/loss for the year, tax expense, depreciation expense and finance cost less other income, while EBITDA Margin is calculated as EBITDA divided by revenue from operations.

(₹ in million, unless stated otherwise)

Particulars	**Fiscal 2024**	**Fiscal 2023**	**Fiscal 2022**
Revenue from Operations (**A**)	29,575.04	33,292.13	31,853.20
Profit for the year	1,338.48	1,527.41	3,554.42
Finance costs	230.84	224.18	324.60
Depreciation and amortisation expense	443.89	434.86	421.70
Tax expense	475.60	566.91	1,236.80
Less: Other income	(223.00)	(158.06)	(161.40)
EBITDA (B)	**2,265.81**	**2,595.30**	**5,376.12**
EBITDA Margin (B/A*100)	**7.66%**	**7.80%**	**16.88%**

Reconciliation of borrowings (current and non-current) to Net Debt and Net Debt / EBITDA

The table below reconciles borrowings (current and non-current) to Net Debt and Net Debt / EBITDA. Net Debt is calculated as sum of current borrowings and non-current borrowings less cash and cash equivalents, while Net

Debt / EBITDA is calculated as Net Debt divided by EBITDA.

(₹ in million, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Non-Current Borrowings (**A**)	3,372.01	2,216.41	2,800.20
Current Borrowings (**B**)	426.81	593.61	981.70
Less: Cash and Cash Equivalents (**C**)	(299.33)	(90.20)	(79.28)
Net Debt (D=A+B-C)	**3,499.49**	**2,719.82**	**3,702.62**
EBITDA (**E**)	**2,265.81**	2,595.30	5,376.12
Net Debt / EBITDA (D/E)	**1.54**	**1.05**	**0.69**

Reconciliation of revenue from operations to Fixed Asset Turnover Ratio

The table below reconciles revenue from operations to Fixed Asset Turnover Ratio. Fixed Asset Turnover Ratio is calculated as revenue from operations divided by net block of property, plant and equipment.

(₹ in million, unless stated otherwise)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
Revenue from Operations (A)	29,575.04	33,292.13	31,853.20
Property, plant, and equipment (B)	9,264.74	9,483.66	8,948.71
Fixed Asset Turnover Ratio (A/B)	**3.19**	**3.51**	**3.56**

Our Results of Operations

The following table sets forth select financial data from our restated consolidated statement of profit and loss for Fiscal 2024, Fiscal 2023 and Fiscal 2022 the components of which are also expressed as a percentage of total income for such periods:

Particulars	**Fiscal 2024**		**Fiscal 2023**		**Fiscal 2022**	
	(₹ in million)	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**
Revenue						
Revenue from operations	29,575.04	99.25	33,292.13	99.53	31,853.20	99.50
Other income	223.00	0.75	158.06	0.47	161.40	0.50
Total Income	**29,798.04**	**100.00**	**33,450.19**	**100.00**	**32,014.60**	**100.00**
Expenses						
Cost of materials consumed	21,317.15	71.54	23,349.10	69.80	20,632.70	64.45
Purchases of stock-in-trade	6.35	0.02	52.26	0.16	324.70	1.01
Changes in inventories of finished goods, stock-in trade and work-in-progress	(0.66)	0.00	651.48	1.95	(719.99)	(2.25)
Employee benefits expense	905.95	3.04	885.36	2.65	947.40	2.96
Finance Costs	230.84	0.77	224.18	0.67	324.60	1.01
Depreciation and amortisation expense	443.89	1.49	434.86	1.30	421.70	1.32
Other expenses	5,080.44	17.05	5,758.63	17.22	5,292.27	16.53

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	(₹ in million)	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**	**(₹ in million)**	**(% of Total Income)**
Total expenses	**27,983.96**	93.91	**31,355.87**	**93.74**	**27,223.38**	**85.03**
Profit before tax	**1,814.08**	6.09	**2,094.32**	**6.26**	**4,791.22**	**14.97**
Tax expense:						
Current tax expense:						
For the year	421.42	1.41	479.01	1.43	1,127.10	3.52
Earlier years	(8.08)	0.03	4.33	0.01	26.00	0.08
Deferred tax	62.26	0.21	83.57	0.25	83.70	0.26
Profit for the year	**1,338.48**	**4.49**	**1,527.41**	**4.57**	**3,554.42**	**11.10**

COMPARISON OF RESULTS OF OPERATIONS

FISCAL 2024 COMPARED TO FISCAL 2023

REVENUE

Total Income

Our total income decreased by 10.92% from ₹ 33,450.19 million in Fiscal 2023 to ₹ 29,798.04 million in Fiscal 2024 primarily due to a decrease in revenue from operations from ₹ 33,292.13 million in Fiscal 2023 to ₹ 29,575.04 million in Fiscal 2024.

Revenue from operation

Our revenue from operations decreased by 11.17% from ₹ 33,292.13 million in Fiscal 2023 to ₹ 29,575.04 million in Fiscal 2024 primarily due to a decrease in the sale of products from ₹ 32,541.41 million in Fiscal 2023 to ₹ 28,893.15 million in Fiscal 2024 on account of reduction in the average selling price of polyester yarn from approximately ₹ 120 per kg during Fiscal 2023 to ₹ 112 per kg during Fiscal 2024 and reduction in the average selling price of cotton yarn from approximately ₹ 322 per kg during Fiscal 2023 to ₹ 266 per kg Fiscal 2024. However, the capacity utilisation remained over 100% during Fiscal 2024.

Other income

Our other income increased by 41.09% from ₹ 158.06 million in Fiscal 2023 to ₹ 223.00 million in Fiscal 2024.

EXPENSES

Total Expenses

Our total expenses decreased by 10.75% from ₹ 31,355.87 million in Fiscal 2023 to ₹ 27,983.96 million in Fiscal 2024 primarily due to a decrease (i) in cost of materials consumed from ₹ 23,349.10 million to ₹ 21,317.15 million and (ii) in other expenses from ₹ 5,758.63 million to ₹ 5,080.44 million. Further, the changes in our inventories of finished goods, stock-in trade and work-in-progress moved from ₹ 651.48 million to ₹ (0.66) million.

Cost of goods sold

Our cost of goods sold decreased by 11.35% from ₹ 24,052.84 million in Fiscal 2023 to ₹ 21,322.84 million in Fiscal 2024 due to a decrease (i) in cost of materials consumed from ₹ 23,349.10 million to ₹ 21,317.15 on account of reduction in the cost of raw materials purchased, and (ii) purchases of stock-in-trade from ₹ 52.26 million to ₹ 6.35 million, and a change in inventories of finished goods, stock-in trade and work-in-progress, purchase of stock-in-trade from ₹ 651.48 million to (0.66) million.

Employee benefit expense

Our employee benefit expense increased by 2.33% from ₹ 885.36 million in Fiscal 2023 to ₹ 905.95 million in Fiscal 2024 due to an increase in salaries and wages from ₹ 825.03 million to ₹ 846.00 million primarily on account of increase in salaries and wages of the employees.

Finance costs

Our finance cost increased by 2.97% from ₹ 224.18 million in Fiscal 2023 to ₹ 230.84 million, primarily due to an increase in our interest expense on term loans from ₹ 187.59 million to ₹ 207.94 million on account of increase in interest on foreign currency loans due to depreciation in exchange rate of Rupee which was marginally offset by a decrease in interest expense on others from ₹ 35.59 million to ₹ 20.66 million.

Depreciation expense

Our depreciation and amortisation expense increased marginally from ₹ 434.86 million in Fiscal 2023 to ₹ 443.89 million in Fiscal 2024 due to an increase in gross block from 17,139.31 million to ₹ 17,346.27 million on account of certain additions mainly in plant and equipment, buildings, vehicles and factory equipment.

Other expenses

Our other expenses decreased by 11.78% from ₹ 5,758.63 million in Fiscal 2023 to ₹5,080.44 million in Fiscal 2024 due to decrease in (i) manufacturing expenses from ₹ 4,489.06 million to ₹ 4,370.69 million and (ii) selling expenses from ₹ 747.08 million to ₹ 340.78 million and (iii) administrative and other expenses from ₹ 522.49 million to ₹ 368.97 million. The decrease in manufacturing expenses was primarily due to a decrease in (a) consumption of stores and packing materials from ₹ 1,315.63 million to ₹ 1,161.58 million and (b) power and fuel expenses from ₹ 2,452.67 million to ₹ 2,391.55 which was marginally offset by an increase in contract labour charges from ₹ 634.85 million to ₹ 721.19 million.

Profit before tax

On account of the foregoing our profit before tax decreased by 13.38% from ₹ 2,094.32 million in Fiscal 2023 to ₹ 1,814.08 million in Fiscal 2024.

Tax expense

Our tax expenses decreased by 16.11% from ₹ 566.91 million in Fiscal 2023 to ₹ 475.60 million primarily due to lower profit before tax.

Profit for the year

Due to the foregoing reasons our profit for the year decreased by 12.37% from ₹ 1,527.41 million in Fiscal 2023 to ₹ 1,338.48 million.

FISCAL 2023 COMPARED TO FISCAL 2022

REVENUE

Total Income

Our total income increased by 4.48% from ₹ 32,014.60 million in Fiscal 2022 to ₹ 33,450.19 million in Fiscal 2023 primarily due to an increase in revenue from operations from ₹ 31,853.20 million in Fiscal 2022 to ₹ 33,292.13 million in Fiscal 2023.

Revenue from operation

Our revenue from operations increased by 4.52% from ₹ 31,853.20 million in Fiscal 2022 to ₹ 33,292.13 million in Fiscal 2023 primarily due to an increase in the sale of products from ₹ 30,833.00 million in Fiscal 2022 to ₹ 32,541.41 million in Fiscal 2023.

Other income

Our other income decreased marginally from ₹ 161.40 million in Fiscal 2022 to ₹ 158.06 million in Fiscal 2023.

EXPENSES

Total Expenses

Our total expenses increased by 15.18% from ₹ 27,223.38 million in Fiscal 2022 to ₹ 31,355.87 million in Fiscal 2023 primarily due to an (i) increase in cost of materials consumed from ₹ 20,632.70 million to ₹ 23,349.10 million, (ii) change in our inventories of finished goods, stock-in trade and work-in-progress from ₹ (719.99) million to ₹ 651.48 million and (iii) increase in other expenses from ₹ 5,292.27 million to ₹ 5,758.63 million, which was minimally off-set by a decrease in (i) purchase of stock-in-trade from ₹ 324.70 million to ₹ 52.26 million, (ii) finance costs from ₹ 324.60 million to ₹ 224.18 million and (iii) employee benefits expenses from ₹ 947.40 million to ₹ 885.36 million.

Cost of goods sold

Our cost of goods sold increased by 18.85% from ₹ 20,237.41 million in Fiscal 2022 to ₹ 24,052.84 million in Fiscal 2023 primarily due to an increase in cost of materials consumed from ₹ 20,632.70 million to ₹ 23,349.10 million on account of increase in raw material prices and a positive change in inventories of finished goods, stock-in trade and work-in-progress, purchase of stock-in-trade from ₹ (719.99) million to ₹ 651.48 million. This was minimally off-set by decrease in purchases of stock-in-trade from ₹ 324.70 million to ₹ 52.26 million.

Employee benefit expense

Our employee benefit expense decreased by 6.55% from ₹ 947.40 million in Fiscal 2022 to ₹ 885.36 million due to a decrease in salaries and wages from ₹ 900.62 million to ₹ 825.03 million on account of non-payment of commission to Executive Directors of the Company.

Finance costs

Our finance cost decreased by 30.94% from ₹ 324.60 million in Fiscal 2022 to ₹ 224.18 million in Fiscal 2023, primarily due a reduction in our interest expense on term loans from ₹ 261.10 million to ₹ 187.59 million on account of a reduction in rupee and foreign currency loans and reduction in other borrowing costs from ₹ 25.90 million to ₹ 0.29 million due to reduction in vehicle loans and other loans.

Depreciation expense

Our depreciation and amortisation expense increased marginally from ₹ 421.70 million in Fiscal 2022 to ₹ 434.86 million in Fiscal 2023 due to an increase in gross block from ₹ 16,176.12 million to ₹ 17,139.31 million on account of additions mainly in plant and machinery, buildings, vehicles and factory equipment.

Other expenses

Our other expenses increased by 8.81% from ₹ 5,292.27 million in Fiscal 2022 to ₹ 5,758.63 million in Fiscal 2023 primarily due to increase in (i) manufacturing expenses from ₹ 4,069.40 million to ₹ 4,489.06 million and (ii) administrative and other expenses from ₹ 322.07 million to ₹ 522.49 million which was partially offset by a decrease in selling expenses from ₹ 900.80 million to ₹ 747.08 million. The increase in manufacturing expenses was primarily due to an increase in (a) power and fuel expenses from ₹ 1,966.30 million to ₹ 2,452.67 million which was marginally offset by a decrease in consumption of stores and packing materials from ₹ 1,396.40 million to ₹ 1,315.63 million.

Profit before tax

On account of the foregoing our profit before tax decreased by 56.29% from ₹ 4,791.22 million in Fiscal 2022 to ₹ 2,094.32 million in Fiscal 2023.

Tax expense

Our tax expenses reduced by 54.16% from ₹ 1,236.80 million in Fiscal 2022 to ₹ 566.91 million in Fiscal 2023 primarily due to lower profit before tax.

Profit for the year

Due to the foregoing reasons our profit for the year reduced by 57.03% from ₹ 3,554.42 million in Fiscal 2022 to ₹ 1,527.41 million in Fiscal 2023.

Liquidity and Capital Resources

Historically, our primary liquidity requirements have been to finance our capital expenditure and working capital needs for our operations. We have met these requirements through cash flows from operations and borrowings. As of March 31, 2024, we had ₹ 299.33 million in cash and cash equivalents and ₹ 714.71 million in bank balances (other than cash and cash equivalents). We believe that, after taking into account the expected cash to be generated from operations, our borrowings, and the Net Proceeds, we will have sufficient liquidity for our present and anticipated requirements for capital expenditure and working capital for the next 12 months.

Cash Flows

The following table sets forth our cash flows for the periods indicated:

(₹ in million)

Particulars	Fiscal		
	2024	**2023**	**2022**
Net cash generated from operating activities	1,917.36	3,623.12	2,945.59
Net cash used in investing activities	(2,452.94)	(2,350.55)	(1,141.85)
Net cash generated from / (used in) financing activities	744.71	(1,261.65)	(1,989.87)
Cash and Cash Equivalents at the end of the year	**299.33**	**90.20**	**79.28**

Operating Activities

Net cash generated from operating activities in Fiscal 2024 was ₹ 1,917.36 million. While our profit before tax was ₹ 1,814.08 million, we had cash flow before changes in working capital of ₹ 2,426.68 million, primarily due to adjustments for depreciation and amortisation expense of ₹ 443.89 million and finance costs of ₹ 230.84 million. Our working capital adjustments primarily comprised a decrease in cash flow on account of (i) other financial and non-financial assets of ₹ 837.13 million, (ii) inventories ₹ 56.94 million and (iii) Provisions and other liabilities ₹ 33.55 million and an increase in cash flow on account of (i) trade payables of ₹ 602.23 million; and (ii) trade receivables of ₹ 179.84 million. Our cash generated from operations before taxes was ₹ 2,281.13 million, adjusted by income-taxes paid (net of refunds) of ₹ 363.77 million.

Fiscal 2023

Net cash generated from operating activities in Fiscal 2023 were ₹ 3,623.12 million. While our profit before tax was ₹ 2,094.32 million, we had cash flow before changes in working capital of ₹ 2,729.44 million, primarily due to adjustments for depreciation and amortisation expenses of ₹ 434.86 million, finance costs of ₹ 224.18 million. Our working capital adjustments primarily comprised an increase in cash flow on account of (i) trade payables of ₹ 404.50 million, (ii) inventories of ₹ 387.76 million, and (iii) other financial and non-financial assets of ₹ 546.25 million. Our cash generated from operations before taxes was ₹ 4,175.78 million, adjusted by income-taxes paid (net of refunds) of ₹ 552.66 million.

Fiscal 2022

Net cash generated from operating activities in Fiscal 2022 were ₹ 2,945.59 million. While our profit before tax was ₹ 4,791.22 million, we had cash flow before changes in working capital of ₹ 5,441.82 million, primarily due to adjustments for depreciation and amortisation expenses of ₹ 421.70 million and finance costs of ₹ 324.60 million, partially offset by adjustment for government grants of ₹ 68.06 million. Our working capital adjustments for Fiscal 2022 primarily comprise of a decrease in cash flow on account of (i) inventories of ₹ 1,437.68 million, (ii) trade payables of ₹ 297.03 million and (iii) trade receivables of ₹ 71.74 million and an increase in cash flow on account of other financial and non-financial assets of ₹ 619.88 million. Our cash generated from operations before taxes was ₹ 4,086.17 million, adjusted by income-taxes paid (net of refunds) of ₹ 1,140.58 million.

Investing Activities

Fiscal 2024

Net cash used in investing activities in Fiscal 2024 was ₹ 2,452.94 million primarily comprising purchase of property, plant and equipment, capital work-in-progress and intangible asset under development (including capital advances and capital creditors) aggregating ₹ 2,159.07 million, and sale proceeds / (investment) in mutual funds units aggregating ₹ 570.94 million and an increase in cash flow on account of deposits matured / (placed) (net) aggregating ₹ 216.31 million.

Fiscal 2023

Net cash used in investing activities in Fiscal 2023 was ₹ 2,350.55 million primarily comprising purchase of property, plant and equipment, capital work-in-progress and intangible asset under development (including capital advances and capital creditors) aggregating ₹ 2,136.91 million, deposits matured / (placed) (net) aggregating ₹ 372.16 million partially offset by sale proceeds / (investment) in mutual funds units aggregating ₹ 114.32 million.

Fiscal 2022

Net cash used in investing activities in Fiscal 2022 was ₹ 1,141.85 million, primarily comprising purchase of property, plant and equipment, capital work-in-progress and intangible asset under development (including capital advances and capital creditors) aggregating ₹ 425.03 million, sale proceeds / (investment) in mutual funds of ₹ 545.00 million, payment for acquisition of subsidiary of ₹ 134.90 million and deposits matured / (placed) (net) of ₹ 86.12 million.

Financing Activities

Fiscal 2024

Net cash generated from financing activities in Fiscal 2024 was ₹ 744.71 million comprising primarily long term borrowings availed of ₹ 1,664.49 million, repayment of long-term borrowings aggregating ₹ 673.66 million and payment of interest aggregating ₹ 231.12 million.

Fiscal 2023

Net cash used in financing activities in Fiscal 2023 was ₹ 1,261.65 million comprising primarily repayment of long-term borrowings aggregating ₹ 1,039.19 million and payment of interest aggregating ₹ 224.22 million.

Fiscal 2022

Net cash used in financing activities in Fiscal 2022 was ₹ 1,989.87 million, primarily comprising repayment of cash credit facilities and short-term borrowings (repaid) / availed (net) aggregating ₹ 445.51 million, repayment of long-term borrowings of ₹ 1,319.51 million, payment of interest aggregating ₹ 324.85 million, partially offset by long-term borrowing availed aggregating ₹ 100.00 million.

Indebtedness

As on June 30, 2024, we had long term borrowings of ₹ 6,238.50 million and current maturities of long-term borrowings of ₹ 376.71 million. For details, see '*Financial Indebtedness*' on page 383. The following table sets forth the details of our aggregate outstanding borrowings, on a consolidated basis, as on June 30, 2024:

(₹ in million)

Category of borrowing	Sanctioned Amount	Amount outstanding as on June 30, 2024* (Consolidated)
Secured		
Fund based borrowings		
Term loans**	17,201.12	6,615.12
Cash credit/ Working capital demand loans	1,600.00	-
Total fund based borrowings (A)	**18,801.12**	**6,615.12**
Non fund based borrowings		
Letter of credit/ bank guarantee	7,150.00	4,489.93
Total Non fund based borrowings (B)	7,150.00	4,489.93
Unsecured		

Total unsecured borrowings (C)	Nil	Nil
Total borrowings (A + B +C)	**25,915.12**	**11,105.05**

**As certified by Jain Tripathi & Co, the Independent Chartered Accountants through certificate dated August 20, 2024.*
***Includes EURO loan sanction EUR 58.82 million and outstanding EUR 25.41 million, which was converted in ₹ by 89.25 as at rate of exchange on June 30, 2024.*

Capital works in progress

The following table sets forth certain information relating to our capital works in progress:

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress	1,405.06	187.98	23.90

Contingent Liabilities

Set out below are our contingent liabilities not provided for.

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
a) Central excise matters	50.79	50.79	50.79
b) Service tax matters	-	4.00	4.00
c) Income-tax matters	24.00	24.00	24.00
d) Goods and service tax matters	-	18.49	18.49
e) Sales tax matters	2.20	2.20	28.90
Total	**76.99**	**99.48**	**126.18**

Commitments

(₹ in million)

Particulars	As at March 31, 2024	As at March 31, 2023	As at March 31, 2022
Commitments (in addition to the commitment towards export obligation stated)	10,849.00	4,472.90	1,754.30

Debt/Equity Ratio

Our debt/equity ratio (i.e. debt divided by shareholders' equity) was 0.30 times, 0.25 times and 0.38 times as of March 31, 2024, March 31, 2023 and March 31, 2022, respectively.

'*Debt*' represents the sum of non-current borrowings and current borrowings.

'*Shareholders*' *Equity'* represents the sum of paid up share capital, reserves and surplus created out of profit less accumulated losses.

Credit Ratings

Our current credit ratings have been assigned by ICRA Limited who have assigned [ICRA]A (Stable), on long term scale, to our term loans and to our fund based facilities, and [ICRA] A2+, on short term scale, to our non-fund based facilities. For details, see '*Risk Factors - Any downgrading of our credit rating by a domestic or international credit rating agency may increase interest rates for our future borrowings, which would increase our cost of borrowings, and adversely affect our ability to borrow on a competitive basis.'* on page *58*.

Related Party Transactions

We have engaged in the past, and may engage in the future, in transactions with related parties, primarily in the form of investment in subsidiaries, salaries and wages to directors, key managerial personnel etc. For details of our related party transactions, see '*Financial Statements - Restated Consolidated Financial Information - Note 31- Related Party Transactions'* on page 355.

Quantitative and Qualitative Disclosures about Market Risk

We are exposed to various types of market risks during the normal course of business such as credit risk, liquidity risk and market risk.

Credit risk

Credit risk is the risk of financial loss to us if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from our receivables from customers. Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions as well as credit exposure to clients, including outstanding accounts receivable. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The objective of managing counterparty credit risk is to prevent losses in financial assets. We assess the credit quality of the counterparties, taking into account their financial position, past experience and other factors. We establish an allowance for impairment that represents its expected credit losses in respect of trade and other receivables. Our management uses a simplified approach for the purpose of computation of allowance for expected credit loss for trade receivables.

Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they become due. We manage our liquidity risk by ensuring, as far as possible, that we will always have sufficient liquidity to meet our liabilities when due.

Ultimate responsibility for liquidity risk management rests with the respective Board of Directors, which has established an appropriate liquidity risk management framework for the management of our short-term, medium-term and long-term funding and liquidity management requirements. We manage liquidity risk by maintaining adequate reserves, banking facilities and committed borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities and by monitoring rolling forecasts of its liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that we do not breach borrowing limits or covenants (where applicable) on any of our borrowing facilities.

Set out in the table below are details regarding the contractual maturities of financial liabilities into relevant maturity groupings as on March 31, 2024:

(in ₹ million)

Particulars	On demand	Up to one year	One to five years	More than five years	Total
Borrowings	-	426.78	1,381.22	1,990.79	3,798.82
Trade payables	-	4,369.46	-	-	4,369.46
Other financial liabilities	-	73.41	-	-	73.41
Total non-derivative financial liabilities	**-**	**4,869.65**	**1,381.22**	**1,990.79**	**8,241.69**

Market risk

Market risk is the risk of loss of future earnings, fair values or future cash flows that may result from adverse changes in market rates and prices (such as interest rates, foreign currency exchange rates and commodity prices) or in the price of market risk- sensitive instruments as a result of such adverse changes in market rates and prices. Market risk is attributable to all market risk-sensitive financial instruments and all short term and long-term debt. Market risk comprises three types of risk: interest rate risk, foreign exchange risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk includes borrowings, deposits, trade payables, trade receivables, investments, derivative financial instruments and other financial instruments. We are exposed to market risk primarily related to foreign exchange rate risk, interest rate risk and the market value of its investments. Thus, our exposure to market risk is a function of investing and borrowing activities.

(i) *Foreign exchange risk*

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Our foreign exchange risk arises from our foreign currency borrowings, trade receivables and trade payables denominated in foreign currencies. The results of our operations can be affected as the Indian Rupees is volatile against these currencies. We enter into derivative financial instruments such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures and also inherent hedging as it is engaged in the export of manufacturing products. We have a treasury team which monitors the foreign exchange fluctuations on a continuous basis and advises the management of any material adverse effect on us.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Our exposure to the risk of changes in market interest rates relates primarily to our long-term debt obligations with floating interest rates.

Our investments in bank deposits are for short durations, and, therefore, do not expose us to significant interest rates risk.

(iii) Price risk

We are mainly exposed to the price risk due to our investment in mutual funds. The price risk arises due to uncertainties about the future market values of these investments. These are exposed to price risk. We have laid policies and guidelines which it adheres to in order to minimise price risk arising from investments in mutual funds.

Unusual or Infrequent Events or Transactions

Except as described in this Draft Red Herring Prospectus, to our knowledge, there have been no unusual or infrequent events or transactions that have in the past or may in the future affect our business operations or future financial performance.

Significant economic changes that materially affect or are likely to affect income from continuing Operations

Our business has been subject, and we expect it to continue to be subject, to significant economic changes that materially affect or are likely to affect our income from continuing operations identified above in '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant factors affecting our financial condition and results of operations'* and the uncertainties described in '*Risk Factors'* on pages 400 and 34, respectively.

Known trends or uncertainties

Our business has been subject, and we expect it to continue to be subject, to significant economic changes arising from the trends identified above in '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Significant factors affecting our financial condition and results of operations'* and the uncertainties described in '*Risk Factors'* on pages 400 and 34, respectively. To our knowledge, except as discussed in this Draft Red Herring Prospectus, there are no known trends or uncertainties that have or had or are expected to have a material adverse impact on revenues or income of our Company from continuing operations.

Total turnover of each major industry segment

We operate only in 1 segment i.e. *'yarn manufacturing'*. For details of our turnover '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Our Results of Operations'* above, on page 419.

Future relationship between cost and revenue

Other than as described in '*Risk Factors*', '*Our Business'* and '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on pages 34, 218 and 396, respectively, to our knowledge there are no known factors that may adversely affect our business prospects, results of operations and financial condition.

New products or business segments

Other than as disclosed in this section and in '*Our Business'* on page 218, there are no new products or business segments that have or are expected to have a material impact on our business prospects, results of operations or financial condition.

Seasonality or cyclicality of business

While our business is not seasonal, raw cotton is a kharif crop and is available only during the cultivation season. Therefore, for seamless and non-stop production of cotton yarn, we purchase raw cotton in bulk during the cultivation season from domestic and international suppliers.

Competitive conditions

We operate in a competitive environment. Please refer to '*Our Business*, '*Industry Overview'* and '*Risk Factors'* on pages 218, 160 and 34, respectively for further information on our industry and competition.

Changes in accounting policies

There were no changes in the accounting policies during Fiscals 2024, 2023 and 2022.

Summary of reservations or qualifications or adverse remarks or emphasis of matters of auditors

Except as mentioned below, there are no reservations, qualifications or adverse remarks or matters of emphasis in the audit reports on the Restated Consolidated Financial Information:

"…For the year ended 31 March 2024

The report on Other Legal and Regulatory Requirements included in the auditor's report issued by us on the consolidated financial statements of the Company as at for the year ended 31 March 2024 included the following modifications relating to the maintenance of books of account and other matters connected therewith as reproduced below:

i) *In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors, except for the matters stated in paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended);*

ii) *The modification relating to the maintenance of accounts and other matters connected therewith with respect to the consolidated financial statements are as stated in paragraph 14(b) above on reporting under section 143(3)(b) of the Act and paragraph 14(h)(vi) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (as amended).*

iii) *As stated in note 47 to the accompanying consolidated financial statements and based on our examination which included test checks and that performed by the auditors of the subsidiary of the Holding Company which is a company incorporated in India and audited under the Act, except for the instances mentioned below, the Holding Company and its subsidiary, in respect of financial year commencing on 1 April 2023, have used accounting software for maintaining their books of account which have a feature of recording audit trail (edit log) facility and the same have been operated throughout the year for all relevant transactions recorded in the software. Further, during the course of our audit we and auditors of the above referred subsidiary did not come across any instance of audit trail feature being tampered with, other than the consequential impact of the exceptions given below.*

Nature of exception noted	***Details of exception***
Instances of accounting software for maintaining books of account for which the feature of recording audit trail (edit log) facility was not operated throughout the year for all relevant transactions recorded in the software	*The audit trail feature was not enabled at the database level for accounting software to log any direct data changes, used for maintenance of all accounting records by the Holding Company and one of its subsidiary for the period 1 April 2023 to 30 June 2023.*

Nature of exception noted	Details of exception
Instances of accounting software maintained by a third party where we are unable to comment on the audit trail feature	*The Holding Company and one of its subsidiary have used an accounting software for the period 01 July 2023 to 31 March 2024 for maintenance of all accounting records which is operated by a third- party software service provider. In the absence of any information on existence of audit trail (edit logs) for any direct changes made at the database level in the 'Independent Service Auditor's Assurance Report on the Description of Controls, their Design and Operating Effectiveness' ('Type 2 report' issued in accordance with ISAE 3402, Assurance Reports on Controls at a Service Organisation), we and the auditor of the said subsidiary are unable to comment on whether the audit trail feature with respect to the database of the said software was enabled and operated throughout the said period.*

For the years ended 31 March 2024, 31 March 2023 and 31 March 2022

Other matter on operating effectiveness of Internal Financial Controls ('IFC')

The adequacy and operating effectiveness of the internal financial controls with reference to consolidated financial statements/financial information in so far as it relates to 2 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India…"

Significant dependence on single or few suppliers or customers

Other than as disclosed in '*Risk Factors - 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'* and '*Risk Factors - 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'* on pages 34 and 41, we are not dependent on a single or few suppliers or customers.

Extent to which material increases in net sales or revenue are due to increased sales volume, introduction of new products or services or increased sales prices

Changes in revenue during the last three Fiscals are as described above in the Comparison '*Management's Discussion and Analysis of Financial Condition and Results of Operations - Fiscal 2024 compared to Fiscal 2023',* and *'Management's Discussion and Analysis of Financial Condition and Results of Operations - Fiscal 2023 compared to Fiscal 2022*' above on pages 420 and 421, respectively.

Material developments subsequent to March 31, 2024

There are no significant developments or circumstances that have arisen since March 31, 2024, the date of the last financial statements included in this Draft Red Herring Prospectus.

Further, except as disclosed in this Draft Red Herring Prospectus, there are no circumstances that have arisen since March 31, 2024, the date of the last financial statements included in this Draft Red Herring Prospectus, which materially and adversely affect or is likely to affect our operations or profitability, or the value of our assets or our ability to pay our material liabilities within the next twelve months.

SECTION VII: LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION AND MATERIAL DEVELOPMENTS

*Except as stated in this section, there are no outstanding (a) criminal proceedings (including first information reports) involving our Company, Directors, Promoters, or Subsidiaries; (b) actions by any statutory or regulatory authorities involving our Company, Directors, Promoters, or Subsidiaries; (c) disciplinary action including penalty imposed by SEBI or stock exchanges against our Promoters in the last 5 Fiscals including outstanding action; (d) outstanding claims involving our Company, Directors, Promoters, or Subsidiaries for any direct or indirect tax liabilities (disclosed in a consolidated manner giving the total number of claims and total amounts involved); and (e) other pending litigations involving our Company, Directors, Promoters or Subsidiaries (other than proceedings covered under (a) to (d) above) which have been determined to be material pursuant to the materiality policy approved by our Board in its meeting held on March 16, 2024 (**Materiality Policy**) (as disclosed herein below).*

In terms of the Materiality Policy, all outstanding litigation/ arbitration proceedings (other than those covered under (a) - (d) above) involving our Company, its Directors, its Promoters and its Subsidiaries, shall be considered 'material' and disclosed in the Offer Documents: (i) if the aggregate monetary amount of claim made by or against the entity or person in any such pending proceeding exceeds 1 % of profit after tax as per latest fiscal year in Restated Consolidated Financial Statements i.e., ₹ 13.38 million or (ii) any monetary liability is which is not quantifiable, or which does not fulfil the threshold as specified in (i) above, but the same outcome of which could, nonetheless, have a material adverse effect on the business, operations, performance, prospectus, financial position or reputation of the Company, or (iii) litigations where the decision is one litigation is likely to affect the decision in similar litigations, even though the amount involved in an individual litigation may not exceed the materiality threshold.

Pre-litigation notices received by the Company, its Directors, its Promoters, its Subsidiaries and, its Group Company, from third parties (excluding notices from statutory, regulatory or tax authorities or notices threatening criminal action) shall unless otherwise decided by the Board of Directors not be considered as material litigation, until such time that Company, its Directors, its Promoters, its Group Company and /or its Subsidiaries is impleaded as a defendant in proceedings before any judicial / arbitral forum.

Further, as per the requirements of SEBI ICDR Regulations, the Company shall also disclose such outstanding litigation involving the group company which has a material impact (as determined by our Board) on the Company.

Except as stated in this section, there are no material outstanding dues to creditors of our Company. For this purpose, our Board, in its meeting held on March 16, 2024, has considered and adopted the Materiality Policy for identification of material outstanding dues to creditors. In terms of our Materiality Policy, creditors of our Company to whom an amount having a monetary value equal to or in excess 5% of the consolidated trade payables of the Company as at the end of the latest period included in the Restated Consolidated Financial Information. In addition, outstanding dues as on March 31, 2024, owed by our Company to micro, small and medium enterprises in terms of Section 2 of the Micro, Small and Medium Enterprises Development Act, 2006, as amended and creditors other than micro, small and medium enterprises and Material Creditors have been disclosed in this section.

All terms defined in a particular litigation disclosure pertains to that litigation only. Unless stated to the contrary, the information provided below is as of the date of this Draft Red Herring Prospectus.

Summary of Outstanding Litigation

I. Litigation involving our Company

A. Litigations against our Company

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated against our Company.

ii. *Outstanding actions by statutory and/or regulatory authorities*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory and/or regulatory authorities against our Company.

iii. *Tax proceedings*

Nature of the case	Number of cases	Total amount involved *(in ₹ million)**
Direct tax litigations	4	23.78
Indirect tax litigations	18	1,677.26
Total	**22**	**1,701.04**

**To the extent quantifiable and ascertainable*

iv. *Material tax proceedings*

1. Our Company was issued a show cause notice by way of letter dated August 20, 2010 bearing number Notice V(Ch.54)3-14/DEM/2010-11 by the Commissioner of Central Excise, Customs & Service Tax, Vapi (**Impugned SCN**) for CENVAT Credit of Service Tax (including Education Cess and SHE Cess) amounting to ₹ 0.38 million that was allegedly wrongly availed by our Company from the RG 23A Part II (**CENVAT credit account**) for the period of August 31, 2005 to March 31, 2006 and for non-payment of an amount aggregating up to ₹ 45.64 million computed at 10% and 5% of the value of exempted goods cleared during the period from April 1, 2008 to June 30, 2010 under Rule 14 of the CENVAT Credit Rules, 2004, read with Section 11A(1) of the Central Excise Act, 1944. Our Company, responded to the Impugned SCN vide letter dated September 6, 2010, praying for *inter alia* (a) grant personal hearing; and (b) quash the Impugned SCN with consequential reliefs. The impugned SCN was adjudicated by the Commissioner, Central Excise, Vapi vide OIO No. 16/DEM/VAPI/2011 dated June 17, 2011 (**Impugned Order**) in which the proposed demands were confirmed along with the interest and penalty. Aggrieved by the Impugned Order, our Company filed an appeal before the Hon'ble CESTAT vide order bearing reference number A/10560/2014. The Hon'ble CESTAT held that our Company had complied with the law and said that once the CENVAT credit is reversed, it has to be held that our Company had not availed such CENVAT Credit. As regards to the credit not reversed for the period of August 30, 2005 to January 17, 2007, the Hon'ble CESTAT directed our Company to reverse the same and also directed to pay interest on both the amount of CENVAT credit and set aside the penalty imposed on our Company through the Impugned Order. Aggrieved by this decision of the CESTAT, the Commissioner of Central Excise, Vapi filed an appeal before the High Court of Judicature at Bombay, bearing reference number CEXA/249 of 2014. The matter has been filed and is pending before the court for hearing.

2. A show cause notice dated July 29, 2021, bearing number SCN No.IV/16-11/HPIU-I/SANATHAN/2021-22-946 was issued to our Company by the Additional Commissioner of Central GST and Central Excise with respect to a claim of excess refund of accumulated ITC on account of inverted tax structure which contravenes the second proviso to Section 54 (3) of CGST Act, 2017 (**Impugned SCN**). Our Company filed a reply to the aforementioned show cause notice on August 28, 2021, denying the allegations laid down in the impugned show cause notice. The Central GST Commissionerate, Daman, by an order dated September 16, 2022, held that the refund amounting to ₹ 101.91 million was erroneously sanctioned to our Company and a penalty of ₹ 101.91 million was imposed on our Company. Thereafter, our Company has filed an appeal dated January 11, 2024 against the Impugned Order, on the grounds that our Company was entitled to the refund of the aforementioned amount and the adjudicating authority has grossly erred in holding the amount for which the re-credit is sought under the category of Blocked credit in terms of Section 17(5)(i) of the CGST Act, 2017. The matter is currently pending. Subsequently, our Company has filed a Writ Petition before the High Court of Bombay bearing reference number 16901 of 2022, challenging the Impugned SCN and to allow refund

of ₹ 101.91 million that was deposited during investigation in cash or recredit of input tax credit of ₹ 101.19 million under Rule 93 of the CGST Rules, 2017. Pending the above petition, the Central Board of Indirect Taxes and Customs passed three order-in-reviews reviewing the original orders passed by the adjudicating authority sanctioning refund and directed the Assistant Commissioner, Central GST Commissionerate, Daman to file an appeal against the sanction orders. The Additional Commissioner vide its Order-In-Appeal No. VS/ADC/APL/504-506/2023-24 allowed the said appeals filed by the Assistant Commissioner and remanded the matter for denovo adjudication. Our company filed an application under protest claiming refund of unutilised ITC to the extent available under Rule 89(4B). the Assistant Commissioner then issued a show cause notice to our Company demanding erroneously granted refund of ₹ 920.75 million for the period of April 2019 to July 2022. In response, our Company filed a Writ Petition bearing reference number 4002/2024, before the High Court of Bombay challenging the Impugned SCN on the grounds that the Impugned SCN was devoid of jurisdiction and being contrary to the refund orders and stating that once the refund has been sanctioned, the same cannot be recovered by issuing the Impugned SCN in absence of any further challenge to the orders. The matter is currently pending. Furthermore, our Company filed a writ petition bearing reference number 309 of 2024 before the High Court of Bombay challenging the validity of Rule 89(4B) of the CGST Rules, as being *ultra vires* Section 54 and 164 of the CGST Act and Section 16 of the IGST Act and Articles 14 and 19(1)(g) of the Constitution of India. The Company has also challenged the Order-in-Appeal No. VS/ADC/APL/504-506/2023-24 and the Show Cause Notice GEXCOM/ADIN/GST/JC/367/2023-ADJN-O/o COMMR-CGST-DAMAN dated December 12, 2023 for being devoid of jurisdiction and contrary to the refund orders issued by the officer. The matter is currently pending.

v. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigations against our Company.

B. Litigations initiated by our Company

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated by our company.

ii. *Material outstanding litigations*

1. Our Company has filed a civil writ petition bearing No. 157 of 2019, dated October 6, 2018, before the High Court of Bombay against Union of India (**Respondent**), under Article 226 of the Constitution of India, 1950, challenging the provisions of the Section 3(7) of Customs Tariff Act, 1975 and Sections 5 and 7(2) of the Integrated Goods and Service Tax, Act, 2017 (**IGST**) as being violative of Articles 246 / 246-A and 269 of the Constitution of India, 1950 (**Writ Petition**). Our Company has challenged the levy of IGST as being unconstitutional and, the validity of the assessment of bills of entry during the period from July 1, 2017, to October 12, 2017, on the capital goods imported by it under valid Export Promotion Capital Goods (**EPCG**) licenses as being illegal, vicious, arbitrary, unsustainable in law and violative of Articles 14, 19, 265 and 300A of the Constitution of India. Our Company has claimed that the benefit of zero customs duty for the imported capital goods granted under the EPCG Scheme under Chapter 5 of the Foreign Trade Policy of 2015-20, states that the authorization holder is eligible for zero customs duty on the capital goods imported pursuant to a valid EPCG authorization, and hence, in furtherance of this our Company claimed the benefit of notification no. 79/2017-Cus dated October 13, 2017, retrospectively, for the period between July 1, 2017 to October 12, 2017. Therefore, aggrieved by the actions of tax authority, our Company sought a refund of IGST aggregating ₹ 249.45 million paid on the capital goods

imported by the Company from overseas suppliers during the abovementioned period. The High Court of Bombay passed an order dated November 14, 2022 (**Impugned Order**) in our Company's favour and directed the Respondent to refund the IGST paid by our Company with interest. Aggrieved by the Impugned Order, the Respondent filed a special leave petition bearing diary no. 15275/2023 and reference number 014241 of 2023 in the Supreme Court of India on the grounds that the Impugned Order is erroneous in law and contrary to the facts on record. The Respondents prayed before the Supreme Court of India to grant special leave to appeal against the Impugned Order and to pass ad-interim ex-parte stay of the Impugned Order. The matter is currently pending. Furthermore, our Company filed a writ petition before the Bombay High Court, bearing reference number 34302/2023, challenging the revenue department for not complying with the instructions of the Bombay High Court under 157/2019, and not refunding the interest amounts paid by the Company. The matter is currently pending.

2. The Directorate of Revenue Intelligence, Kolkata Zonal Unit (**DRI Kolkata**) has initiated an enquiry against our Company pursuant to its letter dated March 15, 2018, bearing no. DRI/KZU/CF/(INT-09)/2017/1500 (**Impugned Letter**) with respect to availing of irregular of benefit of exemption of integrated tax and goods and service tax (**IGST**) compensation cess under customs notification number 79/2017 dated October 13, 2017 (**Notification**). DRI Kolkata alleged that basis the Notification our Company had availed an exemption from the payment of integrated tax / compensation cess during the course of imports, without complying with the physical import and pre-import conditions stipulated in the Notification. The DRI Kolkata further alleged that our Company had availed the benefit of such exemption under the said notification despite significant / whole exports against advanced authorizations, which were made even before commencement of imports and, therefore, initiated an inquiry in respect of availing such wrongful of such exemption. The Impugned Letter further demanded a report including details of imports availing such wrongful exemption of IGST and exports which were not physical exports and advised our Company to make payment of integrated tax voluntarily to avoid punitive action. Accordingly, our Company was subjected to a levy of IGST pursuant to bills of entry (**Bills of Entry**) filed during the intervening period from July 1, 2017, to October 12, 2017. Our Company replied to the Impugned Letter on April 5, 2018, stating that since it faced difficulty in establishing one to one correlation to satisfy the condition of 'pre-import' it had decided to make the payment of the IGST amount, that is, ₹111.67 million including interest. Subsequently, our Company filed a Civil Writ Petition bearing number 1610 of 2019 dated April 15, 2019, before the High Court of Bombay (**High Court**) against the Union of India and others (**Respondent**) challenging the validity and operation of the Impugned Letter. Our Company claimed that the appointment of the officer of Directorate Revenue Intelligence as the proper officer pursuant to Section 28(11) of the Customs Act, 1962, read with Notification No.17/2002-Cus (N.T.), dated March 7, 2002, and Notification No. 44/2011-Cus (NT), dated July 6, 2011 results in overlapping and multiple jurisdiction over our Company and the same has resulted in plurality of officers having jurisdiction on the same subject matter being arbitrary, discriminatory and violative of Article 14 and 19 of Constitution of India, 1950. Accordingly, our Company sought that the assessments made under the impugned Bills of Entry be quashed and set aside on account of them being allegedly illegal, arbitrary, and unreasonable. On July 1, 2020, the Additional Director General, Kolkata issued a SCN bearing reference number DRI/KZU/CF/ENQ/51(INT-09)/2018/2158 (**Impugned SCN**) which demanded IGST from our Company on imports made against the advance authorizations during periods from October 13, 2017 to January 10, 2019 on the grounds that our Company allegedly did not comply with the mandatory 'pre-import' condition and the 'physical export' condition appended to the advance authorisation licenses. On August 8, 2020, the Additional Director General (Adjudication), New Delhi was appointed as the common adjudicating authority to decide the multijurisdictional matters. In response to the Impugned SCN, our Company filed an interim application in the High Court bearing reference no. (L) No. 23913 of 2023 urging various additional grounds in Writ

Petition 1610/2019. Subsequently, Writ Petition 1610/2019 was disposed off in terms of the order of the High Court dated September 11, 2023 to allow our Company to file a revised petition challenging the Impugned SCN. Thereafter, our Company filed a fresh petition bearing reference number 26682/2023 in the High Court which challenged *inter alia,* constitutional validity of (i) proviso to section 5(1) of the Integrated Goods and Services Tax Act, 2017 (**IGST Act**) read with section 3(7) of the Customs Tarrif Act, 1975, (ii) section 5(5) of the Customs Act, 1962 and notifications issued thereunder, (iii) section 97 of the Finance Act, 2022 and the validity of the Impugned SCN The matter is currently pending.

II. Litigation involving our Subsidiary

A. Litigations against our Subsidiaries

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated against our Subsidiaries.

ii. *Outstanding actions by statutory and/or regulatory authorities*

As on the date of this Draft Red Herring Prospectus, there are no outstanding statutory or regulatory actions initiated against our Company.

iii. *Tax proceedings*

Nature of the case	Number of cases	Total amount* involved *(in ₹ million)*
Direct tax litigations	Nil	Nil
Indirect tax litigations	Nil	Nil
Total	**Nil**	**Nil**

**To the extent quantifiable and ascertainable*

iv. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding proceedings initiated against our Subsidiaries.

B. Litigation initiated by our Subsidiaries

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated by our Subsidiaries.

ii. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding proceedings initiated against by Subsidiaries.

III. Litigation involving our promoters

A. Litigations against our Promoters

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings against our Promoters.

ii. *Outstanding actions by statutory and/or regulatory authorities*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory and/or regulatory authorities against our Promoters.

iii. *Disciplinary actions including penalty imposed by SEBI or Stock Exchanges in the last 5 Fiscals*

1. SEBI on January 31, 2022, issued a show cause notice, bearing reference number NRO/AK/ASR/3878/1/2022 in terms of Rule 4 (1) of SEBI (Procedure for Holding Inquiry and Imposing Penalties by Adjudicating Officer) Rules, 1995 to our Promoter, Dinesh Vrajdas Dattani, in relation to trade reversals in the stock options segment of BSE Limited (BSE). The Scheme provided a onetime settlement opportunity to the entities who had executed trade reversals in the stock options segment of BSE between the period April 1, 2014 and September 30, 2015 and against whom enforcement proceedings were initiated by SEBI. The Scheme commenced on August 01, 2020 and ended on October 31, 2020. Dinesh Vrajdas Dattani filed a settlement application on February 28, 2022, in terms of the SEBI Settlement Scheme, 2022 and had thereafter paid the relevant settlement amount of ₹ 0.10 million to SEBI and replied to the Show Cause Notice on March 2, 2022. Subsequently through a settlement order dated March 8, 2023 has settled the proceedings involving Dinesh Vrajdas Dattani and these show cause notices have been disposed of.

iv. *Tax proceedings*

Nature of the case	Number of cases	Total amount involved *(in ₹ million)**
Direct tax litigations	Nil	Nil
Indirect tax litigations	Nil	Nil
Total	**Nil**	**Nil**

**To the extent quantifiable and ascertainable*

v. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigations initiated against our Promoters.

B. Litigation initiated by our Promoters

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated by our Promoters.

ii. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigations initiated by our Promoters.

IV. Litigation involving our Directors

A. Litigations against our Directors

i. *Outstanding criminal proceedings*

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings against our Directors.

ii. *Outstanding actions by statutory and/or regulatory authorities*

As on the date of this Draft Red Herring Prospectus, there are no outstanding actions by statutory and/or regulatory authorities against our Directors.

iii. *Tax proceedings*

Nature of the case	Number of cases	Total amount involved (in ₹ million)*
Direct tax litigations	Nil	Nil
Indirect tax litigations	Nil	Nil
Total	**Nil**	**Nil**

**To the extent quantifiable and ascertainable*

iv. *Material outstanding litigations*

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigations by statutory and/or regulatory authorities against our Directors.

B. Litigation initiated by our Directors

i. Outstanding criminal proceedings

As on the date of this Draft Red Herring Prospectus, there are no criminal proceedings initiated by our Directors.

ii. Material outstanding litigations

As on the date of this Draft Red Herring Prospectus, there are no material outstanding litigations initiated by our Directors.

V. Outstanding litigation involving our Group Company, which has a material impact on our Company

As on the date of this Draft Red Herring Prospectus, there are outstanding litigations involving our Group Company.

VI. Outstanding dues to creditors

As of March 31, 2024, we had 911 creditors and the aggregate amount outstanding to such creditors was ₹ 4,102.92 million. Accordingly, as per the Materiality Policy for the purpose of disclosure of material creditors in this Draft Red Herring Prospectus, a creditor has been considered 'material' by our Company if the amount due to such creditor exceeds 5% of the Company's trade payables as of the latest restated consolidated financials as included in the offer document i.e. ₹ 205.15 million.

Types of Creditors	Number of Creditors	Amount involved *(in ₹ million)*
Micro, Small and Medium Enterprises*	160	80.70
Material creditors	5	3,402.40
Other creditors	746	619.83
Total	**911**	**4,102.92**

** As defined under the Micro, Small and Medium Enterprises Development Act, 2006, as amended.*

The details pertaining to outstanding dues to Material Creditors, along with the name and amount involved for each such Material Creditor, are available on the website of our Company at www.sanathan.com/investor-relations. It is clarified that information provided on the website of our Company is not a part of this Draft Red Herring Prospectus and should not be deemed to be incorporated by reference. Anyone placing reliance on any other source of information, including our Company's website www.sanathan.com/investor-relations, would be doing so at their own risk.

Material Developments since the date of the last Balance Sheet

Other than as disclosed in '*Management's Discussion and Analysis of Financial Condition and Results of Operations*' on page 396, there have not arisen, since the date of the last financial information disclosed in this Draft Red Herring Prospectus, any circumstances which materially and adversely affect, or are likely to affect, our operations, our profitability, the value of our assets, or our ability to pay our liabilities within the next 12 months.

GOVERNMENT AND OTHER APPROVALS

Except as disclosed herein and in 'Risk Factors', on page 34 (in relation to material approvals which are required but not obtained or applied for by us) our Company and Material Subsidiary have received the necessary material consents, licenses, permissions, registrations and approvals from the relevant governmental, statutory and/ or regulatory authorities in India, which are necessary for undertaking its present business activities. We have set out below a list of material consents, licenses, permissions, and approvals from various governmental, statutory and regulatory authorities in India which are considered material and necessary for the purpose of undertaking our business activities. Unless stated otherwise, these material approvals are valid as on the date of this Draft Red Herring Prospectus.

In addition to these approvals, we have also disclosed below (i) the approvals applied for, including renewal applications made, but not received; and (ii) the approvals for which applications are yet to be made by our Company and Material Subsidiary.

I. Approvals in relation to the Offer

For details of approvals and authorisations obtained in relation to the Offer, see '*Other Regulatory and Statutory Disclosures*' on page 445.

II. Approvals in relation to incorporation of our Company

For details in relation to the incorporation of our Company, see '*History and Certain Other Corporate Matters*' on page 251.

III. Approvals in relation to incorporation of our Material Subsidiary

For details in relation to incorporation of our Material Subsidiary, see '*Our Subsidiaries*' on page 256.

IV. Approvals in relation to our Company's business operations:

Our Company is required to obtain various registrations and approvals in relation to our business. The registrations and approvals obtained by our Company in respect of our business operations include:

<u>*Business related approvals*</u>

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	Allotment of Importer - Exporter Code Number.	Directorate General of Foreign Trade, Ministry of Commerce and Industry, Government of India	0302026711
2.	Fire no objection certificate for the Industrial building situated at land bearing survey number 187/4/1/2, 250, 251/P, 257/1 and 258/3 at village Surangi.	Department of Fire and Emergency Services, Silvassa – 396 230	DFES/DMN/AREN-NOC/522/ADFO/2023
3.	Fire no objection certificate for the premises situated at Industrial building situated at land bearing survey number 320/1/1/2/1/1, 314/1, 315 & 314/p at Village Surangi.	Department of Fire and Emergency Services, Silvassa – 396 230	DFES/DMN/AREN-NOC/523/ADFO/2023
4.	Fire no objection certificate for the premises situated at Industrial building situated on Survey on 187/4/1/2,250, 251p, 251/1 & 258/3 at Village Surangi.	Department of Fire and Emergency Services, Silvassa – 396 230	DFES/DNH/Renewal-FNOC/Indu. Buil/2022-23/259
5.	Fire no objection certificate for the premises situated at	Department of Fire and Emergency Services, Silvassa – 396 230	DFES/DNH/Renewal-FNOC/Indu. Buil/2022-

Sr. No.	Particulars	Issuing Authority	Reference No.
	Industrial building situated on Survey on 320/1/1/2/1/1, 314/1, 315 & 314/p at Village Surangi.		23/260
6.	Certificate for Use of Boiler for boiler situated at Village Surangi, Silvassa	Chief Inspector of Factories and Boilers, Dadra & Nagar Haveli and Daman & Diu	IND. V.4.24.0032/01
7.	Licence to Import and Store Petroleum in an installation for premises situated at Survey Plot No. 187/4/1/2,250,251/0, 257/1, 258/1 & 2, Surangi, Silvassa, Dadra and Nagar Haveli – 396230	Joint Chief Controller of Explosives, Vadodara	P/HQ/DN/15/553(P304797)
8.	Export Promotion Capital Goods Licence / Authorisation/Scrip	Office of the Additional Director General or Foreign Trade, Mumbai, Department of Commerce, Ministry of Commerce and Industry	0331002427
9.	Export Promotion Capital Goods Licence / Authorisation/Scrip	Office of the Additional Director General or Foreign Trade, Mumbai, Department of Commerce, Ministry of Commerce and Industry	0331002426
10.	Export Promotion Capital Goods Licence / Authorisation/Scrip	Office of the Additional Director General or Foreign Trade, Mumbai, Department of Commerce, Ministry of Commerce and Industry	0331004399
11.	Export Promotion Capital Goods Licence / Authorisation/Scrip	Office of the Additional Director General or Foreign Trade, Mumbai, Department of Commerce, Ministry of Commerce and Industry	0331002665
12.	Export Promotion Capital Goods Licence / Authorisation/Scrip	Office of the Additional Director General or Foreign Trade, Mumbai, Department of Commerce, Ministry of Commerce and Industry	0330052999

Labour related approvals

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	License to work a factory for premises situated at Survey Plot No. 190 / 2 and 252/ 2, Near Surangi Bridge, Village Surangi, Silvassa, New Srv. No. 187 / 4/1 /2	Chief Inspector of Factories & Boilers Administration of Dadra & Nager Haveli, Silvassa	1544
2.	License to work a factory for premises situated at Survey Plot No. 320/1/1/2/1/1, 314/1, 315 & 314/P, Village Surangi, Silvassa	Chief Inspector of Factories & Boilers Administration of Dadra & Nager Haveli, Silvassa	2572
3.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 for premises situated at 187 / 4/1 /2, 250,251/P, 257/1 & 258/3 Nr. Surangi Bridge, Surangi	Labour Enforcement Officer / Registering Officer, Dadra and Nagar Haveli, Silvassa	LEO/CL(R&A)/011/2024
4.	Registration under the Contract Labour (Regulation and Abolition) Act, 1970 for	Labour Enforcement Officer / Registering Officer, Dadra and Nagar	LEO/CL(R&A)/012/2024

Sr. No.	Particulars	Issuing Authority	Reference No.
	premises situated at 320/1/1/2/1/1, 315,314/P, Village Surangi, DNH	Haveli, Silvassa	
5.	Registration under Maharashtra Labour Welfare Fund Act, 1953	Maharashtra Labour Welfare Fund Act, 1953	MUMUMS002591
6.	Code number intimation letter in terms of Employee Provident Fund under Employees' Provident Fund and Miscellaneous Provisions Act, 1952 for premises situated at Survey number 190/2-252/2 near Surangi Bridge, Silvassa, Dadra and Nagar Haveli, Dadra and Nagar Haveli - 396230	Ministry of Labour and Employment, Government of India	SRVAP0045893000
7.	Code number intimation letter in terms of Employee Provident Fund under Employees' Provident Fund and Miscellaneous Provisions Act, 1952 for premises situated at Survey plot number 320/1/1/2/1/1, 314/1, Vill Surangi, Silvassa, Dadra and Nagar Haveli, Dadra and Nagar Haveli - 396230	Ministry of Labour and Employment, Government of India	SRVAP0049251000
8.	Code in terms of Employees State Insurance under Section 1(3) & (5) of the Employee State Insurance Act, 1948	Employee State Insurance Corporation, Ministry of Labour and Employment, Regional Office Maharashtra	31001040450000199

Environmental approvals

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	Consolidated consent and authorization under Water (Prevention and Control of Pollution) Amended Act, 1988, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and other Wastes (Management, and Transboundary) Rules, 2016 for the location of Survey No. 187/4/1/2, 250, 251P, 257.1 258/3, Surangi - 396230, Silvassa, DNH, India.	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD/O-2238/WA/AA/SU/06-07//719032
2.	Consolidated consent and authorization under Water (Prevention and Control of Pollution) Amended Act, 1988, Air (Prevention and Control of Pollution) Act, 1981 and Hazardous and other Wastes (Management, and Transboundary) Rules, 2016 for	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD/G-5152/SU/WA/11-12/840751/

Sr. No.	Particulars	Issuing Authority	Reference No.
	the location of Survey No. 320/1/1/2/1/1, 314/1, 315 & 314P, Surangi - 396230, Silvassa, DNH, India		
3.	Consent to establish under Water (Prevention and Control of Pollution) Amended Act, 1988, and, Air (Prevention and Control of Pollution) Act, 1981 for the location of Survey No. 187/4/1/2, 250, 251P,257/1 & 258/3, Surangi-396230, Silvassa, DNH	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD/O-2238/WA/AA/SU/06-07/1383206
4.	Consent to establish under Water (Prevention and Control of Pollution) Amended Act, 1988, and, Air (Prevention and Control of Pollution) Act, 1981 for the location of Survey No. 187/4/1/2, 250, 251P,257/1 & 258/3, Surangi-396230, Silvassa, DNH	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD/O-2238/WA/AA/SU/06-07/1351098
5.	Consent to establish under Water (Prevention and Control of Pollution) Amended Act, 1988, and, Air (Prevention and Control of Pollution) Act, 1981 for the location of Survey No. 320/1/1/2/1/1, 314/1, 315 and 314P, Surangi-396230, Silvassa, DNH, India.	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD//G-5152/WA/AA/SU/21/22/1324340
6.	Consent to establish under Water (Prevention and Control of Pollution) Amended Act, 1988, and, Air (Prevention and Control of Pollution) Act, 1981 for the location of Survey No. 320/1/1/2/1/1, 314/1, 315 & 314P, Surangi – 396230, Silvassa, DNH, India	Pollution Control Committee, Daman & Diu and Dadra Nagar Haveli	PCC/DDD//G-5152/WA/AA/SU/21-22/965597

Shops and Establishments

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	Registration under Maharashtra Shops and Establishments (Regulations of Employment and conditions of Service) Act, 2017 for the establishment located at 15th Floor, D Wing, Trade World, Senapati Bapat Marg, Kamla Mills Compound, Lower Parel, Mumbai - 400013	Office of Chief Facilitator under Maharashtra Shops and Establishments (Regulations of Employment and conditions of Service) Act, 2017	820092336/GS Ward/ Commercial II

Tax related approvals

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	Permanent Account Number	Income Tax Department	AAJCS6021P
2.	Professional Tax Payer Registration Certificate under Section 5 (1) of Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	State Tax Department, Maharashtra	27885046277P
3.	Professional Tax Payer Enrolment Certificate under Section 5(1) of Maharashtra State Tax on Profession, Trade Calling and Employment Act, 1987	State Tax Department, Maharashtra	99411751470P
4.	Tax Deduction Account Number	Income Tax Department	CALS17128G
5.	Legal Entity Identifier	Legal Entity Identifier India Limited	3358008939A1SGQLL285

GST registrations

Sr. No.	Name of the State	Principal Place of Business in the State	Reference No.
1.	Maharashtra	15th Floor, D-15, Trade World, Kamala Mills Compound, SB Marg, Lower Parel (West), Mumbai, Maharashtra, India - 400013	27AAJCS6021P3ZT
2.	Maharashtra	15th Floor, D-Wing, Trade World, Kamala Mills Compound, S B Marg, Lower Parel (West), Mumbai, Maharashtra, India - 400013	27AAJCS6021P2ZU
3.	Dadra and Nagar Haveli and Daman and Diu	Survey Plot No 187/4/1/2 250 251P 257/1 258/3, Dapada, Near Surangi Bridge, Surangi, Silvassa, Dadra & Nagar Haveli, Dadra and Nagar Haveli, 396230	26AAJCS6021P1ZX
4.	Dadra and Nagar Haveli and Daman and Diu	Survey Plot No 187/4/1/2 250 251P 257/1 258/3, Dapada, Near Surangi Bridge, Silvassa, Dadra & Nagar Haveli, Dadra and Nagar Haveli, 396230	26AAJCS6021P2ZW

Intellectual Property

i. Trademarks

As on the date of this Draft Red Herring Prospectus, our Company has 50 trademarks registered in the name of our Company. For further details, please see *'Our Business'* on page 218.

V. **Material approvals in relation to our Material Subsidiary***

Business related approvals

Sr. No.	Particulars	Issuing Authority	Reference No.
1.	Petroleum storage installation at the facility	Ministry of Commerce & Industry, Petroleum & Explosives Safety Organisations (PESO)	A/P/NC/PB/15/2267 (P563093)

**Since the greenfield manufacturing facility at Wazirabad, Punjab is under construction, other material approvals will be obtained by Sanathan Polycot Private Limited as and when required. Set out below is a list of material approvals that will be* *required once the construction of the greenfield manufacturing facility at Wazirabad, Punjab is completed:*

Sr. No.	***Particulars***	***Issuing Authority***
1.	*License to work a factory for the premises under the Factories Act, 1948*	*Office of Director of Factories, Punjab*
2.	*Fire no objection certificate for the premises*	*Directorate of Punjab Fire and Emergency Services*
3.	*Certificate for use of boilers*	*Director of Boiler, Department of Industries and Commerce*
4.	*Approval for sourcing canal water*	*Canal Administration - Department of Water Resources*
5.	*Approval for sourcing natural gas*	*Petroleum and Natural Gas Regulatory Board*
6.	*Registration under the Contract Labour (Regulation and Abolition) Act, 1970 for the premises*	*Punjab Labour Welfare Fund Act*

Environmental approvals

Sr. No.	**Particulars**	**Issuing Authority**	**Reference No.**
1.	Grant of Environmental Clearance for manufacturing of manmade fibers	Ministry of Environment, Forest and Climate Change (State Environment Impact Assessment Authority (SEIAA), Punjab)	EC23B019PB110146
2.	Consent to Establish Industrial plant under Water (Prevention & Control of Pollution) Act, 1974 and Air (Prevention & Control) Act, 1981	Punjab Pollution Control Board	CTE/Fresh/PBIP/FGS/2023/220211124

Tax related approvals

Sr. No.	**Particulars**	**Issuing Authority**	**Reference No.**
1.	Permanent Account Number	Income Tax Department	ABFCS9523D
2.	Professional Tax Payer Registration Certificate	Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975	99564552214P
3.	Tax Deduction Account Number	Income Tax Department	SRTS25410A
4.	Legal Entity Identifier Code	Legal Entity Identifier India Limited	335800YNSC4XBPPZYR42

GST registration

Sr. No.	**Name of the State**	**Principal Place of Business in the State**	**Reference No.**
1.	Punjab	Industrial Park, Survey Plot No. A-1, Industrial Park, Wazirabad, Fatehgarh Sahib, Punjab, 140406	03ABFCS9523D1ZJ

VI. **Approvals required / expired but not applied for by our Company and Material Subsidiary**

a) *Our Company*

Nil

b) *Material Subsidiary*

Nil

VII. **Approvals that have been applied but not yet received by our Company and Material Subsidiary**

a) *Our Company*

i. As on the date of this Draft Red Herring Prospectus, our Company has 3 trademarks that have been accepted and advertised. The brief details of the status of each of the trademarks are set out below:

Sr. No.	Application Number	Trademark	Class	Date of registration / application / renewal application	Status
1.	5371139	SANATHAN PURO	24	March 15, 2022	Accepted and advertised
2.	5371140	SANATHAN PURO	25	March 15, 2022	Accepted and advertised
3.	5371142	SANATHAN PURO	35	March 15, 2022	Accepted and advertised

ii. Application for renewal of NOC for abstraction of ground water from Central Ground Water Authority dated May 9, 2023.

Material Subsidiary

Nil

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Offer

The Offer has been authorised by our Board of Directors pursuant to the resolution passed at its meeting dated March 16, 2024 and by our Shareholders pursuant to a special resolution passed at their meeting dated March 16, 2024. Further, our Board has approved the size of the issue pursuant to its resolution dated March 16, 2024. This Draft Red Herring Prospectus has been approved by our Board pursuant to its resolution passed August 16, 2024 and subsequently by our IPO Committee pursuant to its resolution dated August 20, 2024.

Our Board of Directors has taken on record the approval for the Offer for Sale by the Selling Shareholders pursuant to the resolution passed at its meeting dated March 16, 2024. Each of the Selling Shareholders have severally and not jointly confirmed and approved their participation in the Offer for Sale in relation to its portion of the Offered Shares, as set out below:

Sr. No.	Name of the Selling Shareholder	Amount (in ₹ million)	Date of the consent letter to participate in the Offer for Sale	Date of board resolution/ authorization to participate in the Offer for Sale
1.	Paresh Vrajlal Dattani	Up to ₹ 618.75 million	March 1, 2024	N.A.
2.	Ajay Vallabhdas Dattani	Up to ₹ 693.50 million	March 1, 2024	N.A.
3.	Anilkumar Vrajdas Dattani	Up to ₹ 711.25 million	March 1, 2024	N.A.
4.	Dinesh Vrajdas Dattani	Up to ₹ 743.75 million	March 1, 2024	N.A.
5.	Vajubhai Investments Private Limited	Up to ₹ 5.00 million	March 1, 2024	February 26, 2024
6.	Vallabhdas Dattani HUF	Up to ₹ 5.00 million	March 1, 2024	N.A.
7.	Sonali Ajaykumar Dattani	Up to ₹ 45.00 million	March 1, 2024	N.A.
8.	Dattani Dineshkumar Vrajdas HUF	Up to ₹ 5.00 million	March 1, 2024	N.A.
9.	Beena Paresh Dattani	Up to ₹ 70.00 million	March 1, 2024	N.A.
10.	Anilkumar Vrajdas Dattani HUF	Up to ₹ 35.00 million	March 1, 2024	N.A.
11.	Paresh Kumar V Dattani HUF	Up to ₹ 60.00 million	March 1, 2024	N.A.
12.	Jayshree Anilkumar Dattani	Up to ₹ 2.50 million	March 1, 2024	N.A.
13.	Ajay Kumar V Dattani HUF	Up to ₹ 0.25 million	March 1, 2024	N.A.
14.	Vallabhdas Dattani	Up to ₹ 5.00 million	March 1, 2024	N.A.

In-principle listing approvals

Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively.

Prohibition by SEBI or other Governmental Authorities

Our Company, our Promoters, members of our Promoter Group, our Directors, each of the Selling Shareholders (severally and not jointly), and persons in control of our Company are not prohibited from accessing the capital market or debarred from buying, selling or dealing in securities under any order or direction passed by SEBI or

any securities market regulator in any other jurisdiction or any other authority/court.
None of the companies with which our Promoters and Directors are associated with as promoters, directors or persons in control have been debarred from accessing capital markets under any order or direction passed by SEBI or any other authorities.

The Company, Promoters, Promoter Group or Directors have neither been declared as Wilful Defaulters or Fraudulent Borrowers by any bank or financial institution or consortium thereof in accordance with the guidelines on wilful defaulters or fraudulent borrowers issued by the RBI.

None of our Promoters or Directors have been declared as fugitive economic offenders under Section 12 of the Fugitive Economic Offenders Act, 2018. Our Company, Promoters or Directors have not been declared as Wilful Defaulters or Fraudulent Borrowers, as defined in the SEBI ICDR Regulations.

There are no outstanding warrants, options or rights to convert debentures, loans or other instruments convertible into, or which would entitle any person any option to receive Equity Shares, as on the date of this Draft Red Herring Prospectus.

Directors associated with the Securities Market

Except for Rupal Vora, who is associated with Four Dimensions Securities (India) Limited, a stock broker registered with SEBI, none of our Directors are in any manner, associated with securities market. Further, there is no outstanding action initiated by SEBI against our Directors in the 5 years preceding the date of this Draft Red Herring Prospectus.

Confirmation under Companies (Significant Beneficial Owners) Rules, 2018

Our Company, our Promoters and members of our Promoter Group and the Selling Shareholders, severally and not jointly, confirm that they are in compliance with the Companies (Significant Beneficial Owners) Rules, 2018, to the extent applicable, as on the date of this Draft Red Herring Prospectus.

Eligibility for the Offer

Our Company is eligible for the Offer in accordance with Regulation 6(1) of the SEBI ICDR Regulations, and is in compliance with the conditions specified therein in the following manner:

- Our Company has net tangible assets of at least ₹30 million, calculated on a restated and consolidated basis, in each of the preceding 3 full years (of 12 months each), of which not more than 50% are held in monetary assets;

- Our Company has an average operating profit of at least ₹150 million, calculated on a restated and consolidated basis, during the preceding 3 years (of 12 months each), with operating profit in each of these preceding 3 years;

- Our Company has a net worth of at least ₹10 million in each of the preceding 3 full years (of 12 months each), calculated on a restated and consolidated basis; and

- Our Company has not changed its name in the last 1 year, other than the deletion of the word ‘private’ from the name of our Company pursuant to conversion to a public limited company. Our Company has not undertaken any new activity pursuant to such change in name.

Our Company’s operating profits, net worth, net tangible assets and monetary assets derived from the Restated Consolidated Financial Information included in this Draft Red Herring Prospectus as at, and for Fiscal 2024, 2023 and 2022 are set forth below:

Derived from our Restated Consolidated Financial Information:

(in ₹ million, unless stated otherwise)

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Pre-tax operating profit [(1)]	1,821.92	2,160.44	4,954.42
Average pre- tax operating profit	2,978.93		

Particulars	March 31, 2024	March 31, 2023	March 31, 2022
Net Worth [(2)]	12,739.82	11,401.34	9,873.93
Restated net tangible assets [(3)]	13,500.32	12,113.24	10,495.73
Restated monetary assets [(4)]	1,091.73	1,111.15	857.08
Restated monetary assets as a percentage of the restated net tangible assets (in %) [(5)]	8.09%	9.17%	8.17%

(1) Pre-tax operating profit is defined as profit before finance costs, other income and tax expenses.

(2) 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.

(3) Restated net tangible assets is the sum of all net assets, as applicable excluding intangible assets as defined in Ind AS 38 'Intangible Assets' notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) read with section 133 of the Companies Act, 2013 and in accordance with Regulation 2(1)(gg) of the SEBI ICDR Regulations. Restated net tangible assets also exclude deferred tax liabilities.

(4) Restated monetary assets represent the sum of cash and bank balances including deposits with banks and interest accrued thereon.

(5) Restated monetary assets, as a % of restated net tangible assets means restated monetary assets divided by restated net tangible assets, expressed as percentage.

Further, in accordance with Regulation 49(1) of the SEBI ICDR Regulations, our Company shall ensure that the number of Allottees in the Offer shall be not less than 1,000 failing which the entire application monies shall be refunded forthwith, in accordance with the SEBI ICDR Regulations and other applicable laws.

Our Company confirms that it is in compliance with the conditions specified in Regulation 7(1) of the SEBI ICDR Regulations, to the extent applicable, and will ensure compliance with the conditions specified in Regulation 7(2) of the SEBI ICDR Regulations, to the extent applicable.

Further, our Company confirms that it is not ineligible to make the Offer in terms of Regulations 5 of the SEBI ICDR Regulations, to the extent applicable. The status of our compliance with Regulation 5 of the SEBI ICDR Regulations are as follows:

(i) Our Company, our Promoters, members of our Promoter Group, our Directors and the Selling Shareholders are not debarred from accessing the capital markets by SEBI;

(ii) The companies with which our Promoters or our Directors are associated as promoter or director are not debarred from accessing the capital markets by SEBI;

(iii) Neither our Company, nor our Promoters nor our Directors have been identified as a Wilful Defaulter or a Fraudulent Borrower as defined in the SEBI ICDR Regulations;

(iv) Neither our Promoters nor our Directors have been declared as a Fugitive Economic Offender under Section 12 of the Fugitive Economic Offenders Act, 2018;

(v) Except for options granted under ESOP Plan as disclosed in '*Capital Structure*' on page 96, there are no outstanding convertible securities of our Company or any other right which would entitle any person with any option to receive Equity Shares of our Company as on the date of filing of this Draft Red Herring Prospectus;

(vi) Our Company, along with the Registrar to the Offer, has entered into tripartite agreements dated November 10, 2021 and November 18, 2021 with NSDL and CDSL, respectively, for dematerialization of the Equity Shares;

(vii) The Equity Shares of our Company held by our Promoters and the Selling Shareholders are in dematerialised form;

(viii) All the Equity Shares are fully paid-up and there are no partly paid-up Equity Shares as on the date of filing of this Draft Red Herring Prospectus;

(ix) There is no requirement for us to make firm arrangements of finance under Regulation 7(1)(e) of the SEBI ICDR Regulations through verifiable means towards 75% of the stated means of finance;

(x) Our Company has received in-principle approvals from BSE and NSE for the listing of the Equity Shares pursuant to their letters dated [●] and [●], respectively; and

(xi) Our Company has appointed [●] as the Designated Stock Exchange.

Each of the Selling Shareholders, severally and not jointly, confirms that the Offered Shares have been held by them in compliance with Regulation 8 of the SEBI ICDR Regulations.

DISCLAIMER CLAUSE OF SEBI

IT IS TO BE DISTINCTLY UNDERSTOOD THAT SUBMISSION OF THIS DRAFT RED HERRING PROSPECTUS TO SEBI SHOULD NOT, IN ANY WAY, BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE OFFER IS PROPOSED TO BE MADE OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS DRAFT RED HERRING PROSPECTUS. THE BRLMs, DAM CAPITAL ADVISORS LIMITED AND ICICI SECURITIES LIMITED HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THIS DRAFT RED HERRING PROSPECTUS ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE SEBI ICDR REGULATIONS. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING AN INVESTMENT IN THE PROPOSED OFFER.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE OUR COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS DRAFT RED HERRING PROSPECTUS, THE BRLMs IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT OUR COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE, THE BRLMs HAVE FURNISHED TO SEBI, A DUE DILIGENCE CERTIFICATE DATED AUGUST 20, 2024 IN ACCORDANCE WITH SEBI (MERCHANT BANKERS) REGULATIONS, 1992, IN THE FORMAT PRESCRIBED UNDER SCHEDULE V (FORM A) OF THE SEBI ICDR REGULATIONS.

THE FILING OF THIS DRAFT RED HERRING PROSPECTUS DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER THE COMPANIES ACT, 2013, OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY AND/OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE OFFER. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE BRLMs, ANY IRREGULARITIES OR LAPSES IN THIS DRAFT RED HERRING PROSPECTUS.

All legal requirements pertaining to this Offer will be complied with at the time of filing of the Red Herring Prospectus with the RoC in terms of Section 32 of the Companies Act. All legal requirements pertaining to this Offer will be complied with at the time of filing of the Prospectus with the RoC in terms of Sections 26, 32, 33(1) and 33(2) of the Companies Act.

Disclaimer from our Company, our Directors, the Selling Shareholders and the BRLMs

Our Company, our Directors, the Selling Shareholders and the BRLMs accept no responsibility for statements made otherwise than in this Draft Red Herring Prospectus or in the advertisements or any other material issued by or at our Company's instance and anyone placing reliance on any other source of information, including our Company's website, *www.sanathan.com*, or any websites of the members of our Promoter Group, Subsidiaries, Group Company or any affiliate of our Company, would be doing so at his or her own risk. Each Selling Shareholder, its respective directors / partners, affiliates, associates and officers neither accept nor undertake any responsibility for any statements made or undertakings provided other than those specifically undertaken or confirmed by such Selling Shareholder, and only in relation to itself and, or, to their respective Offered Shares. The BRLMs accept no responsibility, save to the limited extent as provided in the Offer Agreement and the Underwriting Agreement.

All information shall be made available by our Company, the Selling Shareholders (to the extent of themselves and their Offered Shares) and the BRLMs to the Bidders and the public at large and no selective or additional information would be made available for a section of the investors in any manner whatsoever, including at road show presentations, in research or sales reports, at the Bidding Centres or elsewhere.

Neither the delivery of this Draft Red Herring Prospectus, nor any offer or sale hereunder, shall, under any circumstances, create any implication that there has been no change in our affairs or in the affairs of the Selling Shareholders from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

The BRLMs and their respective associates and affiliates in their capacity as principals or agents may engage in transactions with, and perform services for our Company, the Selling Shareholders and their respective affiliates or associates, in the ordinary course of business, and have engaged, or may in the future engage in commercial banking and investment banking transactions with our Company or the Selling Shareholders or their respective affiliates or associates for which they have received, and may in future receive compensation.

Bidders will be required to confirm and will be deemed to have represented to our Company, the Selling Shareholders, the Underwriters, the BRLMs and their respective directors, officers, agents, affiliates, and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares and will not issue, sell, pledge, or transfer the Equity Shares to any person who is not eligible under any applicable laws, rules, regulations, guidelines and approvals to acquire the Equity Shares. Our Company, the Selling Shareholders, the Underwriters, the BRLMs and their respective directors, officers, agents, affiliates, and representatives accept no responsibility or liability for advising any investor on whether such investor is eligible to acquire the Equity Shares.

Disclaimer in respect of jurisdiction

Any dispute arising out of this Offer will be subject to the jurisdiction of appropriate court(s) in Mumbai, Maharashtra, India only.

This Offer is being made in India to persons resident in India (who are competent to contract under the Indian Contract Act, 1872, including Indian nationals resident in India, HUFs, companies, other corporate bodies and societies registered under the applicable laws in India and authorised to invest in equity shares, domestic Mutual Funds, Indian financial institutions, commercial banks, regional rural banks, co-operative banks (subject to permission from the RBI), trusts under the applicable trust laws and who are authorised under their respective constitutions to hold and invest in equity shares, public financial institutions as specified under Section 2(72) of the Companies Act, state industrial development corporations, insurance companies registered with IRDAI, provident funds (subject to applicable law) and pension funds, National Investment Fund, insurance funds set up and managed by army, navy or air force of Union of India, insurance funds set up and managed by the Department of Posts, GoI, systemically important NBFCs registered with the RBI) and permitted Non-Residents including FPIs and Eligible NRIs and AIFs that they are eligible under all applicable laws and regulations to purchase the Equity Shares. This Draft Red Herring Prospectus does not, however, constitute an offer to sell or an invitation to subscribe to Equity Shares issued hereby, in any jurisdiction to any person to whom it is unlawful to make an offer or invitation in such jurisdiction. Any person into whose possession this Draft Red Herring Prospectus comes is required to inform himself or herself about, and to observe, any such restrictions.

No action has been or will be taken to permit a public offering in any jurisdiction where action would be required for that purpose, except that the Draft Red Herring Prospectus has been filed with SEBI for its observations. Accordingly, the Equity Shares represented hereby may not be issued, directly or indirectly, and this Draft Red Herring Prospectus may not be distributed, in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction. The delivery of this Draft Red Herring Prospectus, shall not, under any circumstances, create any implication that there has been no change in our affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

This Draft Red Herring Prospectus does not constitute an invitation to subscribe to or purchase the Equity Shares in the Offer in any jurisdiction, including India. Invitations to subscribe to or purchase the Equity Shares in the Offer will be made only pursuant to the Red Herring Prospectus if the recipient is in India or the preliminary offering memorandum for the Offer, which comprises the Red Herring Prospectus and the preliminary international wrap for the Offer, if the recipient is outside India.

No person outside India is eligible to Bid for Equity Shares in the Offer unless that person has received the preliminary offering memorandum for the Offer, which contains the selling restrictions for the Offer outside India.

Eligibility and Transfer Restrictions

The Equity Shares issued in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable laws in the United States, and unless so registered, may not be issued or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such issue and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Bidders are advised to ensure that any Bid from them does not exceed investment limits or the maximum number of Equity Shares that can be held by them under applicable law. Further, each Bidder where required must agree in the Allotment Advice that such Bidder will not sell or transfer any Equity Shares or any economic interest therein, including any off-shore derivative instruments, such as participatory notes, issued against the Equity Shares or any similar security, other than in accordance with applicable laws.

Disclaimer clause of BSE

As required, a copy of this Draft Red Herring Prospectus shall be submitted to the BSE. The disclaimer clause as intimated by BSE to our Company post scrutiny of this Draft Red Herring Prospectus shall be included in the Red Herring Prospectus prior to filing with the RoC.

Disclaimer clause of NSE

As required, a copy of this Draft Red Herring Prospectus has been submitted to the NSE. The disclaimer clause as intimated by NSE to our Company post scrutiny of this Draft Red Herring Prospectus shall be included in the Red Herring Prospectus and the Prospectus prior to filing with the RoC.

Listing

The Equity Shares issued through the Red Herring Prospectus are proposed to be listed on the Stock Exchanges. [●] will be the Designated Stock Exchange, with which the Basis of Allotment will be finalized for the Offer. Application will be made to the Stock Exchanges for obtaining permission for listing and trading of the Equity Shares being issued and sold in the Offer.

If the permission to deal in the Equity Shares is not granted by both the Stock Exchanges, our Company will, in accordance with the applicable law, forthwith repay, without interest, all monies received from the Bidders in pursuance of the Red Herring Prospectus. Our Company shall ensure that all steps for the completion of the necessary formalities for listing and commencement of trading of Equity Shares at the Stock Exchanges are taken within 3 Working Days of the Bid/Offer Closing Date.If our Company does not allot Equity Shares pursuant to the Offer within 3 Working Days from the Bid/Offer Closing Date or within such timeline as prescribed by SEBI, it shall repay without interest all monies received from Bidders, failing which interest shall be due to be paid to the Bidders at the rate of 15% per annum for the delayed period.

Each of the Selling Shareholders, severally and not jointly, confirms that it shall extend reasonable co-operation to our Company, as may be required in relation to their respective Offered Shares, in accordance with applicable law, to facilitate the process of listing the Equity Shares on the Stock Exchanges.

Consents

Consents in writing of: (a) Selling Shareholders, our Directors, our Promoters, our Company Secretary and

Compliance Officer, our Chief Financial Officer, the Banker(s) to the Company, the legal counsel appointed for the Offer, the BRLMs, the Registrar to the Offer, our Statutory Auditor, the Independent Chartered Accountant, and the Independent Chartered Engineer, in their respective capacities, have been obtained and such consents have not been withdrawn as on the date of this Draft Red Herring Prospectus; (b) the Monitoring Agency; the Syndicate Members, the Banker(s) to the Offer / Escrow Collection Bank(s)/ Refund Bank(s), the Sponsor Bank(s), to act in their respective capacities, will be obtained and filed along with a copy of the Red Herring Prospectus with the RoC as required under the Companies Act.

Our Company has received written consent dated August 19, 2024, from CRISIL, for inclusion of Industry Report on *'Assessment of textile industry with special focus on yarn manufacturing market in India'* prepared by CRISIL dated April 12, 2024, read with Addendum dated August 16, 2024 in this Draft Red Herring Prospectus.

Expert opinion

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent dated August 20, 2024 from our Statutory Auditors namely, Walker Chandiok & Co LLP., Chartered Accountants, holding a valid peer review certificate from ICAI to include their name as 'expert' as required under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their examination report, dated August 16, 2024 on our Restated Consolidated Financial Information; and the statement of special tax benefits dated August 20, 2024 included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated August 20, 2024 from Mitesh M. Desai, Independent Chartered Engineer to include his name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in his capacity as Independent Chartered Engineer in respect of the certificate dated August 20, 2024 issued by him in connection with capacity details included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Our Company has received written consent dated August 20, 2024 from Jain Tripathi & Co, Independent Chartered Accountant to include his name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in his capacity as Independent Chartered Accountant in respect of the certificates dated August 20, 2024 issued by him in connection with certain financial information included in this Draft Red Herring Prospectus in terms of Section 26(5) of the Companies Act, read with SEBI ICDR Regulations, such consent has not been withdrawn as of the date of this Draft Red Herring Prospectus. However, the term 'expert' shall not be construed to mean an 'expert' as defined under U.S. Securities Act.

Particulars regarding public or rights issues undertaken by our Company during the last 5 years

Our Company has not made any public issue or rights issue, as defined under the SEBI ICDR Regulation, during the last 5 years immediately preceding the date of this Draft Red Herring Prospectus.

Particulars regarding capital issues by our Company and listed group company, subsidiaries or associate entity during the last 3 years

Other than as disclosed in '*Capital Structure*' on page 96, our Company has not made any capital issues during the 3 years preceding the date of this Draft Red Herring Prospectus.

The securities of none of our Subsidiaries or Group Company are listed on any stock exchange. Accordingly, none of our Subsidiaries or Group Company have made any capital issues during the 3 years immediately preceding the date of this Red Herring Prospectus.

Commission and brokerage paid on previous issues of Equity Shares in the last 5 years

Since this is the initial public issue of the Equity Shares, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure public subscription for any of our Equity

Shares in the 5 years preceding the date of this Draft Red Herring Prospectus.

Performance *vis-à-vis* objects – Public/ rights issue of our Company

Our Company has not made any public issue or rights issue, as defined under the SEBI ICDR Regulations. in the 5 years immediately preceding the date of this Draft Red Herring Prospectus.

Performance *vis- à-vis* objects: Public/ rights issue of the listed subsidiaries and listed promoters

As of the date of this Draft Red Herring Prospectus, our Company does not have a listed subsidiary or any listed corporate promoter.

Other Confirmations

There are no findings/observations of any of the inspections by SEBI or any other regulator which are material, and which needs to be disclosed or non-disclosure of which may have bearing on the investment decision in the Offer.

Our Company does not have a conflict of interest with the suppliers of raw materials and third party service providers (crucial for operations of the Company) or with lessors of our immovable property (crucial for operations of the Company).

(*Remainder of this page has been intentionally left blank*)

Price information of past issues handled by the BRLMs

A. DAM Capital Advisors Limited:

Price information of past issues handled by DAM Capital Advisors Limited (during the current Fiscal and two Fiscals preceding the current financial year):

Sr. No.	Issue name	Issue size (₹ million)	Issue price (₹)	Listing date	Opening price on listing date (in ₹)	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar day from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar day from listing
1	Bansal Wire Industries Limited(1)	7,450.00	256.00	July 10, 2024	356.00	+37.40%, [-0.85%]	Not applicable	Not applicable
2	Le Travenues Technology Limited(2)	7,401.02	93.00	June 18, 2024	135.00	+86.34%, [+4.42%]	Not applicable	Not applicable
3	Entero Healthcare Solutions Limited(2)	16,000.00	1,258.00#	February 16, 2024	1,245.00	-19.65%, [+0.30%]	-19.84% [+0.77%]	-2.19%, [+9.02%]
4	Capital Small Finance Bank Limited(2)	5230.70	468.00	February 14, 2024	435.00	-25.25%, [+1.77%]	-26.09%, [+1.33%]	-31.44%, [+10.98%]
5	Epack Durable Limited(2)	6,400.53	230.00	January 30, 2024	225.00	-19.96%, [+1.64%]	-9.76%, [+3.64%]	+14.04%, [+14.33%]
6	Credo Brands Marketing Limited(2)	5,497.79	280.00	December 27, 2023	282.00	-9.89%, [-1.86%]	-35.86%, [+1.10%]	-39.34%, [+7.18%]
7	ESAF Small Finance Bank Limited(2)	4,630.00	60.00$	November 10, 2023	71.90	+12.87%, [+ 7.58%]	+31.18%, [+11.17%]	+0.77%, [+13.26%]
8	JSW Infrastructure Limited(2)	28,000.00	119.00	October 3, 2023	143.00	+41.34%, [-2.93%]	+75.04%, [+10.27%]	+106.30%, [+12.42%]
9	Yatra Online Limited(2)	7,750.00	142.00	September 28, 2023	130.00	-11.06%, [-2.63%]	-0.21%, [+8.90%]	+7.64%. [+11.18%]
10	Rishabh Instruments Limited(1)	4,907.83	441.00	September 11, 2023	460.05	+20.12%, [-1.53%]	+13.24%, [+4.87%]	+5.94%, [+12.49%]

Source: www.nseindia.com and www.bseindia.com

$A discount of ₹ 5 per equity share was provided to eligible employees bidding in the employee reservation portion.

 # A discount of ₹ 119 per equity share was provided to eligible employees bidding in the employee reservation portion

(1) NSE was the designated stock exchange for the said issue.

(2) BSE was the designated stock exchange for the said issue.

Notes:

(a) Issue size derived from prospectus / basis of allotment advertisement, as applicable
(b) Price on NSE or BSE is considered for the above calculations as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(c) % of change in closing price on 30th / 90th / 180th calendar day from listing day is calculated vs issue price. % change in closing benchmark index is calculated based on closing index on listing day vs closing index on 30th/ 90th / 180th calendar day from listing day.
(d) Wherever 30th/ 90th / 180th calendar day from listing day is a holiday, the closing data of the previous trading day has been considered.
(e) The Nifty 50 or S&P BSE SENSEX index is considered as the benchmark index as per the designated stock exchange disclosed by the respective issuer at the time of the issue, as applicable
(f) Not applicable – Period not completed.

Summary statement of price information of past issues (during current Financial Year and two Financial Years preceding the current Financial Year) handled by DAM Capital Advisors Limited:

Financial Year	Total no. of IPOs	Total funds raised (₹ in millions)	Nos. of IPOs trading at discount - as on 30th calendar days from listing date			Nos. of IPOs trading at premium - as on 30th calendar days from listing date			Nos. of IPOs trading at discount - as on 180th calendar days from listing date			Nos. of IPOs trading at premium - as on 180th calendar days from listing date		
			Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%	Over 50%	Between 25%-50%	Less than 25%
2024-25	2	14,851.02	-	-	-	1	1	-	-	-	-	-	-	-
2023-24	9	87,066.85	-	1	5	-	1	2	-	2	-	1	-	5
2022-23	4	32,735.54	-	1	1	-	1	1	-	1	1	1	-	1

Source: www.nseindia.com and www.bseindia.com

Notes:

a. The information is as on the date of this offer document
b. The information for each of the financial years is based on issues listed during such financial year.
c. Since 30 or 180 calendar days from listing date has not elapsed for few issues, hence data for same is not available.

B. ICICI Securities Limited

Price information of past issues handled by ICICI Securities Limited (during the current Fiscal and two Fiscals preceding the current Fiscal):

Sr. No.	Issue Name	Issue Size (₹ million)	Issue Price (₹)	Listing Date	Opening Price on Listing Date	+/- % change in closing price, [+/- % change in closing benchmark]- 30th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 90th calendar days from listing	+/- % change in closing price, [+/- % change in closing benchmark]- 180th calendar days from listing
1	Bharti Hexacom Limited^	42,750.00	570.00	12-Apr-24	755.20	+58.25% [-2.13%]	+85.03% [+7.65%]	NA*
2	JNK India Limited^^	6,494.74	415.00	30-Apr-24	621.00	+54.47% [+0.44%]	+81.75% [+9.87%]	NA*
3	Aadhar Housing Finance Limited^^	30,000.00	315.00(1)	15-May-24	315.00	+25.56% [+5.40%]	+33.89% [+9.67%]	NA*
4	Go Digit General Insurance Limited^^	26,146.46	272.00	23-May-24	286.00	+22.83% [+2.32%]	NA*	NA*
5	Awfis Space Solutions Limited^^	5,989.25	383.00(2)	30-May-24	435.00	+34.36% [+6.77%]	NA*	NA*
6	Stanley Lifestyles Limited^	5,370.24	369.00	28-Jun-24	499.00	+55.96% [+2.91%]	NA*	NA*
7	Allied Blenders and Distillers Limited^^	15,000.00	281.00(3)	02-Jul-24	320.00	+9.68% [+3.43%]	NA*	NA*
8	Akums Drugs and Pharmaceuticals Limited^^	18,567.37	679.00(4)	06-Aug-24	725.00	NA*	NA*	NA*
9	Ceigall India Limited^^	12,526.63	401.00(5)	08-Aug-24	419.00	NA*	NA*	NA*
10	Ola Electric Mobility Limited^^	61,455.59	76.00(6)	09-Aug-24	76.00	NA*	NA*	NA*

**Data not available*
^BSE as designated stock exchange
^^NSE as designated stock exchange

(1) Discount of ₹ 23 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 315.00 per equity share
(2) Discount of ₹ 36 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 383.00 per equity share
(3) Discount of ₹ 26 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 281.00 per equity share
(4) Discount of ₹ 64 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 679.00 per equity share
(5) Discount of ₹ 38 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 401.00 per equity share
(6) Discount of ₹ 7 per equity share offered to eligible employees. All calculations are based on Issue Price of ₹ 76.00 per equity share

Summary statement of price information of past public issues handled by ICICI Securities Limited:

Financial Year	Total no. of IPOs	Total amount of funds raised (₹ million)	No. of IPOs trading at discount - 30th calendar days from listing			No. of IPOs trading at premium - 30th calendar days from listing			No. of IPOs trading at discount - 180th calendar days from listing			No. of IPOs trading at premium - 180th calendar days from listing		
			Over 50%	Between 25-50%	Less than 25%	Ove r 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%	Over 50%	Between 25-50%	Less than 25%
2024-25*	10	2,24,300.28	-	-	-	3	2	2	-	-	-	-	-	-
2023-24	28	2,70,174.98	-	-	8	5	8	7	-	1	3	10	5	7
2022-23	9	2,95,341.82	-	1	3	-	3	2	-	1	1	-	5	2

** This data covers issues up to YTD*

Notes:

1. *Data is sourced either from www.nseindia.com or www.bseindia.com, as per the designated stock exchange disclosed by the respective Issuer Company.*
2. *Similarly, benchmark index considered is "NIFTY 50" where NSE is the designated stock exchange and "S&P BSE SENSEX" where BSE is the designated stock exchange, as disclosed by the respective Issuer Company.*
3. *30th, 90th, 180th calendar day from listed day have been taken as listing day plus 29, 89 and 179 calendar days, except wherever 30th, 90th, 180th calendar day is a holiday, in which case we have considered the closing data of the previous trading day.*

(*Remainder of this page has been intentionally left blank*)

Track record of past issues handled by the BRLMs

For details regarding the track record of the BRLMs, as specified in Circular reference bearing number CIR/MIRSD/1/2012 dated January 10, 2012, issued by SEBI, see the websites of the BRLMs as set forth in the table below:

Sr No.	Name of the BRLM	Website
1.	DAM Capital Advisors Limited	www.damcapital.in
2.	ICICI Securities Limited	www.icicisecurities.com

Stock market data of the Equity Shares

As the Offer is the initial public offering of the Equity Shares, the Equity Shares are not listed on any stock exchange as on the date of this Draft Red Herring Prospectus, and accordingly, no stock market data is available for the Equity Shares.

Mechanism for redressal of Investor Grievances

SEBI, by way of its Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) has identified the need to put in place measures, in order to manage and handle investor issues arising out of the UPI Mechanism, inter alia, in relation to delay in receipt of mandates by Bidders for blocking of funds due to systemic issues faced by Designated Intermediaries/SCSBs and failure to unblock funds in cases of partial allotment/non allotment within prescribed timelines and procedures. Per the Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), SEBI has prescribed certain mechanisms to ensure proper management of investor issues arising out of the UPI Mechanism, including: (i) identification of a nodal officer by SCSBs for the UPI Mechanism; (ii) delivery of SMS alerts by SCSBs for blocking and unblocking of UPI Mandate Requests; (iii) hosting of a web portal by the Sponsor Banks containing statistical details of mandate blocks/unblocks; (iv) limiting the facility of reinitiating UPI Bids to Syndicate Members to once per Bid; and (v) mandating SCSBs to ensure that the unblock process for non-allotted/partially allotted applications is completed by the closing hours of 1 Working Day subsequent to the finalisation of the Basis of Allotment.

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (SCSBs) only after such banks provide a written confirmation on compliance with SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) and SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable).

In terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) and SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable) and subject to applicable laws, any ASBA Bidder whose Bid has not been considered for Allotment, due to failure on the part of any SCSB, shall have the option to seek redressal of the same by the concerned SCSB within 3 months of the date of listing of the Equity Shares. SCSBs are required to resolve these complaints within 15 days, failing which the concerned SCSB would have to pay interest at the rate of 15% p.a. for any delay beyond this period of 15 days. Further, the investors shall be compensated by the SCSBs in accordance with SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), in the events of delayed unblock for cancelled/withdrawn/deleted applications, blocking of multiple amounts for the same UPI application, blocking of more amount than the application amount, delayed unblocking of amounts for non-allotted/partially-allotted applications, for the stipulated period. Further, in terms of SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), the payment of processing fees to the SCSBs shall be undertaken pursuant to an application made by the SCSBs to the BRLMs, and such application shall be made only after (i) unblocking of application amounts for each application received by the SCSB has been fully completed, and (ii) applicable compensation relating to investor complaints has been paid by the SCSB.

The Registrar Agreement provides for the retention of records with the Registrar to the Offer for a minimum period of 8 years from the date of listing and commencement of trading of the Equity Shares on the Stock Exchanges, subject to agreement with our Company for storage of such records for longer period, in order to enable the investors to approach the Registrar to the Offer for redressal of their grievances.

All grievances, other than by Anchor Investors, may be addressed to the Registrar to the Offer, with a copy to the relevant Designated Intermediary, where the Bid cum Application Form was submitted, quoting the full name of the sole or First Bidder, Bid cum Application Form number, Bidder's DP ID, Client ID, PAN, address of the Bidder, number of Equity Shares applied for, date of Bid cum Application Form, name and address of the relevant Designated Intermediary, where the Bid was submitted and ASBA Account number (for Bidders other than UPI Bidders bidding through the UPI mechanism) in which the amount equivalent to the Bid Amount was blocked or UPI ID in case of UPI Bidders applying through the UPI mechanism in which the amount equivalent to the Bid Amount is blocked. Further, the Bidder shall enclose the Acknowledgement Slip or provide the acknowledgement number received from the Designated Intermediaries in addition to the documents/information mentioned hereinabove.

All grievances of the Anchor Investors may be addressed to the Registrar to the Offer, giving full details such as the name of the sole or First Bidder, Bid cum Application Form number, Bidders' DP ID, Client ID, PAN, date of the Bid cum Application Form, address of the Bidder, number of the Equity Shares applied for, Bid Amount paid on submission of the Bid cum Application Form and the name and address of the BRLMs with whom the Bid cum Application Form was submitted by the Anchor Investor.

All grievances relating to Bids submitted with the Registered Brokers, may be addressed to the Stock Exchanges, with a copy to the Registrar to the Offer. Further, Bidders shall also enclose a copy of the Acknowledgment Slip received from the Designated Intermediaries in addition to the information mentioned hereinabove.

For helpline details of the Book Running Lead Managers pursuant to the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), see '*General Information - Book Running Lead Managers*' on page 88.

Bidders can contact the Company Secretary and Compliance Officer and/or the Registrar to the Offer in case of any pre-Offer or post-Offer related problems such as non-receipt of letters of Allotment, non-credit of Allotted Equity Shares in the respective beneficiary account, non-receipt of refund orders or non-receipt of funds by electronic mode, etc. For all Offer related queries and for redressal of complaints, Bidders may also write to the BRLMs or the Registrar to the Offer, in the manner provided below.

Disposal of investor grievances by our Company

Our Company has obtained authentication on the SCORES and will comply with the SEBI Circular no. SEBI/HO/OIAE/IGRD/CIR/P/2023/156 dated September 20, 2023 (to the extent applicable) and any amendment thereto, in relation to redressal of investor grievances through SCORES.

Our Company has not received any investor grievances in the last 3 Fiscals prior to the filing of the Draft Red Herring Prospectus. Our Company estimates that the average time required by our Company and/or the Registrar to the Offer or the relevant Designated Intermediary, for the redressal of routine investor grievances shall be 10 Working Days from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible.

Our Company has appointed Dsouza Jude Patrick, as our Company Secretary and Compliance Officer and he may be contacted in case of any pre-Offer or post-Offer related problems at the following address:

Address: D-15, Trade World Building
Kamala Mills Compound, Senapati Bapat Marg
Lower Parel
Mumbai 400013
Maharashtra, India
Telephone: +91 22 6634 3312
E-mail: investors@sanathan.com

For further information, see '*General Information-Company Secretary and Compliance Officer*' on page 87.

Further, our Board has also constituted the Stakeholders' Relationship Committee comprising of Vinay Aggarwal and Rupal Vora, our Independent Directors and Ajay Vallabhdas Dattani, our Joint Managing Director, to review and redress shareholder and investor grievances. For further information, see '*Our Management – Stakeholders' Relationship Committee'* on page 274. The Selling Shareholders have authorised the Company Secretary and Compliance Officer of our Company, and the Registrar to the Offer to redress any complaints received from

Bidders in respect of their respective portion of Offered Shares.

Disposal of investor grievances by listed Group Company and Subsidiaries

As on the date of this Draft Red Herring Prospectus, our Group Company and Subsidiaries are not listed on any stock exchange, and, therefore, there are no investor complaints pending against them.

Exemption from complying with any provisions of securities laws, if any, granted by SEBI

Our Company had filed an application dated February 8, 2024 with SEBI under Regulation 300(1)(c) of the SEBI ICDR Regulations, requesting for relaxation of the strict enforcement of the provisions of the SEBI ICDR Regulations with respect to identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which the aforementioned individual holds 20% or more of the equity share capital, as members of Promoter Group, and from disclosing information and confirmations regarding, and from, such natural person(s) and entities, as required under the SEBI ICDR Regulations.

By way of a letter dated April 12, 2024 (reference number SEBI/CFD/RAC-DIL1/2024/14316/1), SEBI has rejected to grant an exemption to our Company under Regulation 300(1)(c) of the SEBI ICDR Regulations from identifying and disclosing, Jayesh Kantilal Suchak, brother-in-law (brother of spouse) of Paresh Vrajlal Dattani, and body corporates/entities and HUFs in which he holds 20% or more of the equity share capital, as a member of the Promoter Group, and from disclosing information and confirmations regarding him and such entities, as required under the SEBI ICDR Regulations.

Since our Company has not been able to procure relevant information, from, and in relation to, the Related Individual and Connected Persons, and to comply with the provisions of the SEBI ICDR Regulations, the disclosures in relation to the Related Individual in this Draft Red Herring Prospectus have been included to the best of our Company's knowledge and to the extent the information was available and accessible in the public domain published on the websites of (i) Watchout Investors (accessible at https://www.watchoutinvestors.com/); (ii) CIBIL (accessible at https://suit.cibil.com/), (iii) BSE Limited (list of debarred entities accessible at https://www.bseindia.com/investors/debent.aspx); and (iv) National Stock Exchange of India Limited (accessible at https://www.nseindia.com/regulations/member-sebi-debarred-entities), on a 'name search' basis. For details, please see *'Risk Factors - One of the members of our Promoter Group has not consented to the inclusion of, nor has he provided, information or any confirmations or undertakings pertaining to himself or the entities in which he holds interest, which are required to be disclosed in relation to Promoter Group under the SEBI ICDR Regulations in this Draft Red Herring Prospectus. The disclosures relating to this member of the Promoter Group has been included in this Draft Red Herring Prospectus based on information available in public domain. Accordingly, we cannot assure you that the disclosures relating to such members of our Promoter Group are accurate, complete, or updated. Further, details in relation to Connected Persons which may qualify as a member of our Promoter Group have not been disclosed in this Draft Red Herring Prospectus'* on page 36.

SECTION VIII: OFFER RELATED INFORMATION

TERMS OF THE OFFER

The Equity Shares offered, allotted and transferred in the Offer will be subject to the provisions of the Companies Act, the SEBI ICDR Regulations, the SCRA, the SCRR, the Memorandum of Association, the Articles of Association, the SEBI Listing Regulations, the terms of the Red Herring Prospectus and the Prospectus, the Bid-cum-Application Form, the Revision Form, the CAN, the Abridged Prospectus and other terms and conditions as maybe incorporated in the Allotment Advice and other documents and certificates that may be executed in respect of the Offer. The Equity Shares will also be subject to all applicable laws, guidelines, rules, notifications and regulations relating the issue of capital and listing and trading of securities, issued from time to time, by the SEBI, GoI, Stock Exchanges, the RoC, the RBI and /or other authorities to the extent applicable or such other conditions as may be prescribed by such governmental and /or regulatory authority while granting approval for the Offer.

The Offer

The Offer comprises a Fresh Issue and an Offer for Sale by our Company and the Selling Shareholders. For details in relation to the sharing of Offer expenses between our Company and the Selling Shareholders, please see section titled '*Objects of the Offer'* on page 127.

Ranking of the Equity Shares

The Equity Shares being offered, Allotted and transferred in the Offer will be subject to the provisions of the Companies Act 2013, the Memorandum of Association, the Articles of Association, SEBI ICDR Regulations, SEBI Listing Regulations, SCRA and SCRR and will rank pari passu in all respects with the existing Equity Shares of our Company, including in respect of dividends and other corporate benefits, if any, declared by our Company. The Allottees upon Allotment of Equity Shares under the Offer will be entitled to dividend and other corporate benefits, if any, declared by our Company after the date of Allotment. For more information, see '*Description of Equity Shares and Main Provisions of the Articles of Association'* on page 492.

Mode of Payment of Dividend

Our Company will pay dividend, if declared, to our equity shareholders, as per the provisions of the Companies Act 2013, the SEBI Listing Regulations, the Memorandum of Association and the Articles of Association, and any guidelines or directives that may be issued by the GoI in this respect. Any dividends declared after the date of Allotment in this Offer will be received by the Allottees, for the entire year, in accordance with applicable law. For more information, see '*Dividend Policy'* and '*Description of Equity Shares and Main Provisions of the Articles of Association*' on pages 295 and 492, respectively.

Face Value, Price Band and Offer Price

The face value of each Equity Share is ₹ 10, and the Offer Price is ₹ [●] per Equity Share. At any given point of time there will be only 1 denomination for the Equity Shares. The Floor Price of the Equity Shares is ₹ [●] and the Cap Price of the Equity Shares is ₹ [●] per Equity Share, being the Price Band. The Anchor Investor Offer Price is ₹ [●] per Equity Share.

The Price Band and the minimum Bid Lot size in the Offer will be decided by our Company, in consultation with the BRLMs and shall be published at least 2 Working Days prior to the Bid/ Offer Opening Date, advertised in all editions of the [●], an English language national daily with wide circulation and all editions of [●], a Hindi language national daily with wide circulation, and [●] edition of [●] a Gujarati language daily newspaper (Gujarati being the regional language of the Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located), at least 2 Working Days prior to the Bid/Offer Opening Date and shall be made available to the Stock Exchanges for the purpose of uploading on their websites. The Price Band, along with the relevant financial ratios calculated at the Floor Price and at the Cap Price shall be pre-filled in the Bid cum Application Forms available at the website of the Stock Exchanges. The Offer Price shall be determined by our Company, in consultation with the BRLMs, after the Bid/Offer Closing Date, on the basis of assessment of market demand for the Equity Shares offered by way of Book Building Process.

Compliance with disclosure and accounting norms

Our Company shall comply with all applicable disclosures and accounting norms as specified by SEBI from time to time.

Rights of the Equity Shareholders

Subject to applicable laws, rules, regulations and guidelines and our Articles of Association, our Shareholders shall have the following rights:

- Right to receive dividends, if declared;
- Right to attend general meetings and exercise voting rights, unless prohibited by law;
- Right to vote on a poll either in person or by proxy or e-voting, in accordance with the provisions of the Companies Act;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation, subject to any statutory and preferential claim being satisfied;
- Right of free transferability, subject to applicable laws including any RBI rules and regulations, subject to foreign exchange regulations and other applicable laws; and
- Such other rights, as may be available to a shareholder of a listed public company under the Companies Act, SEBI Listing Regulations, our Memorandum of Association and the Articles of Association.

For a detailed description of the main provisions of the Articles of Association of our Company relating to voting rights, dividend, forfeiture and lien, transfer, transmission and/or consolidation/splitting, see '*Description of Equity Shares and Main Provisions of Articles of Association'* on page 492.

Joint Holders

Subject to the provisions contained in the Articles of Association of our Company, where 2 or more persons are registered as the holders of the Equity Shares, they will be deemed to hold such Equity Shares as joint tenants with benefits of survivorship.

Allotment only in dematerialised form

Pursuant to Section 29 of the Companies Act, and, the SEBI ICDR Regulations, the Equity Shares shall be Allotted only in dematerialised form. Hence, the Equity Shares offered through the Red Herring Prospectus can be applied for in the dematerialised form only. In this context, the following agreements have been signed among our Company, the respective Depositories, and the Registrar to the Offer:

- Tripartite Agreement dated November 10, 2021 between NSDL, our Company and Registrar to the Offer; and
- Tripartite Agreement dated November 18, 2021 between CDSL, our Company and Registrar to the Offer.

Market Lot and Trading Lot

Since trading of the Equity Shares on the Stock Exchanges shall only be in dematerialised form, consequent to which, the tradable lot is 1 Equity Share. Allotment in this Offer will be only in electronic form in multiples of 1 Equity Share subject to a minimum Allotment of [●] Equity Shares. For the method of Basis of Allotment, see '*Offer Procedure*' on page 471.

Jurisdiction

Exclusive jurisdiction for the purpose of the Offer is with the competent courts/authorities in Mumbai, India.

Nomination facility to investors

In accordance with Section 72 of the Companies Act, and rules framed thereunder read with the Companies (Share Capital and Debentures) Rules, 2014, as amended, the Sole Bidder, or the First Bidder along with other joint Bidders, may nominate any 1 person in whom, in the event of the death of Sole Bidder or in case of joint Bidders, death of all the Bidders, as the case may be, the Equity Shares Allotted, if any, shall vest. to the exclusion of all other persons, unless the nomination is varied or cancelled in the prescribed manner. A person, being a nominee, entitled to the Equity Shares by reason of the death of the original holder(s), shall be entitled to the same advantages to which he or she would be entitled if he or she were the registered holder of the Equity Share(s). Where the nominee is a minor, the holder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Equity Share(s) in the event of his or her death during the minority. A nomination shall stand rescinded upon a sale/transfer/alienation of Equity Share(s) by the person nominating. A nomination may be cancelled or varied by nominating any other person in place of the present nominee, by the holder of the Equity Shares who has made the nomination, by giving a notice of such cancellation or variation to our Company in the prescribed form. A buyer will be entitled to make a fresh nomination/ cancel nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at our Registered Office or to the registrar and transfer agents of our Company.

Any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, shall upon the production of such evidence as may be required by the Board, elect either:

a) to register himself or herself as the holder of the Equity Shares; or

b) to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, our Board may, at any time, give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividends, interests, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Since the Allotment of Equity Shares in the Offer will be made only in dematerialized form, there is no requirement to make a separate nomination with our Company. Nominations registered with respective depository participant of the Bidder would prevail. If the Bidder wants to change the nomination, they are requested to inform their respective depository participant.

Bid/Offer Programme

BID/ OFFER OPENS ON*	[●]
BID/ OFFER CLOSES ON	[●]**^

***Our Company in consultation with the BRLMs, may consider participation by 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.*
****Our Company, in consultation with the BRLMs, considers closing the Bid/Offer Period for QIBs 1 Working Day prior to the Bid/Offer Closing Date in accordance with the SEBI ICDR Regulations.*
^ *UPI mandate end time and date shall be at 5:00 pm on Bid/ Offer Closing Date.*

An indicative timetable in respect of the Offer is set out below:

Event	Indicative Date
Bid/ Offer Closing Date	[●]
Finalisation of Basis of Allotment with the Designated Stock Exchange	On or about [●]
Initiation of refunds (if any, for Anchor Investors) / unblocking of funds from ASBA Account*	On or about [●]
Credit of the Equity Shares to depository accounts of Allottees	On or about [●]
Commencement of trading of the Equity Shares on the Stock Exchanges	On or about [●]

**In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 2 Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated for causing such delay in unblocking in accordance with applicable law. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. Further, investors shall be entitled to compensation in the manner specified in the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) in case of delays in resolving investor grievances in relation to blocking/unblocking of fund and the provisions shall also be deemed to be incorporated in* *the deemed agreement of the Company with the SCSBs to the extent applicable. The BRLMs shall, in their sole discretion, identify and fix the liability on such intermediary or entity responsible for such delay in unblocking. For the avoidance of doubt, the provisions of the SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), SEBI Master Circular no. SEBI/HO/CFD/PoD-2/P/CIR/2023/00094 dated June 21, 2023 (to the extent applicable) and SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 shall be deemed to be incorporated in the agreements to be entered into by and between the Company, the Selling Shareholders and the relevant intermediaries, to the extent applicable.*

The above timetable is indicative and does not constitute any obligation on our Company or the Selling Shareholders or the BRLMs.

While our Company shall ensure that all steps for the completion of the necessary formalities for the listing and the commencement of trading of the Equity Shares on the Stock Exchanges are taken within 3 Working Days of the Bid/ Offer Closing Date or such period as may be prescribed, the timetable may change due to various factors, such as extension of the Bid/Offer Period by our Company, revision of the Price Band or any delays in receiving the final listing and trading approval from the Stock Exchanges. The commencement of trading of the Equity Shares will be entirely at the discretion of the Stock Exchanges and in accordance with the applicable laws.

The Offer Procedure is subject to change based on any revised SEBI circulars that are issued or are effective or become applicable, after filing of this Draft Red Herring Prospectus.

Submission of Bids (other than Bids from Anchor Investors):

Bid/ Offer Period (except the Bid/ Offer Closing Date)	
Submission and revision in Bids	Only between 10.00 a.m. and 5.00 p.m. IST
Bid/ Offer Closing Date*	
Submission of electronic applications (Online ASBA through 3-in-1 accounts) - For Retail Individual Bidders and Eligible Employees	Only between 10.00 a.m. and up to 5.00 p.m. IST
Submission of electronic applications (Bank ASBA through Online channels like internet banking, mobile banking and Syndicate UPI ASBA applications where Bid Amount is up to ₹0.50 million)	Only between 10.00 a.m. and up to 4.00 p.m. IST
Submission of electronic applications (Syndicate non-retail, non-individual applications)	Only between 10.00 a.m. and up to 3.00 p.m. IST
Submission of physical applications (Bank ASBA)	Only between 10.00 a.m. and up to 1.00 p.m. IST
Submission of physical applications (Syndicate non-retail, non-individual applications where Bid Amount is more than ₹0.50 million	Only between 10.00 a.m. and up to 12.00 p.m. IST
Modification/ revision/cancellation of Bids	
Upward revision of Bids by QIBs and Non-Institutional Bidders categories#	Only between 10.00 a.m. and up to 5.00 p.m. IST on Bid/ Offer Closing Date

* *UPI mandate end time and date shall be at 5:00 pm on Bid/ Offer Closing Date.*
# *QIBs and Non-Institutional Bidders can neither revise their bids downwards nor cancel/withdraw their bids.*

On the Bid/Offer Closing Date, the Bids shall be uploaded until:

a) 4.00 p.m. IST in case of Bids by QIBs and Non-Institutional Bidders, and

b) Until 5.00 p.m. IST or such extended time as permitted by the Stock Exchanges, in case of Bids by Retail Individual Bidders.

On Bid/Offer Closing Date, extension of time may be granted by Stock Exchanges only for uploading Bids received by Retail Individual Bidders after taking into account the total number of Bids received and as reported by the BRLMs to the Stock Exchanges.

The Registrar to the Offer shall submit the details of cancelled/withdrawn/deleted applications to the SCSB's on daily basis within 60 minutes of the Bid closure time from the Bid/ Offer Opening Date till the Bid/ Offer Closing

Date by obtaining the same from the Stock Exchanges. The SCSBs shall unblock such applications by the closing hours of the Working Day and submit the confirmation to the BRLMs and the RTA on a daily basis.

It is clarified that Bids shall be processed only after the application monies are blocked in the ASBA Account and Bids not uploaded on the electronic bidding system or in respect of which the full Bid Amount is not blocked by SCSBs or not blocked under the UPI Mechanism in the relevant ASBA Account, as the case may be, would be rejected.

In case of any discrepancy in the data entered in the electronic book vis-à-vis the data contained in the physical Bid cum Application Form, for a particular Bidder, the details as per the Bid file received from the Stock Exchanges shall be taken as the final data for the purpose of Allotment.

Due to limitation of the time available for uploading the Bids on the Bid/Offer Closing Date, the Bidders are advised to submit their Bids one day prior to the Bid/Offer Closing Date and, in any case, no later than 1.00 p.m. (Indian Standard Time) on the Bid/ Offer Closing Date. Bidders are cautioned that, in the event a large number of Bids are received on the Bid/ Offer Closing Date, as is typically experienced in public offerings in India, it may lead to some Bids not being uploaded due to lack of sufficient time to upload. Such Bids that cannot be uploaded on the electronic bidding system will not be considered for allocation under the Offer. Bids and any revision in Bids will only be accepted on Working Days. Bidders may please note that as per letter no. List/SMD/SM/2006 dated July 3, 2006 and letter no. NSE/IPO/25101- 6 dated July 6, 2006 issued by BSE and NSE respectively, Bids and any revision in Bids shall not be accepted on Saturdays and public holidays as declared by the Stock Exchanges. Bids by ASBA Bidders shall be uploaded by the relevant Designated Intermediary in the electronic system to be provided by the Stock Exchanges. Neither our Company, nor any member of the Syndicate is liable for any failure in uploading or downloading the Bids due to faults in any software / hardware system or otherwise.

Our Company in consultation with the BRLMs, reserves the right to revise the Price Band during the Bid/ Offer Period. The revision in the Price Band shall not exceed 20% on either side, i.e., the Floor Price can move up or down to the extent of 20% of the Floor Price and the Cap Price will be revised accordingly, provide that the cap of the Price Band shall be at least 105% of the Floor Price. Floor Price shall not be less than the face value of the Equity Shares.

In case of revision in the Price Band, the Bid/ Offer Period shall be extended for at least 3 additional Working Days after such revision, subject to the Offer Period not exceeding 10 Working Days. In cases of force majeure, banking strike or similar circumstances, our Company may, for reasons to be recorded in writing, extend the Bid/ Offer Period for a minimum of 1 Working Day, subject to the Bid/ Offer Period not exceeding 10 Working Days. Any revision in Price Band, and the revised Bid/ Offer Period, if applicable, shall be widely disseminated by notification to the Stock Exchanges, by issuing a press release and also by indicating the change on the websites of the BRLMs and at the terminals of the members of the Syndicate and by intimation to the Designated Intermediaries and the Sponsor Bank(s), as applicable.

Withdrawal of the Offer

Our Company in consultation with the BRLMs, reserve the right not to proceed with the Offer at any time after the Bid/Offer Closing Date but before Allotment. In such an event, our Company will issue a public notice within two days from the Bid/ Offer Closing Date or such time as may be prescribed by SEBI, providing reasons for not proceeding with the Offer. The BRLMs, through the Registrar to the Offer, will instruct the SCSBs or the Sponsor Banks, as the case may be, to unblock the bank accounts of the ASBA Bidders and the Escrow Collection Bank within one Working Day from the day of receipt of such instruction and also inform the Bankers to the Offer to process refunds to the Anchor Investors, as the case may be. The notice of withdrawal will be issued in the same newspapers where the pre-Offer advertisements have appeared and the Stock Exchanges will also be informed promptly.

If our Company withdraws the Offer after the Bid/Offer Closing Date and thereafter determine that they will proceed with a public offering of Equity Shares, our Company will file a fresh draft red herring prospectus with SEBI and the Stock Exchanges.

Notwithstanding the foregoing, the Offer is also subject to obtaining the final listing and trading approvals of the Stock Exchanges, which our Company will apply for only after Allotment and within 2 Working Days of the Bid/ Offer Closing Date or such other time period as prescribed under applicable law.

Minimum Subscription

In case our Company does not receive the minimum subscription of 90% of the Fresh Issue portion through Offer Document on the date of closure of the Offer; or withdrawal of applications; or after technical rejections; or if the listing or trading permission is not obtained from the stock exchanges for the securities so issued under the issue document, our Company shall forthwith refund the entire subscription amount received in accordance with applicable law including the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable). If there is a delay beyond the prescribed time, our Company, and every Director of our Company, who are officers in default, shall pay interest at the rate of 15% per annum.

Further, our Company shall ensure that the number of prospective Allottees to whom the Equity Shares will be Allotted shall not be less than 1,000 in compliance with Regulation 49(1) of the SEBI ICDR Regulations failing which the entire application money shall be unblocked in the respective ASBA Accounts of the Bidders. In case of delay, if any, in unblocking the ASBA Accounts within such timeline as prescribed under applicable laws, our Company shall be liable to pay interest on the application money in accordance with applicable laws.

In the event of achieving aforesaid minimum subscription, however, there is under-subscription in achieving the total Offer size, the Equity Shares will be Allotted in the following order:

a) such number of equity shares will be first Allotted by our Company such that 90% of the Offer portion is subscribed; and

b) once Equity Shares have been allotted as per (a), such number of Equity Shares will be allotted by our Company towards the balance 10% of the Offer portion.

Arrangement for Disposal of Odd Lots

Since our Equity Shares will be traded in dematerialised form only and the market lot for our Equity Shares will be 1 Equity Share, no arrangements for disposal of odd lots are required.

New Financial Instruments

Our Company is not issuing any new financial instruments through this Offer.

Restrictions on Transfer and Transmission of Equity Shares

Except for lock-in of the pre-Offer capital of our Company, minimum Promoter's contribution and the Anchor Investor lock-in and except as provided in the Articles of Association, there are no restrictions on transfer of Equity Shares. Further, there are no restrictions on transmission of shares / debentures and on their consolidation/splitting, except as provided in the Articles of Association. For details, see '*Description of Equity Shares and Main Provisions of the Articles of Association*' on page 492.

Option to receive Equity Shares in Dematerialised Form

Pursuant to Section 29 of the Companies Act, Allotment of Equity Shares to successful Bidders will only be in the dematerialised form. Bidders will not have the option of Allotment of the Equity Shares in physical form. The Equity Shares on Allotment will be traded only in the dematerialised segment of the Stock Exchanges

OFFER STRUCTURE

The Offer is of up to [●] Equity Shares for cash at price of ₹ [●] per Equity Share (including a premium of ₹ [●] per Equity Share) aggregating up to ₹ 8,000.00 million, comprising of Fresh Issue of [●] Equity Shares aggregating up to ₹ 5,000.00 million by our Company and an Offer for Sale of up to [●] Equity Shares aggregating up to ₹ 3,000.00 million by our Selling Shareholders. The Offer is being made through the Book Building Process.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.

The face value of Equity Shares is ₹ 10 each.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
Number of Equity Shares available for Allotment/allocation[*(2)]	Not more than [●] Equity Shares.	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Retail Individual Bidders(s)	Not less than [●] Equity Shares available for allocation or Offer less allocation to QIB Bidders and Non-Institutional Bidders
Percentage of Offer size available for Allotment/allocation	Not more than 50% of the Offer shall be available for allocation to QIBs. However, 5% of the QIB Portion (excluding the Anchor Investor Portion) shall be available for allocation proportionately to Mutual Funds only. Mutual Funds participating in the Mutual Fund Portion will also be eligible for allocation in the remaining balance QIB Portion (excluding the Anchor Investor Portion). The unsubscribed portion in the Mutual Fund Portion will be available for allocation to other QIBs.	Not less than 15% of the Offer or the Net Offer less allocation to QIB Bidders and Retail Individual Bidder(s) will be available for allocation, out of which: i. one-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and ii. two-third of the portion available to Non-Institutional Bidders shall be reserved for applicants with application size of more than ₹ 1.00 million. Provided	Not less than 35% of the Offer or Offer less allocation to QIBs and Non-Institutional Bidders will be available for allocation

Particulars	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
		that the unsubscribed portion in either of the sub-categories specified above may be allocated to applicants in the other sub-category of Non-Institutional Bidders	
Basis of Allotment/allocation if respective category oversubscribed*	Proportionate as follows (excluding the Anchor Investor Portion): (a) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to Mutual Funds only; and (b) Up to [●] Equity Shares shall be available for allocation on a proportionate basis to all QIBs, including Mutual Funds receiving allocation as per (a) above. Up to 60% of the QIB Portion (of up to [●] Equity Shares) may be allocated on a discretionary basis to Anchor Investors of which one-third shall be available for allocation to Mutual Funds only, subject to valid Bid received from Mutual Funds at or above the Anchor Investor Allocation Price.	The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Category shall be subject to the following: (a) One-third of the Non-Institutional Category will be available for allocation to Bidders with a Bid size of more than ₹ 0.2 million and up to ₹ 1 million; and (b) Two-thirds of the Non-Institutional Category will be available for allocation to Bidders with a Bid size of more than ₹ 1 million. The unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors The allotment of specified securities to each Non-Institutional Investor shall not be less than the minimum application size, subject to availability in the Non-Institutional Category, and the remainder, if any, shall be allotted on a proportionate basis in accordance with the conditions specified in	Allotment to each Retail Individual Bidder shall not be less than the minimum Bid Lot, subject to availability of Equity Shares in the Retail Portion and the remaining available Equity Shares if any, shall be Allotted on a proportionate basis. For details, see *'Offer Procedure'* on page 471.

Particulars	QIBs[1]	Non-Institutional Bidders	Retail Individual Bidders
		the SEBI ICDR Regulations.	
Mode of Bid^	Only through the ASBA process (excluding the UPI Mechanism) except for Anchor Investors	Only through the ASBA process (including UPI Mechanism for Bids up to ₹ 0.50 million)	Only through the ASBA process (including the UPI Mechanism)
Minimum Bid	[●] Equity Shares and in multiples of [●] Equity Shares thereafter so that the Bid Amount exceeds ₹ 0.20 million.	Such number of Equity Shares and in multiples of [●] Equity Shares so that the Bid Amount exceeds ₹ 0.20 million.	[●] Equity Shares
Maximum Bid	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Offer Size (excluding the Anchor Investor Portion), subject to applicable limits under applicable law.	Such number of Equity Shares in multiples of [●] Equity Shares not exceeding the Offer Size (excluding the QIB Portion), subject to applicable limits under applicable law.	Such number of Equity Shares in multiples of [●] Equity Shares so that the Bid Amount does not exceed ₹ 0.20 million.
Mode of allotment	Compulsorily in dematerialised form.		
Bid Lot	[●] Equity Shares and in multiples of [●] Equity Shares thereafter.		
Allotment Lot	A Minimum of [●] Equity Shares and in multiples of 1 Equity Share thereafter.		
Trading Lot	1 Equity Share		
Who can apply[3]	Public financial institutions as specified in Section 2(72) of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, Eligible FPIs (other than individuals, corporate bodies and family offices), VCFs, AIFs, state industrial development corporation, multilateral and bilateral development corporation, insurance company registered with IRDAI, provident fund with minimum corpus of ₹ 250.00 million, pension fund with minimum corpus of ₹ 250.00 million, registered with the Pension Fund Regulatory and Development Authority established under sub-section (1) of section 3 of the Pension Fund Regulatory and Development Authority Act, 2013 in accordance with applicable law and National Investment Fund set up by the Government, insurance funds set up and managed by army, navy or air force of the Union of India, insurance funds set up and managed by	Resident Indian individuals, Eligible NRIs, HUFs (in the name of Karta), companies, corporate bodies, scientific institutions, societies, trusts and FPIs who are individuals, corporate bodies and family offices which are recategorized as category II FPIs and registered with SEBI	Resident Indian individuals, Eligible NRIs and HUFs (in the name of Karta) applying for Equity Shares such that the Bid amount does not exceed ₹ 0.20 million in value.

Particulars	QIBs[(1)]	Non-Institutional Bidders	Retail Individual Bidders
	the Department of Posts, India and systemically important non-banking financial companies		
Terms of Payment	**In case of Anchor Investors:** Full Bid Amount shall be payable by the Anchor Investors at the time of submission of their Bids.[(4)(5)] **In case of all other Bidders**: Full Bid Amount shall be blocked by the SCSBs in the bank account of the ASBA Bidders (other than Anchor Investors) or by the Sponsor Bank through the UPI Mechanism (for UPI Bidders) that is specified in the ASBA Form at the time of submission of the ASBA Form.		

** Assuming full subscription of the Offer.*

^SEBI vide its circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, has mandated that ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Accordingly, the Stock Exchanges shall, for all categories of investors viz. QIBs, Non-Institutional and Retail Individual Investors, and also for all modes through which the applications are processed, accept the ASBA applications in the electronic book building platform only with a mandatory confirmation on the application monies blocked.

(1) Our Company in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations. One-third of the Anchor Investor Portion shall be reserved for domestic Mutual Funds, subject to valid Bids being received from domestic Mutual Funds at or above the price at which allocation is being made to other Anchor Investors. For further details, see 'Offer Procedure' on page 471.

(2) Subject to valid Bids being received at or above the Offer Price. The Offer is being made in terms of Rule 19(2)(b) of the SCRR read with Regulation 45 of the SEBI ICDR Regulations. The Offer is being made through the Book Building Process in accordance with Regulation 6(1) of the SEBI ICDR Regulations, wherein not more than 50% of the Offer shall be Allotted on a proportionate basis to QIBs. Such number of Equity Shares representing 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only. The remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to QIBs (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received from them at or above the Offer Price. However, if the aggregate demand from Mutual Funds is less than 5% of the Net QIB Portion, the balance Equity Shares available for allocation in the Mutual Fund Portion will be added to the remaining Net QIB Portion for proportionate allocation to all QIBs. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Bidders, out of which one-third of the Non- Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 0.20 million and up to ₹ 1.00 million and two-thirds of the Non-Institutional Portion will be available for allocation to Bidders with an application size of more than ₹ 1.00 million, and not less than 35% of the Offer shall be available for allocation to Retail Individual Bidders in accordance with the SEBI ICDR Regulations, subject to valid Bids being received from them at or above the Offer Price.

(3) Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in the Non-Institutional Portion or the Retail Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company, in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. For further details, see 'Terms of the Offer' on page 460.

(4) In the event that a Bid is submitted in joint names, the relevant Bidders should ensure that the depository account is also held in the same joint names and the names are in the same sequence in which they appear in the Bid cum Application Form. The Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. The signature of only such First Bidder would be required in the Bid cum Application Form and such First Bidder would be deemed to have signed on behalf of the joint holders.

(5) Anchor Investors shall pay the entire Bid Amount at the time of submission of the Anchor Investor Bid, provided that any positive difference between the Anchor Investor Allocation Price and the Offer Price, shall be payable by the Anchor Investor pay-in date as mentioned in the CAN.

Subject to valid Bids being received at or above the Offer Price, under-subscription, if any, in any category except the QIB Portion would be allowed to be met with spill-over from other categories or a combination of categories at the discretion of our Company in consultation with the BRLMs and the Designated Stock Exchange, on a proportionate basis, subject to applicable law. For details, see '*Terms of the Offer*' on page 460.

Bids by FPIs with certain structures as described under '*Offer Procedure - Bids by FPIs*' on page 478 and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares Allocated and Allotted to such successful Bidders (with same PAN) may be proportionately distributed.

Note: Bidders will be required to confirm and will be deemed to have represented to our Company, the Underwriters, their respective directors, officers, agents, affiliates and representatives that they are eligible under applicable law, rules, regulations, guidelines and approvals to acquire the Equity Shares.

OFFER PROCEDURE

*All Bidders should read the General Information Document for Investing in Public Offers prepared and issued in accordance with the circular no. SEBI/HO/CFD/DIL1/CIR/P/2020/37 dated March 17, 2020 and the UPI Circulars (**General Information Document**) which highlights the key rules, processes and procedures applicable to public issues in general in accordance with the provisions of the Companies Act, the SCRA, the SCRR and the SEBI ICDR Regulations. The General Information Document is available on the websites of the Stock Exchanges and the BRLMs. Please refer to the relevant provisions of the General Information Document which are applicable to the Offer especially in relation to the process for Bids by UPI Bidders through the UPI Mechanism. The investors should note that the details and process provided in the General Information Document should be read along with this section.*

Additionally, Bidders may refer to the General Information Document for information in relation to (i) category of investors eligible to participate in the Offer; (ii) maximum and minimum Bid size; (iii) price discovery and allocation; (iv) payment instructions for ASBA Bidders; (v) issuance of CAN and Allotment in the Offer; (vi) general instructions (limited to instructions for completing the Bid cum Application Form); (vii) designated date; (viii) disposal of applications; (ix) submission of Bid cum Application Form; (x) other instructions (limited to joint bids in cases of individual, multiple bids and instances when an application would be rejected on technical grounds); (xi) applicable provisions of Companies Act relating to punishment for fictitious applications; (xii) mode of making refunds; and (xiii) interest in case of delay in Allotment or refund.

*SEBI through the UPI Circulars no. SEBI/HO/CFD/DIL2/CIR/P/2018/138 dated November 1, 2018 read with its circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/50 dated April 3, 2019 has introduced an alternate payment mechanism using Unified Payments Interface (**UPI**) and consequent reduction in timelines for listing in a phased manner. UPI has been introduced in a phased manner as a payment mechanism in addition to ASBA for applications by UPI Bidders through intermediaries from January 1, 2019. The UPI Mechanism for UPI Bidders applying through Designated Intermediaries, in phase I, was effective along with the prior process and existing timeline of T+6 days (**UPI Phase I**).*

*With effect from July 1, 2019, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2019/76 dated June 28, 2019, read with Circular bearing number SEBI/HO/CFD/DIL2/CIR/P/2019/85 dated July 26, 2019 for applications by UPI Bidders through Designated Intermediaries (other than SCSBs), as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), the existing process of physical movement of forms from such Designated Intermediaries to SCSBs for blocking of funds has been discontinued and only the UPI Mechanism for such Bids with existing timeline of T+6 days was mandated for a period of three months or launch of five main board public issues, whichever is later (**UPI Phase II**). Subsequently, however, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024, extended the timeline for implementation of UPI Phase II till further notice. However, given the uncertainty due to the COVID19 pandemic, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/CIR/P/2020/50 dated March 30, 2020, as superseded by SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), SEBI decided to continue with the UPI Phase II till further notice. Thereafter, SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023, Phase III has been notified, and accordingly the revised timeline of T+3 days (i.e., the time duration from public issue closure to listing of be 3 Working Days) has been made applicable in two phases i.e., (i) voluntary for all public issues opening on or after September 1, 2023; and (ii) mandatory on or after December 1, 2023 (**UPI Phase III**). The Offer will be undertaken pursuant to the processes and procedures under UPI Phase III, subject to any further circulars, clarification or notification issued by the SEBI from time to time. Further, SEBI vide its Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), has introduced certain additional measures for streamlining the process of initial public offers and redressing investor grievances. This Circular is applicable for initial public offers opening on or after May 1, 2021 except as amended pursuant to SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable), and the provisions of this Circular, are deemed to form part of this Draft Red Herring Prospectus. Furthermore, pursuant to SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/P/2022/45 dated April 5, 2022, all individual bidders in initial public offerings (opening on or after May 1, 2022) whose application sizes are up to ₹5,00,000 shall use the UPI Mechanism.*

*The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the remitter banks (**SCSBs**) only after such banks provide a written confirmation on compliance SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable).*

Our Company and the BRLMs do not accept any responsibility for the completeness and accuracy of the information stated in this section and are not liable for any amendment, modification or change in the applicable law which may occur after the date of this Draft Red Herring Prospectus. Bidders are advised to make their independent investigations and ensure that their Bids are submitted in accordance with applicable laws and do not exceed the investment limits or maximum number of Equity Shares that can be held by them under applicable law or as specified in the Red Herring Prospectus and the Prospectus.

Book Building Procedure

The Offer is being made through the Book Building Process, in terms of Rule 19(2)(b) of the SCRR, read with Regulation 31 of the SEBI ICDR Regulations, in accordance with Regulation 6(1) of the SEBI ICDR Regulations wherein not more than 50% of the Offer shall be available for allocation on a proportionate basis to QIBs, provided that our Company, in consultation with the BRLMs, may allocate up to 60% of the QIB Portion to Anchor Investors on a discretionary basis in accordance with the SEBI ICDR Regulations, of which one-third shall be reserved for domestic Mutual Funds, subject to valid Bids being received from them at or above the Anchor Investor Allocation Price. Further, in the event of under-subscription, or non-allocation in the Anchor Investor Portion, the balance Equity Shares shall be added to the Net QIB Portion. Further, 5% of the Net QIB Portion shall be available for allocation on a proportionate basis to Mutual Funds only, and the remainder of the Net QIB Portion shall be available for allocation on a proportionate basis to all QIB Bidders (other than Anchor Investors), including Mutual Funds, subject to valid Bids being received at or above the Offer Price. Further, not less than 15% of the Offer shall be available for allocation on a proportionate basis to Non-Institutional Investors out of which (a) $1/3^{rd}$ of such portion shall be reserved for applicants with application size of more than ₹ 0.20 million and up to ₹ 1.00 million; and (b) $2/3^{rd}$ of such portion shall be reserved for applicants with application size of more than ₹ 1.00 million, provided that the unsubscribed portion in either of such sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors and not less than 35% of the Offer shall be available for allocation to Retail Individual Investors in accordance with the SEBI ICDR Regulations, subject to valid Bids being received at or above the Offer Price.

Our Company, in consultation with the BRLMs, may consider a Pre-IPO Placement of specified securities, as may be permitted under applicable law, to any person(s), aggregating up to ₹ 1,000.00 million at its discretion, prior to filing of the Red Herring Prospectus with the RoC. The Pre-IPO Placement, if undertaken, will be at a price to be decided by our Company, in consultation with the BRLMs. If the Pre-IPO Placement is completed, the amount raised pursuant to the Pre-IPO Placement will be reduced from the Fresh Issue, subject to compliance with Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957, as amended. The Pre-IPO Placement, if undertaken, shall not exceed 20.00% of the size of the Fresh Issue. Prior to the completion of the Offer, our Company shall appropriately intimate the subscribers to the Pre-IPO Placement, prior to allotment pursuant to the Pre-IPO Placement, that there is no guarantee that our Company may proceed with the Offer, or the Offer may be successful and will result into listing of the Equity Shares on the Stock Exchanges. Further, relevant disclosures in relation to such intimation to the subscribers to the Pre-IPO Placement (if undertaken) shall be appropriately made in the relevant sections of the Red Herring Prospectus and the Prospectus.

The Equity Shares, on Allotment, shall be traded only in the dematerialized segment of the Stock Exchanges.

Bidders should note that the Equity Shares will be Allotted to all successful Bidders only in dematerialized form. The Bid cum Application Forms which do not have the details of the Bidders' depository account, including the DP ID and the Client ID and the PAN and UPI ID (for UPI Bidders Bidding through the UPI Mechanism), shall be treated as incomplete and will be rejected. Bidders will not have the option of being Allotted Equity Shares in physical form.

Bidders must ensure that their PAN is linked with Aadhaar and are in compliance with CBDT notification dated February 13, 2020 and press releases dated June 25, 2021 and September 17, 2021.

The Offer will be made in terms of SEBI circular no. SEBI/HO/CFD/TPD1/CIR/P/2023/140 dated August 9, 2023 under UPI Phase III of the UPI Circular with timeline of T+3 days (i.e., the time duration from public issue closure to listing of be 3 Working Days).

All SCSBs offering facility of making application in public issues shall also provide facility to make application using UPI. Our Company will be required to appoint one of the SCSBs as a sponsor bank to act as a conduit between the Stock Exchanges and NPCI in order to facilitate collection of requests and / or payment instructions of the UPI Bidders using the UPI.

Further, pursuant to SEBI circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated April 5, 2022, all UPI Bidders applying in public issues where the application amount is up to ₹ 0.50 million shall use the UPI Mechanism and shall also provide their UPI ID in the Bid cum Application Form submitted with any of the entities mentioned herein below:

- a Syndicate Member;
- a stockbroker registered with a recognised stock exchange (and whose name is mentioned on the website of the stock exchange as eligible for this activity);
- a Depository Participant (whose name is mentioned on the website of the stock exchange as eligible for this activity); and
- a registrar to an issue and share transfer agent (whose name is mentioned on the website of the stock exchange as eligible for this activity).

For further details, refer to the General Information Document available on the websites of the Stock Exchanges and the BRLMs.

Bid cum Application Form

Copies of the Bid cum Application Form (other than for Anchor Investors) and the Abridged Prospectus will be available with the Designated Intermediaries at relevant Bidding Centres and at our Registered Office. An electronic copy of the ASBA Form will also be available for download on the websites of NSE (www.nseindia.com) and BSE (www.bseindia.com) at least 1 day prior to the Bid/Offer Opening Date.

For Anchor Investors, the Anchor Investor Application Form will be available at the offices of the BRLMs.

All Bidders (other than Anchor Investors) must compulsorily use the ASBA process to participate in the Offer. UPI Bidders shall Bid in the Offer through the UPI Mechanism. Anchor Investors are not permitted to participate in this Offer through the ASBA process.

All ASBA Bidders must provide either (i) bank account details and authorisation to block funds in their respective ASBA Accounts in the relevant space provided in the ASBA Form; or (ii) the UPI ID (in case of UPI Bidders), as applicable, in the relevant space provided in the ASBA Form and the ASBA Form that does not contain such details are liable to be rejected. Applications made by the UPI Bidders using third party bank account or using third party linked bank account UPI ID are liable for rejection.

Retail Individual Investors submitting their Bid cum Application Form to any Designated Intermediary (other than SCSBs) shall be required to Bid using the UPI Mechanism and must provide the UPI ID in the relevant space provided in the Bid cum Application Form. Bids submitted by Retail Individual Investors with any Designated Intermediary (other than SCSBs) without mentioning the UPI ID are liable to be rejected. UPI Bidders using the UPI Mechanism may also apply through the SCSBs and mobile applications using the UPI handles as provided on the website of SEBI.

ASBA Bidders shall ensure that the Bids are made on ASBA Forms bearing the stamp of the Designated Intermediary, submitted at the relevant Bidding Centres only (except in case of electronic ASBA Forms) and the ASBA Forms not bearing such specified stamp are liable to be rejected. ASBA Bidders must ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Bid Amount can be blocked by the SCSB or the Sponsor Bank, as applicable at the time of submitting the Bid. In order to ensure timely information to investors, SCSBs are required to send SMS alerts to investors intimating them about Bid Amounts blocked/ unblocked.

For all IPOs opening on or after September 1, 2022, as specified in SEBI circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022, all the ASBA applications in public issues shall be processed only after the application monies are blocked in the investor's bank accounts. Stock Exchanges shall accept the ASBA applications in their electronic book building platform only with a mandatory confirmation on the application monies blocked. The circular shall be applicable for all categories of investors viz. QIBs, Non-Institutional Investors and Retain Individual Investors, and also for all modes through which the applications are processed.

Since the Offer is made under Phase III, ASBA Bidders may submit the ASBA form in the manner below:

b. RIBs (other than the UPI Bidders using the UPI Mechanism) may submit their ASBA Forms with SCSBs (physically or online, as applicable), or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

c. UPI Bidders using the UPI Mechanism, may submit their ASBA Forms with the Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs or online using the facility of linked online trading, demat and bank account (3 in 1 type accounts), provided by certain brokers.

d. QIBs and NIBs may submit their ASBA Forms with SCSBs, Syndicate, sub-syndicate members, Registered Brokers, RTAs or CDPs.

The prescribed colour of the Bid cum Application Forms for various categories is as follows:

Category	**Colour of Bid cum Application Form***
Resident Indians including resident QIBs, Non-Institutional Bidders, Retail Individual Bidders and Eligible NRIs applying on a non-repatriation basis	[●]
Non-Residents including FPIs, Eligible NRIs applying on a repatriation basis, FVCIs and registered bilateral and multilateral institutions	[●]
Anchor Investors	[●]

** Excluding electronic Bid cum Application Forms*
Notes:
(1) Electronic Bid cum Application forms will also be available for download on the website of NSE (www.nseindia.com) and BSE (www.bseindia.com).
(2) Bid cum Application Forms for Anchor Investors will be made available at the offices of the BRLMs.

The Equity Shares offered in the Offer have not been and will not be registered, listed, or otherwise qualified in any jurisdiction except India and may not be offered or sold to persons outside of India except in compliance with the applicable laws of each such jurisdiction. In particular, the Equity Shares have not been and will not be registered under the U.S. Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws. Accordingly, the Equity Shares are only being offered and sold outside the United States in offshore transactions as defined in and in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where those offer and sales occur.

In case of ASBA Forms, Designated Intermediaries shall upload the relevant Bid details in the electronic bidding system of the Stock Exchanges.

Designated Intermediaries (other than SCSBs) shall submit/deliver the ASBA Forms (except Bid cum Application Forms submitted by UPI Bidders Bidding using the UPI Mechanism) to the respective SCSB, where the Bidder has a bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank(s). Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

Subsequently, for ASBA Forms (other than UPI Bidders using UPI Mechanism), Designated Intermediaries (other than SCSBs) shall submit / deliver the ASBA Forms to the respective SCSB where the Bidder has an ASBA bank account and shall not submit it to any non-SCSB bank or any Escrow Collection Bank. Stock Exchanges shall validate the electronic bids with the records of the CDP for DP ID/Client ID and PAN, on a real time basis and bring inconsistencies to the notice of the relevant Designated Intermediaries, for rectification and re-submission within the time specified by Stock Exchanges. Stock Exchanges shall allow modification of either DP ID/Client ID or PAN ID, bank code and location code in the Bid details already uploaded.

For UPI Bidders using UPI Mechanism, the Stock Exchanges shall share the Bid details (including UPI ID) with the Sponsor Bank on a continuous basis through API integration to enable the Sponsor Bank to initiate UPI Mandate Request to UPI Bidders for blocking of funds. The Sponsor Bank shall initiate a request for blocking of funds through NPCI to UPI Bidders, who shall accept the UPI Mandate Request for blocking of funds on their respective mobile applications associated with UPI ID linked bank account. The NPCI shall maintain an audit trail for every Bid entered in the Stock Exchanges bidding platform, and the liability to compensate UPI Bidders (Bidding through UPI Mechanism) in case of failed transactions shall be with the concerned entity (i.e., the Sponsor Bank, NPCI or the issuer bank) at whose end the lifecycle of the transaction has come to a halt. The NPCI shall share the audit trail of all disputed transactions/ investor complaints to the Sponsor Bank and the issuer bank. The Sponsor Bank and the Bankers to the Offer shall provide the audit trail to the BRLMs for analysing the same and fixing liability.

The Sponsor Bank will undertake a reconciliation of Bid responses received from Stock Exchanges and sent to NPCI and will also ensure that all the responses received from NPCI are sent to the Stock Exchanges platform with detailed error code and description, if any. Further, the Sponsor Bank will undertake reconciliation of all Bid requests and responses throughout their lifecycle on a daily basis and share reports with the BRLMs in the format and within the timelines as specified under the UPI Circulars. Sponsor Bank and issuer banks shall download UPI settlement files and raw data files from the NPCI portal after every settlement cycle and do a three way reconciliation with Banks UPI switch data, CBS data and UPI raw data. NPCI is to coordinate with issuer banks and Sponsor Bank on a continuous basis.

In accordance with BSE Circular no: 20220803-40 and NSE Circular no: 25/2022, each dated August 3, 2022, for all pending UPI Mandate Requests, the Sponsor Banks shall initiate requests for blocking of funds in the ASBA Accounts of relevant Bidders with a confirmation cut-off time of 5.00 p.m. on the Bid/Offer Closing Date (**Cut-Off Time**). Accordingly, UPI Bidders Bidding using the UPI Mechanism should accept UPI Mandate Requests for blocking off funds prior to the Cut-Off Time and all pending UPI Mandate Requests at the Cut-Off Time shall lapse. For ensuring timely information to investors, SCSBs shall send alerts as specified in SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable).

The processing fees for applications made by UPI Bidders using the UPI Mechanism may be released to the SCSBs only after such banks provide a written confirmation on compliance with SEBI Circular no. SEBI/HO/CFD/DIL2/P/CIR/2022/75 dated May 30, 2022 and SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable).

The Sponsor Bank shall host a web portal for intermediaries (closed user group) from the date of Bid/Offer Opening Date till the date of listing of the Equity Shares with details of statistics of mandate blocks/unblocks, performance of apps and UPI handles, down-time/network latency (if any) across intermediaries and any such processes having an impact/bearing on the Offer Bidding process.

ELECTRONIC REGISTRATION OF BIDS

1. The Designated Intermediary may register the Bids using the on-line facilities of the Stock Exchanges. The Designated Intermediaries can also set up facilities for off-line electronic registration of Bids, subject to the condition that they may subsequently upload the off-line data file into the on-line facilities for Book Building on a regular basis before the closure of the Offer.
2. On the Bid/Offer Closing Date, the Designated Intermediaries may upload the Bids till such time as may be permitted by the Stock Exchanges and as will be disclosed in the Red Herring Prospectus.
3. Only Bids that are uploaded on the Stock Exchanges Platform are considered for allocation/Allotment. The Designated Intermediaries shall modify select fields uploaded in the Stock Exchange Platform during the Bid/Offer Period till 5:00 pm on the Bid/ Offer Closing Date after which the Stock Exchange(s) send the bid information to the Registrar to the Offer for further processing.

Participation by the Promoter, the members of our Promoter Group, the BRLMs, associates and affiliates of the BRLMs and the Syndicate Members and the persons related to the Promoters, the members of our Promoter Group, BRLMs and the Syndicate Members

The BRLMs and the Syndicate Members shall not be allowed to purchase the Equity Shares in any manner, except towards fulfilling their underwriting obligations. However, the respective associates and affiliates of the BRLMs and the Syndicate Members may purchase Equity Shares in the Offer, either in the QIB Portion or in the Non-Institutional Category as may be applicable to such Bidders, where the allocation is on a proportionate basis and such subscription may be on their own account or on behalf of their clients. All categories of investors, including respective associates or affiliates of the BRLMs and Syndicate Members, shall be treated equally for the purpose of allocation to be made on a proportionate basis.

Except for Mutual Funds, AIFs or FPIs other than individuals, corporate bodies and family offices which are associates of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associates of the BRLMs, neither the BRLMs nor its respective associates can apply in the Offer under the Anchor Investor Portion.

Further, an Anchor Investor shall be deemed to be an 'associate of the Lead Managers' if: (i) either of them controls, directly or indirectly through its subsidiary or holding company, not less than 15% of the voting rights in the other; or (ii) either of them, directly or indirectly, by itself or in combination with other persons, exercises control over the other; or (iii) there is a common director, excluding nominee director, amongst the Anchor Investors and the BRLMs.

Further, the Promoters and the members of our Promoter Group shall not participate by applying for Equity Shares in the Offer, except in accordance with the applicable law. Furthermore, persons related to the Promoters and the members of our Promoter Group shall not apply in the Offer under the Anchor Investor Portion. It is clarified that a qualified institutional buyer who has rights under a shareholders' agreement or voting agreement entered into with any of the Promoters or the members of our Promoter Group of our Company, veto rights or a right to appoint any nominee director on our Board, shall be deemed to be a person related to the Promoters or the members of our Promoter Group of our Company.

Bids by Anchor Investors

In accordance with the SEBI ICDR Regulations and in addition to details and conditions mentioned in this section the key terms for participation by Anchor Investors are provided below:

1. Anchor Investor Application Forms will be made available for the Anchor Investor Portion at the offices of the BRLMs.

2. The Bid must be for a minimum of such number of Equity Shares so that the Bid Amount exceeds ₹ 100 million. A Bid cannot be submitted for over 60% of the QIB Portion. In case of a Mutual Fund, separate Bids by individual schemes of a Mutual Fund will be aggregated to determine the minimum application size of ₹ 100 million.

3. One-third of the Anchor Investor Portion will be reserved for allocation to domestic Mutual Funds.

4. Bidding for Anchor Investors will open 1 Working Day before the Bid/Offer Opening Date, i.e., the Anchor Investor Bidding Date, and will be completed on the same day.

5. Our Company, in consultation with the BRLMs, may finalise allocation to the Anchor Investors on a discretionary basis, provided that the minimum number of Allottees in the Anchor Investor Portion will not be less than:

    a. maximum of 2 Anchor Investors, where allocation under the Anchor Investor Portion is up to ₹ 100 million;

    b. minimum of 2 and maximum of 15 Anchor Investors, where the allocation under the Anchor Investor Portion is more than ₹ 100 million but up to ₹ 2,500 million, subject to a minimum Allotment of ₹ 50 million per Anchor Investor; and

    c. in case of allocation above ₹ 2,500 million under the Anchor Investor Portion, a minimum of 5 such investors and a maximum of 15 Anchor Investors for allocation up to ₹ 2,500 million, and an additional 10 Anchor Investors for every additional ₹2,500 million, subject to minimum Allotment of ₹ 50 million per Anchor Investor.

6. Allocation to Anchor Investors will be completed on the Anchor Investor Bidding Date. The number of Equity Shares allocated to Anchor Investors and the price at which the allocation is made will be made available in the public domain by the BRLMs before the Bid/Offer Opening Date, through intimation to the Stock Exchange.

7. Anchor Investors cannot withdraw or lower the size of their Bids at any stage after submission of the Bid.

8. If the Offer Price is greater than the Anchor Investor Allocation Price, the additional amount being the difference between the Offer Price and the Anchor Investor Allocation Price will be payable by the Anchor Investors on the Anchor Investor Pay-in Date specified in the CAN. If the Offer Price is lower than the Anchor Investor Allocation Price, Allotment to successful Anchor Investors will be at the higher price, i.e., the Anchor Investor Allocation Price shall still be the Anchor Investor Offer Price.

9. 50% Equity Shares Allotted to Anchor Investors in the Anchor Investor Portion shall be locked-in for a period of 30 days from the date of Allotment and the remaining 50% of the Equity Shares shall be locked-in for a period of 90 days from the date of Allotment.

10. Neither the BRLMs or any associate of the BRLMs (except Mutual Funds sponsored by entities which are associates of the BRLMs or insurance companies promoted by entities which are associate of BRLMs or AIFs sponsored by the entities which are associate of the BRLMs or FPIs, other than individuals, corporate bodies or family offices which are associate of the BRLMs or pension funds sponsored by entities which are associates of the BRLMs nor any 'person related to the Promoters or the members of our Promoter Group' shall apply in the Offer under the Anchor Investor Portion.

11. Bids made by QIBs under both the Anchor Investor Portion and the QIB Portion will not be considered multiple Bids.

12. For more information, see the General Information Document.

Bids by Mutual Funds

With respect to Bids by Mutual Funds, a certified copy of their SEBI registration certificate must be lodged with the Bid cum Application Form. Failing this, our Company, in consultation with BRLMs reserve the right to reject any Bid without assigning any reason thereof. Bids made by asset management companies or custodians of Mutual Funds shall specifically state names of the concerned schemes for which such Bids are made.

In case of a Mutual Fund, a separate Bid may be made in respect of each scheme of a Mutual Fund registered with the SEBI and such Bids in respect of more than one scheme of a Mutual Fund will not be treated as multiple Bids, provided that such Bids clearly indicate the scheme for which the Bid is submitted.

No Mutual Fund scheme shall invest more than 10% of its net asset value in equity shares or equity related instruments of any single company provided that the limit of 10% shall not be applicable for investments in case of index funds, exchange traded fund sector or industry specific scheme. No Mutual Fund under all its schemes should own more than 10% of any company's paid-up share capital carrying voting rights.

Bids by Eligible NRIs

Eligible NRIs may obtain copies of Bid cum Application Form from the offices of the Designated Intermediaries. Only Bids accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs Bidding on a repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders bidding through the UPI Mechanism) to block their Non-Resident External Accounts (**NRE Account**), or Foreign Currency Non-Resident Accounts (**FCNR Account**), and Eligible NRIs bidding on a non-repatriation basis should authorise their SCSBs or confirm or accept the UPI Mandate Request (in case of UPI Bidders bidding through the UPI Mechanism) to block their Non-Resident Ordinary (**NRO**) accounts for the full Bid amount, at the time of submission of the Bid cum Application Form. Participation of Eligible NRIs in the Offer shall be subject to the FEMA Regulations.

Only Bids accompanied by payment in Indian rupees or fully converted foreign exchange will be considered for Allotment. NRIs applying in the Offer through the UPI Mechanism are advised to enquire with the relevant bank, whether their account is UPI linked, prior to submitting a Bid cum Application Form.

Eligible NRIs will be permitted to apply in the Offer through Channel I or Channel II (as specified in the UPI Circulars). Further, subject to applicable law, Eligible NRIs may use Channel IV (as specified in the UPI Circulars) to apply in the Offer, provided the UPI facility is enabled for their NRE/NRO accounts. Eligible NRIs Bidding on non-repatriation basis are advised to use the Bid cum Application Form for residents ([●] in colour). Eligible NRIs Bidding on a repatriation basis are advised to use the Bid cum Application Form meant for Non-Residents ([●] in colour).

For details of restrictions on investment by NRIs, see '*Restrictions on Foreign Ownership of Indian Securities*' on page 490.

Bids by HUFs

Bids by Hindu Undivided Families or HUFs should be made in the individual name of the Karta. The Bidder should specify that the Bid is being made in the name of the HUF in the Bid cum Application Form/Application Form as follows: 'Name of sole or First Bidder: XYZ Hindu Undivided Family applying through XYZ, where XYZ is the name of the Karta'. Bids by HUFs will be considered at par with Bids from individuals.

Bids by FPIs

In terms of applicable FEMA Rules and the SEBI FPI Regulations, investments by FPIs in the Equity Shares is subject to certain limits, i.e., the individual holding of an FPI or an investor group (which means multiple entities registered as foreign portfolio investors and directly or indirectly, having common ownership of more than 50% or common control) shall be below 10% of our post-Offer Equity Share capital on a fully diluted basis. In case the total holding of an FPI or investor group increases beyond 10% of the total paid-up Equity Share capital of our Company, on a fully diluted basis, the total investment made by the FPI or investor group will be reclassified as FDI subject to the conditions as specified by SEBI and the RBI in this regard and our Company and the investor will be required to comply with applicable reporting requirements. Further, the total holdings of all FPIs put together, with effect from April 1, 2020, can be up to the sectoral cap applicable to the sector in which our Company operates (i.e., up to 100%). In terms of the FEMA Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included.

In case of Bids made by FPIs, a certified copy of the certificate of registration issued under the SEBI FPI Regulations is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason. FPIs who wish to participate in the Offer are advised to use the Bid cum Application Form for Non-Residents ([●] in colour).

To ensure compliance with the above requirement, SEBI, pursuant to its circular dated July 13, 2018, has directed that at the time of finalisation of the Basis of Allotment, the Registrar shall (i) use the PAN issued by the Income Tax Department of India for checking compliance for a single FPI; and (ii) obtain validation from Depositories for the FPIs who have invested in the Offer to ensure there is no breach of the investment limit, within the timelines for Offer procedure, as prescribed by SEBI from time to time.

Subject to compliance with all applicable Indian laws, rules, regulations, guidelines and approvals in terms of Regulation 21 of the SEBI FPI Regulations, an FPI is permitted to issue, subscribe to, or otherwise deal in offshore derivative instruments, directly or indirectly, only if it complies with the following conditions:

1. such offshore derivative instruments are issued only by persons registered as Category I FPIs;
2. such offshore derivative instruments are issued only to persons eligible for registration as Category I FPIs;
3. such offshore derivative instruments are issued after compliance with the 'know your client' norms as specified by SEBI; and
4. such other conditions as may be specified by SEBI from time to time.

An FPI is required to ensure that the transfer of an offshore derivative instruments issued by or on behalf of it, is subject to (a) the transfer being made to persons which fulfil the criteria provided under Regulation 21(1) of the SEBI FPI Regulations (as mentioned above from points (1) to (4)); and (b) prior consent of the FPI is obtained for such transfer, except in cases, where the persons to whom the offshore derivative instruments are to be transferred, are pre-approved by the FPI.

Bids by following FPIs, submitted with the same PAN but with different beneficiary account numbers, Client IDs and DP IDs shall not be treated as multiple Bids:

- FPIs which utilise the multi investment manager (MIM Structure) structure;
- Offshore derivative instruments which have obtained separate FPI registration for ODI and proprietary derivative investments;

- Sub funds or separate class of investors with segregated portfolio who obtain separate FPI registration;
- FPI registrations granted at investment strategy level/sub fund level where a collective investment scheme or fund has multiple investment strategies/sub-funds with identifiable differences and managed by a single investment manager.
- Multiple branches in different jurisdictions of foreign bank registered as FPIs;
- Government and Government related investors registered as Category 1 FPIs; and
- Entities registered as collective investment scheme having multiple share classes.

The Bids belonging to any of the above mentioned 7 structures and having same PAN may be collated and identified as a single Bid in the Bidding process. The Equity Shares allotted in the Bid may be proportionately distributed to the applicant FPIs (with same PAN).

In order to ensure valid Bids, FPIs making multiple Bids using the same PAN, and with different beneficiary account numbers, Client IDs and DP IDs, are required to provide a confirmation along with each of their Bid cum Application Forms that the relevant FPIs making multiple Bids utilize any of the above-mentioned structures and indicate the name of their respective investment managers in such confirmation. In the absence of such compliance from the relevant FPIs with the operational guidelines for FPIs and designated Depository Participants issued to facilitate implementation of SEBI FPI Regulations, such multiple Bids shall be rejected.

For details of investment by FPIs, see '*Restrictions on Foreign Ownership of Indian Securities*' on page 490. Participation of FPIs in the Offer shall be subject to the FEMA Rules.

Bids by SEBI registered Alternative Investment Funds, Venture Capital Funds and Foreign Venture Capital Investors

The Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, (**SEBI AIF Regulations**) prescribe, amongst others, the investment restrictions on AIFs. Pursuant to the repeal of the SEBI VCF Regulations, the VCFs which have not re-registered as an AIF under the SEBI AIF Regulations shall continue to be regulated by the SEBI VCF Regulations until the existing fund or scheme managed by the fund is wound up and such fund shall not launch any new scheme after the notification of the SEBI AIF Regulations. The SEBI FVCI Regulations, *inter alia* prescribe the investment restrictions on FVCIs registered with SEBI.

The holding in any company by any individual VCF registered with SEBI should not exceed 25% of the corpus of the VCF. Further, FVCIs can invest only up to 33.33% of the investible funds in various prescribed instruments, including in public offerings. Category I AIFs and Category II AIFs cannot invest more than 25% of the investible funds in one investee company. However, large value funds for accredited investors of Category I AIFs and Category II AIFs may invest up to 50% of the investible funds in an investee company. A category III AIF cannot invest more than 10% of the investible funds in one investee company. However, large value funds for accredited investors of Category III AIFs may invest up to 20% of the investible funds in an investee company. Participation of VCFs, AIFs or FVCIs in the Offer shall be subject to the FEMA Rules, amended from time to time.

All Non-Resident investors should note that refunds (in case of Anchor Investors), dividends and other distributions, if any, will be payable in Indian Rupees only and net of bank charges and commission.

Our Company or the BRLMs will not be responsible for loss, if any, incurred by the Bidder on account of conversion of foreign currency.

Bids by limited liability partnerships

In case of Bids made by limited liability partnerships registered under the Limited Liability Partnership Act, 2008, a certified copy of certificate of registration issued under the Limited Liability Partnership Act, 2008, must be attached to the Bid cum Application Form. Failing this, our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

Bids by banking companies

In case of Bids made by banking companies registered with RBI, certified copies of: (i) the certificate of registration issued by RBI, and (ii) the approval of such banking company's investment committee is required to be attached to the Bid cum Application Form, failing which our Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof, subject to applicable law.

The investment limit for banking companies in non-financial services companies as per the Banking Regulation Act, 1949 (**Banking Regulation Act**), and Master Direction - Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 is 10% of the paid-up share capital of the investee company or 10% of the bank's own paid-up share capital and reserves, as per the last audited balance sheet or a subsequent balance sheet, whichever is less. Further, the aggregate investment in subsidiaries and other entities engaged in financial and non-financial services company cannot exceed 20% of the bank's paid-up share capital and reserves. A banking company would be permitted to invest in excess of 10% but not exceeding 30% of the paid-up share capital of such investee company if: (a) the investee company is engaged in non-financial activities in which banking companies are permitted to engage under the Banking Regulation Act or the additional acquisition is through restructuring of debt, or to protect the bank's interest on loans/investments made to a company, provided that the bank is required to submit a time-bound action plan for disposal of such shares (in this sub-clause (b)) within a specified period to the RBI. A banking company would require a prior approval of the RBI to make investment in excess of 30% of the paid-up share capital of the investee company, investment in a subsidiary and a financial services company that is not a subsidiary (with certain exceptions prescribed), and investment in a non-financial services company in excess of 10% of such investee company's paid-up share capital as stated in the Reserve Bank of India (Financial Services provided by Banks) Directions, 2016, as amended. Bids by banking Companies should not exceed the investment limits prescribed for them under the applicable laws.

Bids by SCSBs

SCSBs participating in the Offer are required to comply with the terms of the circulars dated September 13, 2012 and January 2, 2013 issued by SEBI. Such SCSBs are required to ensure that for making applications on their own account using ASBA, they should have a separate account in their own name with any other SEBI registered SCSBs. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for such Bids.

Bids by insurance companies

In case of Bids made by insurance companies registered with the IRDAI, a certified copy of certificate of registration issued by IRDAI must be attached to the Bid cum Application Form. Failing this, the Company in consultation with BRLMs, reserve the right to reject any Bid without assigning any reason thereof.

The exposure norms for insurers, prescribed under Regulation 9 the Insurance Regulatory and Development Authority (Investment) Regulations, 2016 **(IRDA Investment Regulations**), and are based on investments in the equity shares of a company, the entire group of the investee company and the industry sector in which the investee company operates. Bidders are advised to refer to the IRDAI Investment Regulations for specific investment limits applicable to them and shall comply with all applicable regulations, guidelines and circulars issued by IRDAI from time to time.

Bids by Systemically Important Non-Banking Financial Companies

In case of Bids made by NBFC-SI, a certified copy of the certificate of registration issued by the RBI, a certified copy of its last audited financial statements on a standalone basis and a net worth certificate from its statutory auditor(s), must be attached to the Bid-cum Application Form. Failing this, our Company, in consultation with BRLMs, reserve the right to reject any Bid, without assigning any reason thereof. NBFC-SI participating in the Offer shall comply with all applicable regulations, guidelines and circulars issued by RBI from time to time.

Bids under Power of Attorney

In case of Bids made pursuant to a power of attorney by limited companies, corporate bodies, registered societies, Eligible FPIs, AIFs, Mutual Funds, insurance companies, NBFC-SI, insurance funds set up by the army, navy or air force of the India, insurance funds set up by the Department of Posts, India or the National Investment Fund and provident funds with a minimum corpus of ₹ 250 million (subject to applicable laws) and pension funds with a minimum corpus of ₹ 250 million, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, along with a certified copy of the memorandum of association and articles of association and/or bye laws must be lodged along with the Bid cum Application Form. Failing this, our Company, in consultation with BRLMs reserve the right to accept or reject any Bid in whole or in part, in either case, without assigning any reason thereof.

Our Company, in consultation with the BRLMs, in their absolute discretion, reserve the right to relax the above condition of simultaneous lodging of the power of attorney along with the Bid cum Application Form, subject to such terms and conditions that our Company in consultation with the BRLMs, may deem fit.

Bids by provident funds/pension funds

In case of Bids made by provident funds/pension funds, subject to applicable laws, with minimum corpus of ₹ 250 million, a certified copy of certificate from a chartered accountant certifying the corpus of the provident fund/ pension fund must be attached to the Bid cum Application Form. Failing this, our Company, in consultation with the BRLMs reserve the right to reject any Bid, without assigning any reason thereof.

The above information is given for the benefit of the Bidders. Our Company and the BRLMs are not liable for any amendments or modification or changes in applicable laws or regulations, which may occur after the date of this Draft Red Herring Prospectus, when filed. Bidders are advised to make their independent investigations and ensure that any single Bid from them does not exceed the applicable investment limits or maximum number of the Equity Shares that can be held by them under applicable laws or regulation and as specified in the Red Herring Prospectus, when filed.

In accordance with RBI regulations, OCBs cannot participate in the Offer.

Information for Bidders

The relevant Designated Intermediary will enter a maximum of 3 Bids at different price levels opted in the Bid cum Application Form and such options are not considered as multiple Bids. It is the Bidder’s responsibility to obtain the acknowledgment slip from the relevant Designated Intermediary. The registration of the Bid by the Designated Intermediary does not guarantee that the Equity Shares shall be allocated/Allotted. Such Acknowledgement Slip will be non-negotiable and by itself will not create any obligation of any kind. When a Bidder revises his or her Bid, he /she shall surrender the earlier Acknowledgement Slip and may request for a revised acknowledgment slip from the relevant Designated Intermediary as proof of his or her having revised the previous Bid.

In relation to electronic registration of Bids, the permission given by the Stock Exchanges to use their network and software of the electronic bidding system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by our Company and/or the BRLMs is cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of compliance with the statutory and other requirements, nor does it take any responsibility for the financial or other soundness of our Company, the management or any scheme or project of our Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this Draft Red Herring Prospectus or the Red Herring Prospectus; nor does it warrant that the Equity Shares will be listed or will continue to be listed on the Stock Exchanges.

Pre-Offer Advertisement

Subject to Section 30 of the Companies Act, our Company will, after filing the Red Herring Prospectus with the RoC, publish a pre-Offer advertisement, in the form prescribed by the SEBI ICDR Regulations, all editions of the [●] , an English language national daily with wide circulation, all editions of [●], a Hindi language national daily with wide circulation, and [●] edition of [●] a Gujarati language daily newspaper (Gujarati being the regional language of Union Territory of Dadra and Nagar Haveli and Daman and Diu, where our Registered Office is located). Our Company shall, in the pre-Offer advertisement state the Bid/Offer Opening Date, the Bid/Offer Closing Date and the QIB Bid/Offer Closing Date. This advertisement, subject to the provisions of Section 30 of the Companies Act, shall be in the format prescribed in Part A of Schedule X of the SEBI ICDR Regulations.

Signing of Underwriting Agreement and filing of Prospectus with the RoC

Our Company intends to enter into an Underwriting Agreement with the Underwriters on or after the determination of the Offer Price, but prior to the filing of the Prospectus. After signing the Underwriting Agreement, the Company will file the Prospectus with the RoC. The Prospectus would have details of the Offer Price, Anchor Investor Offer Price, Offer Size and underwriting arrangements and would be complete in all material respects.

General Instructions

Please note that QIBs and Non-Institutional Investors are not permitted to withdraw their Bid(s) or lower the size of their Bid(s) (in terms of quantity of Equity Shares or the Bid Amount) at any stage. Retail Individual Investors can revise or withdraw their Bid(s) until the Bid/ Offer Closing Date. Anchor Investors are not allowed to withdraw or lower the size of their Bids after the Anchor Investor Bidding Date.

Do's:

1. Check if you are eligible to apply as per the terms of the Draft Red Herring Prospectus and under applicable law, rules, regulations, guidelines and approvals. All Bidders (other than Anchor Investors) should submit their Bids through the ASBA process only;

2. Ensure that you have Bid within the Price Band;

3. Read all the instructions carefully and complete the Bid cum Application Form in the prescribed form;

4. Ensure that you (other than the Anchor Investors) have mentioned the correct details of ASBA Account (i.e. bank account number or UPI ID, as applicable) in the Bid cum Application Form if you are not a UPI Bidder bidding using the UPI Mechanism in the Bid cum Application Form and if you are a UPI Bidder using the UPI Mechanism ensure that you have mentioned the correct UPI ID (with maximum length of 45 characters including the handle) in the Bid cum Application Form;

5. UPI Bidders bidding using the UPI Mechanism shall ensure that the bank, with which they have their bank account, where the funds equivalent to the application amount are available for blocking is UPI 2.0 certified by NPCI before submitting the ASBA Form to any of the Designated Intermediaries;

6. Ensure that your Bid cum Application Form bearing the stamp of a Designated Intermediary is submitted to the Designated Intermediary at the Bidding Centre within the prescribed time. UPI Bidders using UPI Mechanism, may submit their ASBA Forms with Syndicate, Sub-Syndicate members, Registered Brokers, RTA or CDP;

7. Ensure that you have funds equal to the Bid Amount in the ASBA Account maintained with the SCSB, before submitting the ASBA Form to any of the Designated Intermediaries. Ensure that you use only your own bank account linked UPI ID (only for UPI Bidders using the UPI Mechanism) to make an application in the Offer;

8. If the first Bidder is not the bank account holder, ensure that the Bid cum Application Form is signed by the account holder. Ensure that you have an account with an SCSB and have mentioned the correct bank account number in the Bid cum Application Form (for all Bidders other than UPI Bidders bidding using the UPI Mechanism);

9. Ensure that the signature of the First Bidder in case of joint Bids, is included in the Bid cum Application Forms;

10. Ensure that you request for and receive a stamped acknowledgement counterfoil or acknowledgment specifying the application number as a proof of having accepted Bid cum Application Form for all your Bid options from the concerned Designated Intermediary;

11. Ensure that the name(s) given in the Bid cum Application Form is/are exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case of joint Bids, the Bid cum Application Form should contain only the name of the First Bidder whose name should also appear as the first holder of the beneficiary account held in joint names. Ensure that the signature of the First Bidder is included in the Bid cum Application Forms;

12. UPI Bidders bidding in the Offer to ensure that they shall use only their own ASBA Account or only their own bank account linked UPI ID (only for UPI Bidders using the UPI Mechanism) to make an application in the Offer and not ASBA Account or bank account linked UPI ID of any third party;

13. Ensure that when applying in the Offer using UPI, the name of your SCSB appears in the list of SCSBs displayed on the SEBI website which are live on UPI. Further, also ensure that the name of the app and the UPI handle being used for making the application is also appearing in the link available on https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=40 for SCSBs and https://www.sebi.gov.in/sebiweb/other/OtherAction.do?doRecognisedFpi=yes&intmId=43 for mobile applications or at such other websites as may be prescribed by SEBI from time to time;

14. UPI Bidders who wish to Bid using the UPI Mechanism should submit their Bids with the Designated Intermediaries, pursuant to which UPI Bidders should ensure acceptance of the UPI Mandate Request received from the Sponsor Bank to authorise blocking of funds equivalent to the Bid Amount in the UPI Bidder's ASBA Account;

15. Ensure that you submit the revised Bids to the same Designated Intermediary, through whom the original Bid was placed and obtain a revised acknowledgment;

16. Ensure that you have accepted the UPI Mandate Request received from the Sponsor Bank(s) prior to 5:00 p.m. of the Working Day immediately after the Bid/Offer Closing Date;

17. Ensure that you have correctly signed the authorisation/undertaking box in the Bid cum Application Form or have otherwise provided an authorisation to the SCSB or Sponsor Bank, as applicable, via the electronic mode, for blocking funds in the ASBA Account equivalent to the Bid Amount mentioned in the Bid cum Application Form, as the case may be, at the time of submission of the Bid. In case of UPI Bidders submitting their Bids and participating in the Offer through the UPI Mechanism, ensure that you authorise the UPI Mandate Request, including in case of any revision of Bids, raised by the Sponsor Bank for blocking of funds equivalent to Bid Amount and subsequent debit of funds in case of Allotment;

18. Except for Bids (i) on behalf of the Central or State Governments and the officials appointed by the courts, who, in terms of the SEBI circular no. MRD/Dop/Cir-20/2008 dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, (ii) submitted by investors who are exempt from the requirement of obtaining/specifying their PAN for transacting in the securities market, and (iii) Bids by persons resident in the state of Sikkim, who, in terms of a SEBI circular no. MRD/DoP/SE/Cir- 8 /2006 dated July 20, 2006, may be exempted from specifying their PAN for transacting in the securities market, all Bidders should mention their PAN allotted under the IT Act. The exemption for the Central or the State Government and officials appointed by the courts and for investors residing in the State of Sikkim is subject to (a) the Demographic Details received from the respective depositories confirming the exemption granted to the beneficiary owner by a suitable description in the PAN field and the beneficiary account remaining in 'active status'; and (b) in the case of residents of Sikkim, the address as per the Demographic Details evidencing the same. All other applications in which PAN is not mentioned will be rejected;

19. Bidders should ensure that their PAN is linked with their Aadhaar and that they are in compliance with the notification dated February 13, 2020, issued by the Central Board of Direct Taxes and the subsequent press releases, including press releases dated June 25, 2021 and September 17, 2021;

20. Ensure that the Demographic Details are updated, true and correct in all respects;

21. Ensure that thumb impressions and signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal;

22. Ensure that the category and the investor status is indicated in the Bid cum Application Form to ensure proper upload of your Bid in the electronic Bidding system of the Stock Exchanges;

23. Ensure that in case of Bids under power of attorney or by limited companies, corporates, trust, etc., relevant documents are submitted;

24. Ensure that Bids submitted by any person resident outside India is in compliance with applicable foreign and Indian laws;

25. Ensure that Bids above ₹ 5,00,000 submitted by ASBA Bidders are uploaded only by the SCSBs;

26. Since the Allotment will be in demat form only, ensure that the Bidder's depository account is active, the correct DP ID, Client ID, the PAN, UPI ID, if applicable, are mentioned in their Bid cum Application Form and that the name of the Bidder, the DP ID, Client ID, the PAN and UPI ID, if applicable, entered into the online IPO system of the Stock Exchanges by the relevant Designated Intermediary, as applicable, matches with the name, DP ID, Client ID, PAN and UPI ID, if applicable, available in the Depository database;

27. FPIs making MIM Bids using the same PAN, and different beneficiary account numbers, Client IDs and DP IDs, are required to submit a confirmation that their Bids are under the MIM structure and indicate the name of their investment managers in such confirmation which shall be submitted along with each of their Bid cum Application Forms. In the absence of such confirmation from the relevant FPIs, such MIM Bids shall be rejected;

28. UPI Bidders shall ensure that details of the Bid are reviewed and verified by opening the attachment in the UPI Mandate Request and then proceed to authorise the UPI Mandate Request using his/her UPI PIN. Upon the authorisation of the mandate using his/her UPI PIN, a UPI Bidder may be deemed to have verified the attachment containing the application details of the UPI Bidder in the UPI Mandate Request and have agreed to block the entire Bid Amount and authorised the Sponsor Bank to block the Bid Amount mentioned in the Bid Cum Application Form; and

29. Ensure that while Bidding through a Designated Intermediary, the Bid cum Application Form (other than for Anchor Investors and UPI Bidders bidding using the UPI Mechanism) is submitted to a Designated Intermediary in a Bidding Centre and that the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has named at least one branch at that location for the Designated Intermediary to deposit ASBA Forms (a list of such branches is available on the website of SEBI at www.sebi.gov.in).

Don'ts:

1. Do not Bid for lower than the minimum Bid size;

2. Do not Bid for a Bid Amount exceeding ₹ 0.2 million (for Bids by Retail Individual Bidders);

3. Do not pay the Bid Amount in cheques, demand drafts or by cash, money order, postal order or by stock invest;

4. Do not send Bid cum Application Forms by post; instead submit the same to the Designated Intermediary only;

5. Do not Bid at Cut-off Price (for Bids by QIBs and Non-Institutional Bidders);

6. Do not instruct your respective banks to release the funds blocked in the ASBA Account under the ASBA process;

7. Do not submit the Bid for an amount more than funds available in your ASBA account;

8. Do not submit Bids on plain paper or on incomplete or illegible Bid cum Application Forms or on Bid cum Application Forms in a colour prescribed for another category of a Bidder;

9. If you are a UPI Bidder using UPI mechanism, do not submit more than one Bid cum Application Form for each UPI ID;

10. Anchor Investors should not Bid through the ASBA process;

11. Do not submit the ASBA Forms to any Designated Intermediary that is not authorised to collect the relevant ASBA Forms or to our Company;

12. Do not Bid on a Bid cum Application Form that does not have the stamp of the relevant Designated Intermediary;

13. Do not submit the General Index Register (GIR) number instead of the PAN;

14. Do not submit incorrect details of the DP ID, Client ID, PAN and UPI ID, if applicable, or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Offer;

15. Do not submit a Bid in case you are not eligible to acquire Equity Shares under applicable law or your relevant constitutional documents or otherwise;

16. Do not Bid if you are not competent to contract under the Indian Contract Act, 1872 (other than minors having valid depository accounts as per Demographic Details provided by the depository);
17. Do not submit a Bid/revise a Bid Amount, with a price less than the Floor Price or higher than the Cap Price;
18. Do not submit a Bid using UPI ID, if you are not a UPI Bidder;
19. Do not Bid on another Bid cum Application Form or the Anchor Investor Application Form, as the case may be, after you have submitted a Bid to any of the Designated Intermediaries;
20. Do not Bid for more Equity Shares than what is specified by respective Stock Exchange for each category;
21. If you are a QIB, do not submit your Bid after 3 p.m. on the QIB Bid/Offer Closing Date;
22. Do not submit your Bid after 5.00 pm on the Bid/Offer Closing Date;
23. In case of ASBA Bidders (other than 3-in-1 Bids), the Syndicate Members shall ensure that they do not upload any Bids above ₹ 0.5 million;
24. Do not fill up the Bid cum Application Form such that the Equity Shares Bid for, exceeds the Offer size and/or investment limit or maximum number of the Equity Shares that can be held under applicable laws or regulations or maximum amount permissible under applicable laws or regulations, or under the terms of the Red Herring Prospectus;
25. Do not withdraw your Bid or lower the size of your Bid (in terms of quantity of the Equity Shares or the Bid Amount) at any stage, if you are a QIB or a Non-Institutional Bidder. RIB may revise or withdraw their Bids on or before the Bid/Offer Closing Date;
26. Do not submit Bids to a Designated Intermediary at a location other than Specified Locations. If you are a UPI Bidder using UPI Mechanism, do not submit the ASBA Form directly with SCSBs;
27. If you are a UPI Bidder which is submitting the ASBA Form with any of the Designated Intermediaries and using your UPI ID for the purpose of blocking of funds, do not use any third party bank account or third party linked bank account UPI ID;
28. Do not Bid if you are an OCB;
29. UPI Bidders Bidding through the UPI Mechanism using the incorrect UPI handle or using a bank account of an SCSB and/ or mobile applications which is not mentioned in the list provided on the SEBI website are liable to be rejected;
30. Do not submit the Bid cum Application Forms to any non-SCSB bank; and
31. Do not submit a Bid cum Application Form with third party ASBA Bank Account or UPI ID (in case of Bids submitted by UPI Bidders using the UPI Mechanism).

For contact details of the Book Running Lead Managers see '*General Information - Book Running Lead Managers*' on page 88.

The Bid cum Application Form is liable to be rejected if the above instructions, as applicable, are not complied with.

In case of any pre-Offer or post Offer related issues regarding demat credit/refund orders/unblocking etc., investors shall reach out to the Company Secretary and Compliance Officer, and the Registrar. For details of the Secretary and Compliance Officer and the Registrar, see '*General Information*' on page 86. For details of grounds for technical rejections of a Bid cum Application Form, see the General Information Document.

Grounds for Technical Rejection

In addition to the grounds for rejection of Bids on technical grounds as provided in the GID, Bidders are requested to note that Bids maybe rejected on the following additional technical grounds:

1. Bids submitted without instruction to the SCSBs to block the entire Bid Amount;

2. Bids which do not contain details of the Bid Amount and the bank account details in the ASBA Form;
3. Bids submitted on a plain paper;
4. Bids submitted by UPI Bidders using the UPI Mechanism through an SCSBs and/or using a mobile application or UPI handle, not listed on the website of SEBI;
5. Bids under the UPI Mechanism submitted by UPI Bidders using third party bank accounts or using a third party linked bank account UPI ID (subject to availability of information regarding third party account from Sponsor Bank);
6. ASBA Form by the UPI Bidders using third party bank accounts or using third party linked bank account UPI IDs;
7. ASBA Form submitted to a Designated Intermediary does not bear the stamp of the Designated Intermediary;
8. Bids submitted without the signature of the First Bidder or sole Bidder;
9. The ASBA Form not being signed by the account holders, if the account holder is different from the Bidder;
10. Bids by persons for whom PAN details have not been verified and whose beneficiary accounts are "suspended for credit" in terms of SEBI circular CIR/MRD/DP/ 22 /2010 dated July 29, 2010;
11. GIR number furnished instead of PAN;
12. Bids by persons who are not eligible to acquire Equity Shares in terms of all applicable laws, rules, regulations, guidelines and approvals; and
13. Bids accompanied by stock invest, money order, postal order or cash.

Further, in case of any pre-offer or post offer related issues regarding share certificates/demat credit/refund orders/unblocking etc., investors shall reach out the Company Secretary and Compliance Officer, and the Registrar to the Offer. For details of the Company Secretary and Compliance Officer, and the Registrar to the Offer., see '*General Information*' on page 86.

In case of any delay in unblocking of amounts in the ASBA Accounts (including amounts blocked through the UPI Mechanism) exceeding 2 Working Days from the Bid/ Offer Closing Date, the Bidder shall be compensated in accordance with applicable law. Further, Investors shall be entitled to compensation in the manner specified in the SEBI Master Circular no. SEBI/HO/MIRSD/POD-1/P/CIR/2024/37 dated May 7, 2024 (to the extent applicable) in case of delays in resolving investor grievances in relation to blocking/unblocking of funds.

The BRLMs shall be the nodal entity for any issues arising out of public issuance process. In terms of Regulation 23(5) and Regulation 52 of SEBI ICDR Regulations, the timelines and processes mentioned in SEBI RTA Master Circular shall continue to form part of the agreements being signed between the intermediaries involved in the public issuance process and the BRLMs shall continue to coordinate with intermediaries involved in the said process.

Names of entities responsible for finalising the Basis of Allotment in a fair and proper manner

The authorised employees of the Designated Stock Exchange, along with the BRLMs and the Registrar, shall ensure that the Basis of Allotment is finalised in a fair and proper manner in accordance with the procedure specified in SEBI ICDR Regulations.

Method of allotment as may be prescribed by SEBI from time to time

Our Company will not make any Allotment in excess of the Equity Shares offered through the Offer through the Offer document except in case of oversubscription for the purpose of rounding off to make Allotment, in consultation with the Designated Stock Exchange. Further, upon oversubscription, an Allotment of not more than 1% of the Offer to public may be made for the purpose of making Allotment in minimum lots.

The allotment of Equity Shares to Bidders other than to the Retail Individual Investors, Non-Institutional Investors and Anchor Investors shall be on a proportionate basis within the respective investor categories and the number of securities allotted shall be rounded off to the nearest integer, subject to minimum allotment being equal to the minimum application size as determined and disclosed.

The allotment of Equity Shares to each Retail Individual Investor shall not be less than the minimum Bid Lot, subject to the availability of shares in Retail Individual Investor category, and the remaining available shares, if any, shall be allotted on a proportionate basis.

The allotment to each Non-Institutional Investors shall not be less than the minimum application size, subject to the availability of Equity Shares in the Non-Institutional Portion, and the remaining Equity Shares, if any, shall be allotted on a proportionate basis.

The Allotment of Equity Shares to Anchor Investors shall be on a discretionary basis. The Equity Shares available for allocation to Non-Institutional Investors under the Non-Institutional Portion, shall be subject to the following, and in accordance with the SEBI ICDR Regulations: (i) one-third of the portion available to Non-Institutional Investors shall be reserved for Non-Institutional Investors with an application size of more than ₹ 0.20 million and up to ₹ 1 million, and (ii) two-third of the portion available to Non- Institutional Bidders shall be reserved for Non-Institutional Investors with application size of more than ₹ 1 million, provided that the unsubscribed portion in either of the aforementioned sub-categories may be allocated to applicants in the other sub-category of Non-Institutional Investors.

Payment into Escrow Account(s) for Anchor Investors

Our Company, in consultation with the BRLMs, in their absolute discretion, will decide the list of Anchor Investors to whom the CAN will be sent, pursuant to which the details of the Equity Shares allocated to them in their respective names will be notified to such Anchor Investors. Anchor Investors are not permitted to Bid in the Offer through the ASBA process. Instead, Anchor Investors should transfer the Bid Amount (through direct credit, RTGS, or NEFT) to the Escrow Accounts. The payment instruments for payment into the Escrow Account(s) should be drawn in favour of:

i. In case of resident Anchor Investors: '[●]'

ii. In case of Non-Resident Anchor Investors: '[●]'

Anchor Investors should note that the escrow mechanism is not prescribed by SEBI and has been established as an arrangement between our Company, the Syndicate, the Bankers to the Offer and the Registrar to the Offer to facilitate collections from Anchor Investors.

Depository Arrangements

The Allotment of the Equity Shares in the Offer shall be only in a dematerialised form, (*i.e.*, not in the form of physical certificates but be fungible and be represented by the statement issued through the electronic mode). In this context, tripartite agreements had been signed among our Company, the respective Depositories and the Registrar to the Offer:

- Tripartite Agreement dated November 10, 2021, among NSDL, our Company and the Registrar to the Offer.
- Tripartite Agreement dated November 18, 2021, among CDSL, our Company and Registrar to the Offer.

Undertakings by our Company

Our Company undertakes the following:

1. That the complaints received in respect of the Offer shall be attended to by our Company expeditiously and satisfactorily;

2. That all steps will be taken for completion of the necessary formalities for listing and commencement of trading at all the Stock Exchanges where the Equity Shares are proposed to be listed within 3 Working Days of the Bid/Offer Closing Date or such other time as may be prescribed;

3. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Offer by our Company;

4. Where refunds (to the extent applicable) are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within the time prescribed under applicable law, giving details

of the bank where refunds shall be credited along with amount and expected date of electronic credit of refund;

5. That if our Company does not proceed with the Offer after the Bid/Offer Closing Date but prior to Allotment, the reason thereof shall be given as a public notice within 2 days of the Bid/Offer Closing Date. The public notice shall be issued in the same newspapers where the pre-Offer advertisements were published. The Stock Exchanges on which the Equity Shares are proposed to be listed shall also be informed promptly;

6. That if our Company, in consultation with the BRLMs, withdraws the Offer after the Bid/Offer Closing Date, our Company shall be required to file a fresh draft offer document with SEBI, in the event our Company subsequently decides to proceed with the Offer thereafter;

7. Minimum Promoters' Contribution shall be brought in advance before the Bid/Offer Opening Date;

8. That adequate arrangements shall be made to collect all Bid cum Application Forms submitted by Bidders and Anchor Investor Application Form from Anchor Investors;

9. That except for the allotment of Specified Securities pursuant to the Pre-IPO Placement which our Company may undertake in consultation with the BRLMs, no further Offer of Equity Shares shall be made until the Equity Shares issued or offered through the Red Herring Prospectus are listed or until the Bid monies are refunded/unblocked in the ASBA Accounts on account of non-listing, under-subscription etc; and

10. That if Allotment is not made within the prescribed time period under applicable law, the entire subscription amount received will be refunded/unblocked within the time prescribed under applicable law. If there is delay beyond the prescribed time, our Company shall pay interest prescribed under the Companies Act, the SEBI ICDR Regulations and applicable law for the delayed period.

Undertakings by the Selling Shareholders

Each Selling Shareholders, severally and not jointly, undertakes and confirms in respect of itself as a Selling Shareholder and its respective portion of the Offered Shares, that:

1. the Selling Shareholders are the legal and beneficial owners of and have full title to their respective Equity Shares being offered through the Offer for Sale:

2. the Offered Shares are free and clear of encumbrances, any defect to good, valid, and marketable title, and shall be transferred pursuant to the Offer, free and clear of any encumbrances;

3. the Selling Shareholders shall deposit the Equity Shares offered for sale by them in the Offer in an escrow demat account in accordance with the Share Escrow Agreement;

4. the Selling Shareholders shall not offer any incentive, whether direct or indirect, in any manner, whether in cash or kind or services or otherwise to any Bidder for making a Bid in the Offer, and shall not make any payment, direct or indirect, in the nature of discounts, commission, allowance or otherwise to any person who makes a Bid in the Offer; and

5. the Selling Shareholders will provide assistance to the Company, as may be reasonably required and necessary in accordance with applicable laws, for the completion of the necessary formalities in relation to the Equity Shares being offered by it under the Offer for Sale.

The Selling Shareholders have, severally and not jointly, authorized the Company Secretary and Compliance Officer of our Company and the Registrar to the Offer to redress any complaints received from Bidders in respect of the Offer for Sale.

Utilisation of Offer Proceeds

Our Board confirm that all monies received out of the Offer shall be credited/transferred to a separate bank account other than the bank account referred to in sub-section (3) of Section 40 of the Companies Act and the details of all monies utilised out of the Offer shall be disclosed, and continued to be disclosed till the time any part of the Offer proceeds reman unutilised, under an appropriate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised. Details of all monies unutilised, shall be disclosed under an appropriate head in the balance sheet of our Company indicating the from in which such unutilised monies have been invested.

The Company and the Selling Shareholders, specifically confirm and declare that all monies received out of the Offer shall be transferred to a separate bank account other than the bank account referred to in sub-section 3 of Section 40 of the Companies Act, 2013.

Impersonation

Attention of the Bidders is specifically drawn to the provisions of sub-section (1) of Section 38 of the Companies Act which is reproduced below:

'Any person who –

(i) makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or

(ii) makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or

(iii) otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name, shall be liable for action under Section 447.'

The liability prescribed under Section 447 of the Companies Act for fraud involving an amount of at least ₹ 1 million or 1% of the turnover of the company, whichever is lower, includes imprisonment for a term which shall not be less than 6 months extending up to 10 years and fine of an amount not less than the amount involved in the fraud, extending up to 3 times such amount (provided that where the fraud involves public interest, such term shall not be less than 3 years). Further, where the fraud involves an amount less than ₹ 1 million or 1% the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to 5 years or with fine which may extend to ₹ 5 million or with both.

RESTRICTIONS ON FOREIGN OWNERSHIP OF INDIAN SECURITIES

Foreign investment in Indian securities is regulated through the Industrial Policy, 1991 of the Government of India and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made. Under the Industrial Policy, 1991, unless specifically restricted, foreign investment is freely permitted in all sectors of the Indian economy up to any extent and without any prior approvals, but the foreign investor is required to follow certain prescribed procedures for making such investment. The RBI and the concerned ministries/departments are responsible for granting approval for foreign investment. The Government has from time to time made policy pronouncements on foreign direct investment (**FDI**) through press notes and press releases.

The DPIIT issued the Consolidated FDI Policy Circular dated October 15, 2020, with effect from October 15, 2020 (**Consolidated FDI Policy**), which consolidates and supersedes all previous press notes, press releases and clarifications on FDI issued by the DPIIT that were in force and effect prior to October 15, 2020. The Consolidated FDI Policy will be valid until the DPIIT issues an updated circular. FDI in companies engaged in sectors/ activities which are not listed in the FDI Policy is permitted up to 100% of the paid-up share capital of such company under the automatic route, subject to compliance with certain prescribed conditions.

As per the Consolidated FDI Policy, FDI in companies engaged in manufacturing, which is the sector in which our Company operates, is permitted up to 100% of the paid-up share capital of such company under the automatic route.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that: (i) the activities of the investee company are under the automatic route under the foreign direct investment policy and transfer does not attract the provisions of the SEBI Takeover Regulations; (ii) the non-resident shareholding is within the sectoral limits under the Consolidated FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI. For further details of the aggregate limit for investments by NRIs and FPIs in our Company, please see section titled '*Offer Procedure – Bids by Eligible NRIs*' and '*Offer Procedure – Bids by FPIs*' on page 477 and 478, respectively.

On October 17, 2019, Ministry of Finance, Department of Economic Affairs, notified the FEMA Rules, which had replaced the Foreign Exchange Management (Transfer and Issue of Security by a Person Resident Outside India) Regulations 2017. Foreign investment in this Offer shall be on the basis of, and in accordance with the FEMA Rules. Further, in accordance with Press Note No. 3 (2020 Series), dated April 17, 2020 issued by the DPIIT and the Foreign Exchange Management (Non- debt Instruments) Amendment Rules, 2020 which came into effect from April 22, 2020, any investment, subscription, purchase or sale of equity instruments by entities of a country which shares land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country (**Restricted Investors**), will require prior approval of the Government, as prescribed in the Consolidated FDI Policy and the FEMA Rules. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/ purview, such subsequent change in the beneficial ownership will also require approval of the Government. Pursuant to the Foreign Exchange Management (Non-debt Instruments) (Fourth Amendment) Rules, 2020 which came into effect on December 8, 2020, a multilateral bank or fund, of which India is a member, shall not be treated as an entity of a particular country nor shall any country be treated as the beneficial owner of the investments of such bank or fund in India.

As per the existing policy of the Government of India, OCBs cannot participate in this Offer. For details, see '*Offer Procedure*' on page 471. Each Bidder should seek independent legal advice about its ability to participate in the Offer. In the event such prior approval of the Government of India is required, and such approval has been obtained, the Bidder shall intimate our Company and the Registrar in writing about such approval along with a copy thereof within the Bid/Offer Period.

The Equity Shares offered in the Offer have not been and will not be registered under the U.S. Securities Act or any other applicable laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in reliance on Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such issue and sales are made. The Equity Shares have not been and will not be

registered, listed or otherwise qualified in any other jurisdiction outside India and may not be issued or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

For details of the aggregate limit for investments by NRIs and FPIs in our Company, see '*Offer Procedure – Bids by Eligible NRIs*' and '*Offer Procedure - Bids by FPIs*' on pages 477 and 478, respectively.

The above information is given for the benefit of the Bidders. Our Company, our Promoters, our Directors, the Selling Shareholders and the BRLMs are not liable for any amendments, modification, or changes in applicable laws or regulations, which may occur after the date of the Prospectus. Bidders are advised to make their independent investigations and ensure that the number of Equity Shares Bid for which do not exceed the applicable limits under laws and regulations.

The Equity Share offered in the Offer have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and unless so registered, may not be offered or sold within the United States, except pursuant to an exemption from, or in a transaction not subject to the registration requirements of the U.S. Securities Act and in accordance with any applicable U.S. state securities laws. Accordingly, the Equity Shares are being offered and sold outside the United States in 'offshore transactions' in compliance with Regulation S under the U.S. Securities Act and the applicable laws of the jurisdictions where such offers and sales are made.

The Equity Shares have not been and will not be registered, listed or otherwise qualified in any other jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

SECTION IX: DESCRIPTION OF EQUITY SHARES AND MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION

No material clause of Articles of Association set out below has been left out from disclosure which may have a bearing on the Issue with respect to any investment decision or otherwise.

THE COMPANIES ACT, 2013

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

OF

Sanathan Textiles Limited

(A company limited by shares)

I. Interpretation

(1) In these regulations—

(a) "The Act" means the Companies Act, 2013,

(b) "The seal" means the common seal of the company.

(2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.

Share capital and variation of rights

II. 1. (i) Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.

(ii) Notwithstanding anything contained in these Articles, the Company shall be entitled to dematerialize its securities and to offer securities in a dematerialized form, subject to the provisions of the Depositories Act, 1996 and other applicable laws."

2. (i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided, —

(a) One certificate for all his shares without payment of any charges; or

(b) Several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first.

(ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon.

(iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.

3. (i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate.

(ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.

4. Except as required by law, no person shall be recognized by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.

5. (i) If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of section 48, and whether or not the company is being wound up, be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution passed at a separate meeting of the holders of the shares of that class.

(ii) To every such separate meeting, the provisions of these regulations relating to general meetings shall mutatis mutandis apply, but so that the necessary quorum shall be at least two persons holding at least one-third of the issued shares of the class in question.

6. The rights conferred upon the holders of the shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class, be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

7. Subject to the provisions of section 55, any preference shares may, with the sanction of an ordinary resolution, be issued on the terms that they are to be redeemed on such terms and in such manner as the company before the issue of the shares may, by special resolution, determine.

Lien

8. (i) The company shall have a first and paramount lien —

(a) On every share (not being a fully paid share), for all monies (whether presently payable or not) called, or payable at a fixed time, in respect of that share; and

(b) on all shares (not being fully paid shares) standing registered in the name of a single person, for all monies presently payable by him or his estate to the company:

Provided that the Board of directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.

(ii) The company's lien, if any, on a share shall extend to all dividends payable and bonuses declared from time to time in respect of such shares.

9. The company may sell, in such manner as the Board thinks fit, any shares on which the company has a lien: Provided that no sale shall be made—

(a) Unless a sum in respect of which the lien exists is presently payable; or

(b) until the expiration of fourteen days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or the person entitled thereto by reason of his death or insolvency.

10. (i) To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof.

(ii) The purchaser shall be registered as the holder of the shares comprised in any such transfer.

(iii) The purchaser shall not be bound to see to the application of the purchase money, nor shall his title to the shares be affected by any irregularity or invalidity in the proceedings in reference to the sale.

11. (i) The proceeds of the sale shall be received by the company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.

(ii) The residue, if any, shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to the person entitled to the shares at the date of the sale.

Calls on shares

12. (i) The Board may, from time to time, make calls upon the members in respect of any monies unpaid on their shares (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment thereof made payable at fixed times:

Provided that no call shall exceed one-fourth of the nominal value of the share or be payable at less than one month from the date fixed for the payment of the last preceding call.

(ii) Each member shall, subject to receiving at least fourteen days' notice specifying the time or times and place of payment, pay to the company, at the time or times and place so specified, the amount called on his shares.

(iii) A call may be revoked or postponed at the discretion of the Board.

13. A call shall be deemed to have been made at the time when the resolution of the Board authorizing the call was passed and may be required to be paid by installments.

14. The joint holders of a share shall be jointly and severally liable to pay all calls in respect thereof.

15. (i) If a sum called in respect of a share is not paid before or on the day appointed for payment thereof, the person from whom the sum is due shall pay interest thereon from the day appointed for payment thereof to the time of actual payment at ten per cent. per annum or at such lower rate, if any, as the Board may determine.

(ii) The Board shall be at liberty to waive payment of any such interest wholly or in part.

16. (i) Any sum which by the terms of issue of a share becomes payable on allotment or at any fixed date, whether on account of the nominal value of the share or by way of premium, shall, for the purposes of these regulations, be deemed to be a call duly made and payable on the date on which by the terms of issue such sum becomes payable.

(ii) In case of non-payment of such sum, all the relevant provisions of these regulations as to payment of interest and expenses, forfeiture or otherwise shall apply as if such sum had become payable by virtue of a call duly made and notified.

17. The Board—

(a) may, if it thinks fit, receive from any member willing to advance the same, all or any part of the monies uncalled and unpaid upon any shares held by him; and

(b) upon all or any of the monies so advanced, may (until the same would, but for such advance, become presently payable) pay interest at such rate not exceeding, unless the company in general meeting shall otherwise direct, twelve per cent. per annum, as may be agreed upon between the Board and the member paying the sum in advance.

Transfer of shares

18. (i) The instrument of transfer of any share in the company shall be executed by or on behalf of both the transferor and transferee.

(ii) The transferor shall be deemed to remain a holder of the share until the name of the transferee is entered in the register of members in respect thereof.

(iii) If any member of Company wishes to transfer shares, such shares need to be offer to existing members of the Company before selling the same to any other person of his choice.

19. The Board may, subject to the right of appeal conferred by section 58 declines to register—

(a) the transfer of a share, not being a fully paid share, to a person of whom they do not approve; or

(b) any transfer of shares on which the company has a lien.

20. The Board may decline to recognize any instrument of transfer unless—

(a) the instrument of transfer is in the form as prescribed in rules made under sub-section (1) of section 56;

(b) the instrument of transfer is accompanied by the certificate of the shares to which it relates, and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer; and

(c) the instrument of transfer is in respect of only one class of shares.

21. On giving not less than seven days' previous notice in accordance with section 91 and rules made thereunder, the registration of transfers may be suspended at such times and for such periods as the Board may from time to time determine:

Provided that such registration shall not be suspended for more than thirty days at any one time or for more than forty-five days in the aggregate in any year.

Transmission of shares

22. (i) On the death of a member, the survivor or survivors where the member was a joint holder, and his nominee or nominees or legal representatives where he was a sole holder, shall be the only persons recognized by the company as having any title to his interest in the shares.

(ii) Nothing in clause (i) shall release the estate of a deceased joint holder from any liability in respect of any share which had been jointly held by him with other persons.

23. (i) Any person becoming entitled to a share in consequence of the death or insolvency of a member may, upon such evidence being produced as may from time to time properly be required by the Board and subject as hereinafter provided, elect, either—

(a) to be registered himself as holder of the share; or

(b) to make such transfer of the share as the deceased or insolvent member could have made.

(ii) The Board shall, in either case, have the same right to decline or suspend registration as it would have had, if the deceased or insolvent member had transferred the share before his death or insolvency.

24. (i) If the person so becoming entitled shall elect to be registered as holder of the share himself, he shall deliver or send to the company a notice in writing signed by him stating that he so elects.

(ii) If the person aforesaid shall elect to transfer the share, he shall testify his election by executing a transfer of the share.

(iii) All the limitations, restrictions and provisions of these regulations relating to the right to transfer and the registration of transfers of shares shall be applicable to any such notice or transfer as aforesaid as if the death or insolvency of the member had not occurred and the notice or transfer were a transfer signed by that member.

25. A person becoming entitled to a share by reason of the death or insolvency of the holder shall be entitled to the same dividends and other advantages to which he would be entitled if he were the registered holder of the share, except that he shall not, before being registered as a member in respect of the share, be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the company:

Provided that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the share, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other monies payable in respect of the share, until the requirements of the notice have been complied with.

Forfeiture of shares

26. If a member fails to pay any call, or instalment of a call, on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or instalment remains unpaid, serve a notice on him requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued.

27. The notice aforesaid shall—

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made; and

(b) state that, in the event of non-payment on or before the day so named, the shares in respect of which the call was made shall be liable to be forfeited.

28. If the requirements of any such notice as aforesaid are not complied with, any share in respect of which the notice has been given may, at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

29. (i) A forfeited share may be sold or otherwise disposed of on such terms and in such manner as the Board thinks fit.

(ii) At any time before a sale or disposal as aforesaid, the Board may cancel the forfeiture on such terms as it thinks fit.

30. (i) A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares, but shall, notwithstanding the forfeiture, remain liable to pay to the company all monies which, at the date of forfeiture, were presently payable by him to the company in respect of the shares.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such monies in respect of the shares.

31. (i) A duly verified declaration in writing that the declarant is a director, the manager or the secretary, of the company, and that a share in the company has been duly forfeited on a date stated in the declaration, shall be conclusive evidence of the facts therein stated as against all persons claiming to be entitled to the share.

(ii) The company may receive the consideration, if any, given for the share on any sale or disposal thereof and may execute a transfer of the share in favour of the person to whom the share is sold or disposed of.

(iii) The transferee shall thereupon be registered as the holder of the share.

(iv) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share.

32. The provisions of these regulations as to forfeiture shall apply in the case of non- payment of any sum which, by the terms of issue of a share, becomes payable at a fixed time, whether on account of the nominal value of the share or by way of premium, as if the same had been payable by virtue of a call duly made and notified.

Alteration of capital

33. The company may, from time to time, by ordinary resolution increase the share capital by such sum, to be divided into shares of such amount, as may be specified in the resolution.

34. Subject to the provisions of section 61, the company may, by ordinary resolution, —

(a) consolidate and divide all or any of its share capital into shares of larger amount than its existing shares;

(b) convert all or any of its fully paid-up shares into stock, and reconvert that stock into fully paid-up shares of any denomination;

(c) sub-divide its existing shares or any of them into shares of smaller amount than is fixed by the memorandum;

(d) cancel any shares which, at the date of the passing of the resolution, have not been taken or agreed to be taken by any person.

35. Where shares are converted into stock, —

(a) the holders of stock may transfer the same or any part thereof in the same manner as, and subject to the same regulations under which, the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit:

Provided that the Board may, from time to time, fix the minimum amount of stock transferable, so, however, that such minimum shall not exceed the nominal amount of the shares from which the stock arose.

(b) the holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, voting at meetings of the company, and other matters, as if they held the shares from which the stock arose; but no such privilege or advantage (except participation in the dividends and profits of the company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.

(c) such of the regulations of the company as are applicable to paid-up shares shall apply to stock and the words "share" and "shareholder" in those regulations shall include "stock" and "stock-holder" respectively.

36. The company may, by special resolution, reduce in any manner and with, and subject to, any incident authorised and consent required by law, —

(a) its share capital;

(b) any capital redemption reserve account; or

(c) any share premium account.

Capitalization of profits

37. (i) The company in general meeting may, upon the recommendation of the Board, resolve—

(a) that it is desirable to capitalize any part of the amount for the time being standing to the credit of any of the company's reserve accounts, or to the credit of the profit and loss account, or otherwise available for distribution; and

(b) that such sum be accordingly set free for distribution in the manner specified in clause (ii) amongst the members who would have been entitled thereto, if distributed by way of dividend `and in the same proportions.

(ii) The sum aforesaid shall not be paid in cash but shall be applied, subject to the provision contained in clause (iii), either in or towards—

(a) paying up any amounts for the time being unpaid on any shares held by such members respectively;

(b) paying up in full, unissued shares of the company to be allotted and distributed, credited as fully paid-up, to and amongst such members in the proportions aforesaid;

(c) partly in the way specified in sub-clause (A) and partly in that specified in sub-clause (B);

(d) A securities premium account and a capital redemption reserve account may, for the purposes of this regulation, be applied in the paying up of unissued shares to be issued to members of the company as fully paid bonus shares;

(e) The Board shall give effect to the resolution passed by the company in pursuance of this regulation.

38. (i) Whenever such a resolution as aforesaid shall have been passed, the Board shall—

(a) make all appropriations and applications of the undivided profits resolved to be capitalised thereby, and all allotments and issues of fully paid shares if any; and

(b) generally do all acts and things required to give effect thereto.

(ii) The Board shall have power—

(a) to make such provisions, by the issue of fractional certificates or by payment in cash or otherwise as it thinks fit, for the case of shares becoming distributable in fractions; and

(b) to authorise any person to enter, on behalf of all the members entitled thereto, into an agreement with the company providing for the allotment to them respectively, creditedas fully paid-up, of any further shares to which they may be entitled upon such capitalisation, or as the case may require, for the payment by the company on their behalf, by the application thereto of their respective proportions of profits resolved to be capitalised, of the amount or any part of the amounts remaining unpaid on their existing shares;

(iii) Any agreement made under such authority shall be effective and binding on such members.

Buy-back of shares

39. Notwithstanding anything contained in these articles but subject to the provisions of Sections 68 to 70 and any other applicable provision of the Act or any other law for the time being in force, the company may purchase its own shares or other specified securities.

General meetings

40. All general meetings other than annual general meeting shall be called extra- ordinary general meeting.

41. (i) The Board may, whenever it thinks fit, call an extraordinary general meeting.

(ii) If at any time directors capable of acting who are sufficient in number to form a quorum are not within India, any director or any two members of the company may call an extraordinary general meeting in the same manner, as nearly as possible, as that in which such a meeting may be called by the Board.

Proceedings at general meetings

42. (i) No business shall be transacted at any general meeting unless a quorum of members is present at the time when the meeting proceeds to business.

(ii) Save as otherwise provided herein, the quorum for the general meetings shall be as provided in section 103.

43. The chairperson, if any, of the Board shall preside as Chairperson at every general meeting of the company.

44. If there is no such Chairperson, or if he is not present within fifteen minutes after the time appointed for holding the meeting, or is unwilling to act as chairperson of the meeting, the directors present shall elect one of their members to be Chairperson of the meeting.

45. If at any meeting no director is willing to act as Chairperson or if no director is present within fifteen minutes after the time appointed for holding the meeting, the members present shall choose one of their members to be Chairperson of the meeting.

Adjournment of meeting

46. (i) The Chairperson may, with the consent of any meeting at which a quorum is present, and shall, if so directed by the meeting, adjourn the meeting from time to time and from place to place.

(ii) No business shall be transacted at any adjourned meeting other than the business left unfinished at the meeting from which the adjournment took place.

(iii) When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting.

(iv) Save as aforesaid, and as provided in section 103 of the Act, it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.

Voting rights

47. Subject to any rights or restrictions for the time being attached to any class or classes of shares, —

(a) on a show of hands, every member present in person shall have one vote; and

(b) on a poll, the voting rights of members shall be in proportion to his share in the paid-up equity share capital of the company.

48. A member may exercise his vote at a meeting by electronic means in accordance with Section 108 and shall vote only once.

49. (i) In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of the other joint holders.

(ii) For this purpose, seniority shall be determined by the order in which the names stand in the register of members.

50. A member of unsound mind, or in respect of whom an order has been made by any court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian, and any such committee or guardian may, on a poll, vote by proxy.

51. Any business other than that upon which a poll has been demanded may be preceded with, pending the taking of the poll.

52. No member shall be entitled to vote at any general meeting unless all calls or other sums presently payable by him in respect of shares in the company have been paid.

53. (i) No objection shall be raised to the qualification of any voter except at the meeting or adjourned meeting at which the vote objected to is given or tendered, and every vote not disallowed at such meeting shall be valid for all purposes.

(ii) Any such objection made in due time shall be referred to the Chairperson of the meeting, whose decision shall be final and conclusive.

Proxy

54. The instrument appointing a proxy and the power-of-attorney or other authority, if any, under which it is signed or a notarised copy of that power or authority, shall be deposited at the registered office of the company not less than 48 hours before the time for holding the meeting or adjourned meeting at which the person named in the instrument proposes to vote, or, in the case of a poll, not less than 24 hours before the time appointed for the taking of the poll; and in default the instrument of proxy shall not be treated as valid.

55. An instrument appointing a proxy shall be in the form as prescribed in the rules made under Section 105.

56. A vote given in accordance with the terms of an instrument of proxy shall be valid, notwithstanding the previous death or insanity of the principal or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given:

Provided that no intimation in writing of such death, insanity, revocation or transfer shall have been received by the company at its office before the commencement of the meeting or adjourned meeting at which the proxy is used.

Board of Directors

57. The number of Directors shall not be less than three and shall not be more than fifteen. The Present directors of the Company are:
1.

58. (i) The remuneration of the directors shall, in so far as it consists of a monthly payment, be deemed to accrue from day-to-day.

(ii) In addition to the remuneration payable to them in pursuance of the Act, the directors may be paid all travelling, hotel and other expenses properly incurred by them —

(a) in attending and returning from meetings of the Board of Directors or any committee thereof or general meetings of the company; or

(b) in connection with the business of the company.

59. The Board may pay all expenses incurred in getting up and registering the company.

60. The company may exercise the powers conferred on it by Section 88 with regard to the keeping of a foreign register; and the Board may (subject to the provisions of that section) make and vary such regulations as it may thinks fit respecting the keeping of any such register.

61. All cheques, promissory notes, drafts, hundis, bills of exchange and other negotiable instruments, and all receipts for monies paid to the company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, by such person and in such manner as the Board shall from time to time by resolution determine.

62. Every director present at any meeting of the Board or of a committee thereof shall sign his name in a book to be kept for that purpose.

63. (i) Subject to the provisions of section 149, the Board shall have power at any time, and from time to time, to appoint a person as an additional director, provided the number of the directors and additional directors together shall not at any time exceed the maximum strength fixed for the Board by the articles.

(ii) Such person shall hold office only up to the date of the next annual general meeting of the company but shall be eligible for appointment by the company as a director at that meeting subject to the provisions of the Act.

Proceedings of the Board

64. (i) The Board of Directors may meet for the conduct of business, adjourn and otherwise regulate its meetings, as it thinks fit.

(ii) A director may, and the manager or secretary on the requisition of a director shall, at any time, summon a meeting of the Board.

65. (i) Save as otherwise expressly provided in the Act, questions arising at any meeting of the Board shall be decided by a majority of votes.

(ii) In case of an equality of votes, the Chairperson of the Board, if any, shall have a second or casting vote.

66. The continuing directors may act notwithstanding any vacancy in the Board; but, if and so long as their number is reduced below the quorum fixed by the Act for a meeting of the Board, the continuing directors or director may act for the purpose of increasing the number of directors to that fixed for the quorum, or of summoning a general meeting of the company, but for no other purpose.

67. (i) The Board may elect a Chairperson of its meetings and determine the period for which he is to hold office.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the directors present may choose one of their number to be Chairperson of the meeting.

68. (i) The Board may, subject to the provisions of the Act, delegate any of its powers to committees consisting of such member or members of its body as it thinks fit.

(ii) Any committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may be imposed on it by the Board.

69. (i) A committee may elect a Chairperson of its meetings.

(ii) If no such Chairperson is elected, or if at any meeting the Chairperson is not present within five minutes after the time appointed for holding the meeting, the members present may choose one of their members to be Chairperson of the meeting.

70. (i) A committee may meet and adjourn as it thinks fit.

(ii) Questions arising at any meeting of a committee shall be determined by a majority of votes of the members present, and in case of an equality of votes, the Chairperson shall have a second or casting vote.

71. All acts done in any meeting of the Board or of a committee thereof or by any person acting as a director, shall, notwithstanding that it may be afterwards discovered that there was some defect in the appointment of any one or more of such directors or of any person acting as aforesaid, or that they or any of them were disqualified, be as valid as if every such director or such person had been duly appointed and was qualified to be a director.

72. Save as otherwise expressly provided in the Act, a resolution in writing, signed by all the members of the Board or of a committee thereof, for the time being entitled to receive notice of a meeting of the Board or committee, shall be valid and effective as if it had been passed at a meeting of the Board or committee, duly convened and held.

Chief Executive Officer, Manager, Company Secretary or Chief Financial Officer

73. Subject to the provisions of the Act, —

(i) A chief executive officer, manager, company secretary or chief financial officer may be appointed by the Board for such term, at such remuneration and upon such conditions as it may thinks fit; and any chief executive officer, manager, company secretary or chief financial officer so appointed may be removed by means of a resolution of the Board;

(ii) A director may be appointed as chief executive officer, manager, company secretary or chief financial officer.

74. A provision of the Act or these regulations requiring or authorising a thing to be done by or to a director and chief executive officer, manager, company secretary or chief financial officer shall not be satisfied by its being done by or to the same person acting both as director and as, or in place of, chief executive officer, manager, company secretary or chief financial officer.

The Seal

75. (i) The Board shall provide for the safe custody of the seal.

(ii) The seal of the company shall not be affixed to any instrument except by the authority of a resolution of the Board or of a committee of the Board authorised by it in that behalf, and except in the presence of at least two directors and of the secretary or such other person as the Board may appoint for the purpose; and those two directors and the secretary or other person aforesaid shall sign every instrument to which the seal of the company is so affixed in their presence.

Dividends and Reserve

76. The company in general meeting may declare dividends, but no dividend shall exceed the amount recommended by the Board.

77. Subject to the provisions of section 123, the Board may from time to time pay to the members such interim dividends as appear to it to be justified by the profits of the company.

78. (i) The Board may, before recommending any dividend, set aside out of the profits of the company such sums as it thinks fit as a reserve or reserves which shall, at the discretion of the Board, be applicable for any purpose to which the profits of the company may be properly applied, including provision for meeting contingencies or for equalising dividends; and pending such application, may, at the like discretion, either be employed in the business of the company or be invested in such investments (other than shares of the company) as the Board may, from time to time, thinks fit.

(ii) The Board may also carry forward any profits which it may consider necessary not to divide, without setting them aside as a reserve.

79. (i) Subject to the rights of persons, if any, entitled to shares with special rights as to dividends, all dividends shall be declared and paid according to the amounts paid or credited as paid on the shares in respect whereof the dividend is paid, but if and so long as nothing is paid upon any of the shares in the company, dividends may be declared and paid according to the amounts of the shares.

(ii) No amount paid or credited as paid on a share in advance of calls shall be treated for the purposes of this regulation as paid on the share.

(iii) All dividends shall be apportioned and paid proportionately to the amounts paid or credited as paid on the shares during any portion or portions of the period in respect of which the dividend is paid; but if any share is issued on terms providing that it shall rank for dividend as from a particular date such share shall rank for dividend accordingly.

80. The Board may deduct from any dividend payable to any member all sums of money, if any, presently payable by him to the company on account of calls or otherwise in relation to the shares of the company.

(i) Any dividend, interest or other monies payable in cash in respect of shares may be paid by cheque or warrant sent through the post directed to the registered address of the holder or, in the case of joint holders, to the registered address of that one of the joint holders who is first named on the register of members, or to such person and to such address as the holder or joint holders may in writing direct.

(ii) Every such cheque or warrant shall be made payable to the order of the person to whom it is sent.

81. Any one of two or more joint holders of a share may give effective receipts for any dividends, bonuses or other monies payable in respect of such share.

82. Notice of any dividend that may have been declared shall be given to the persons entitled to share therein in the manner mentioned in the Act.

83. No dividend shall bear interest against the company.

Accounts

84. (i) The Board shall from time to time determine whether and to what extent and at what times and places and under what conditions or regulations, the accounts and books of the company, or any of them, shall be open to the inspection of members not being directors.

(ii) No member (not being a director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the company in general meeting.

Winding up

85. Subject to the provisions of Chapter XX of the Act and rules made thereunder—

(i) If the company shall be wound up, the liquidator may, with the sanction of a special resolution of the company and any other sanction required by the Act, divide amongst the members, in specie or kind, the whole or any part of the assets of the company, whether they shall consist of property of the same kind or not.

(ii) For the purpose aforesaid, the liquidator may set such value as he deems fair upon any property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members.

(iii) The liquidator may, with the like sanction, vest the whole or any part of such assets in trustees upon such trusts for the benefit of the contributories if he considers necessary, but so that no member shall be compelled to accept any shares or other securities whereon there is any liability.

Indemnity

86. Every officer of the company shall be indemnified out of the assets of the company against any liability incurred by him in defending any proceedings, whether civil or criminal, in which judgment is given in his favour or in which he is acquitted or in which relief is granted to him by the court or the Tribunal.

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SECTION X: OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The copies of the following documents and contracts which have been entered or are to be entered into by our Company (not being contracts entered into in the ordinary course of business carried on by our Company) which are or may be deemed material will be attached to the copy of the Red Herring Prospectus which will be delivered to the RoC for filing. Copies of the abovementioned contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered Office between 10 a.m. and 5 p.m. on all Working Days and will also be available online at https://www.sanathan.com/investor-relations from the date of the Red Herring Prospectus until the Bid/Offer Closing Date.

Any of the contracts or documents mentioned in this Draft Red Herring Prospectus may be amended or modified at any time if so, required in the interest of our Company or if required by the other parties, without reference to the shareholders, subject to compliance of the provisions contained in the Companies Act and other applicable law.

A. Material Contracts

1. Offer Agreement dated April 17, 2024 and Amendment to the Offer Agreement dated August 20, 2024 entered amongst our Company, the Selling Shareholders and the BRLMs.

2. Registrar Agreement dated April 17, 2024 entered amongst our Company, the Selling Shareholders and the Registrar to the Offer.

3. Cash Escrow and Sponsor Bank Agreement dated [●] entered amongst our Company, the Registrar to the Offer, the BRLMs, the Selling Shareholders, the Syndicate members, the Escrow Collection Bank(s), the Bankers to the Offer.

4. Share Escrow Agreement dated [●] entered amongst our Company, the Selling Shareholders and the Share Escrow Agent.

5. Syndicate Agreement dated [●] entered amongst our Company, the Selling Shareholders, the BRLMs, and the Syndicate Members.

6. Underwriting Agreement dated [●] entered amongst our Company, the Selling Shareholders and Underwriters.

7. Monitoring Agency Agreement dated [●] amongst our Company and the Monitoring Agency.

B. Material Documents

1. Certified copies of the Memorandum of Association and Articles of Association as amended from time to time.

2. Certificate of incorporation dated October 10, 2005 under the name of ‘Sanathan Textiles Private Limited.

3. Fresh certificate of incorporation dated November 18, 2021 under the name of ‘Sanathan Textiles Limited’ pursuant to conversion to public limited company.

4. Resolutions of the Board dated March 16, 2024 in relation to the Offer and other related matters.

5. Resolutions of the Board dated March 16, 2024 taking on record the approval for the Offer for Sale by the Selling Shareholders.

6. Resolution of the Shareholders dated March 16, 2024 authorising the Offer, the Fresh Issue and other related matters.

7. Resolution of the Board dated August 16, 2024 approving this Draft Red Herring Prospectus.

8. Resolution of the IPO Committee dated August 20, 2024 approving this Draft Red Herring Prospectus.

9. Certified copy of the Materiality Policy of our Company adopted pursuant to a resolution of our Board dated March 16, 2024.

10. Certified copy of the employee stock option plan, i.e., Sanathan Textiles Limited – Employee Stock Option Plan – 2021, adopted by of our Company.

11. Consent letters each dated March 1, 2024 from the Selling Shareholders their participation in the Offer for Sale, as detailed in the '*Other Regulatory and Statutory Disclosures*' on page 445.

12. Resolution of the Audit Committee dated March 20, 2024 approving the Key Performance Indicators.

13. Certificate on Key Performance Indicators issued by Jain Tripathi & Co, the Independent Chartered Accountant dated August 20, 2024.

14. The report dated August 20, 2024 of the Statutory Auditors, on the statement of special tax benefits.

15. Resolution of the board of directors of Vajubhai Investments Private Limited dated February 26, 2024 consenting to participate in the Offer for Sale.

16. Consent Letter from CRISIL to include contents or any part thereof from the CRISIL Report titled *'Assessment of textile industry with special focus on yarn manufacturing market in India'* prepared by CRISIL dated April 12, 2024, read with Addendum dated August 16, 2024, in this Draft Red Herring Prospectus.

17. Agreement for Succession of Partnership Firm dated March 20, 2006 and Deed of Succession of Partnership Firm dated April 1, 2006 with Sanathan Texturisers.

18. Bank of Baroda – Principal Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement dated April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021, Fifth Supplemental Joint Term Loan Agreement dated September 23, 2019, Joint Term Loan Agreement dated March 26, 2014, Sanction Letter dated August 5, 2022, Principal Vehicle Loan Agreement dated August 2, 2023, Principal Vehicle Loan Agreement dated September 7, 2023, Principal Vehicle Loan Agreement dated August 28, 2023, Principal Vehicle Loan Agreement dated November 17, 2023, Sixth Supplemental Joint Term Loan Agreement, Sixth Supplemental Working Capital Loan Agreement, Sixth Supplemental *Inter-se* Loan Agreement, Joint Deed of Hypothecation, Counter Indemnity of Guarantees dated June 3, 2023 and Reviewed Sanction Letter dated January 1, 2024.

19. Union Bank of India – Principal Term Loan Agreement dated January 10, 2013, Supplemental Joint Term Loan Agreement April 27, 2017, Second Supplemental Joint Term Loan Agreement dated October 17, 2018, Fourth Supplemental Joint Term Loan Agreement dated September 23, 2019, Fifth Supplemental Joint Term Loan Agreement dated July 13, 2021 and Sanction Letter dated September 26, 2023.

20. Sanction Letter from IndusInd Bank dated September 1, 2022.

21. Facility Letter from Standard Chartered Bank dated March 13, 2023.

22. Consent letter dated August 20, 2024 from our Statutory Auditors for inclusion of their name as an 'expert' as defined under Section 2(38) of the Companies Act to the extent and in their capacity as our Statutory Auditors, and in respect of their (i) examination report, dated August 16, 2024 on our Restated Consolidated Financial Information; and (ii) the statement of special tax benefits available to our Company and our Shareholders dated August 20, 2024 included in this Draft Red Herring Prospectus; and such consent has not been withdrawn as on the date of this Draft Red Herring Prospectus.

23. Consent letter dated August 20, 2024 from Mitesh M. Desai, from the independent chartered engineer to

include his name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an independent chartered engineer and in respect of the certificate dated August 20, 2024 issued by him in connection with capacity details included in this Draft Red Herring Prospectus.

24. Consent letter dated August 20, 2024 from Jain Tripathi & Co to include its name as an "expert" as defined under Section 2(38) of the Companies Act, 2013 to the extent and in his capacity as an Independent Chartered Accountant and in respect of the certificate issued by them and information included in this Draft Red Herring Prospectus.

25. The examination report on the Restated Consolidated Financial Information dated August 16, 2024 of our Statutory Auditors, included in this Draft Red Herring Prospectus.

26. Certificate on loan utilisation of our Company dated August 20, 2024 issued by the Statutory Auditor.

27. Certificate on loan utilisation of our subsidiary viz. Sanathan Polycot Private Limited dated August 20, 2024 issued by the statutory auditor of our subsidiary.

28. Valuation report dated September 6, 2021, issued by Ravi Shanker Nanduri, Registered Valuer – Securities or Financial Assets (Registration no. IBBI/RV/03/2019/12712).

29. Copies of annual reports of our Company for the last 3 Fiscals.

30. Consents of the Selling Shareholders, our Directors, our Promoters, our Company Secretary and Compliance Officer, our Chief Financial Officer, the Bankers to our Company, the legal counsel appointed for the Offer, the BRLMs, the Registrar to the Offer, as referred to in their specific capacities.

31. Resolutions passed by our Board of Directors and Shareholders dated November 22, 2021 and November 25, 2021, respectively, appointing Ajay Vallabhdas Dattani as the Joint Managing Director, Anilkumar Vrajdas Dattani as the Executive Director, and Paresh Vrajlal Dattani as the Chairman and Managing Director.

32. Appointment letter dated November 25, 2021 for appointing Paresh Vrajlal Dattani as the Chairman and Managing Director of the Company.

33. Appointment letter dated November 25, 2021 for appointing Ajay Vallabhdas Dattani as the Joint Managing Director of the Company.

34. Appointment letter dated November 25, 2021 for appointing Anilkumar Vrajdas Dattani as the Executive Director of the Company.

35. Appointment letter dated June 13, 2024 for appointing Dinesh Vrajdas Dattani as the Executive Director of the Company.

36. Tripartite agreement between our Company, NSDL and the Registrar to the Offer dated November 10, 2021.

37. Tripartite agreement between our Company, CDSL and the Registrar to the Offer dated November 18, 2021.

38. Industry Report titled *'Assessment of textile industry with special focus on yarn manufacturing market in India'* prepared by CRISIL dated April 12, 2024, read with Addendum dated August 16, 2024, prepared and issued by CRISIL, appointed by us pursuant to an engagement letter dated January 29, 2024, exclusively commissioned and paid us in connection with the Issue, which is available on the website of our Company at https://www.sanathan.com/investor-relations.

39. Engagement Letter dated January 29, 2024 appointing CRISIL as the industry report provider.

40. Deed of trust dated November 2, 2021 for formation of D&G Family Trust.

41. Deed of trust dated November 2, 2021 for formation of P&B Family Trust.

42. Deed of trust dated November 2, 2021 for formation of A&J Family Trust.

43. Deed of trust dated November 2, 2021 for formation of Nimbus Trust.

44. Due diligence certificate dated August 20, 2024 addressed to SEBI from the BRLMs.

45. Exemption Application dated February 8, 2024 filed by our Company with SEBI, the subsequent letter dated March 13, 2024 from the BRLMs to SEBI providing certain information, clarifications and documents in relation the Exemption Application, and the letter dated April 16, 2024 from our Company to Jayesh Kantilal Suchak.

46. SEBI letter dated April 12, 2024 (reference number SEBI/CFD/RAC-DIL1/2024/14316/1), rejecting the Exemption Application.

47. In-principle listing approvals both dated [●] issued by BSE and NSE, respectively.

48. SEBI observation letter bearing reference number [●] dated [●].

49. SEBI final observation letter no. [●] dated [●].

DECLARATIONS

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Paresh Vrajlal Dattani
Chairman and Managing Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____

Ajay Vallabhdas Dattani
Joint Managing Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

____
Anilkumar Vrajdas Dattani
Executive Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Dinesh Vrajdas Dattani
Executive Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Debabrata Sarkar
Independent Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Khurshed Thanawalla
Independent Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Vinay Aggarwal
Independent Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE DIRECTOR OF OUR COMPANY

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Rupal Vora
Independent Director

Place: Mumbai
Date: August 20, 2024

DECLARATION

I hereby certify and declare that all relevant provisions of the Companies Act and the rules, regulations and guidelines issued by the Government of India, and the rules, regulations or guidelines issued by SEBI, established under Section 3 of the SEBI Act, as the case may be, have been complied with and no statement made in this Draft Red Herring Prospectus is contrary to the provisions of the Companies Act, the SCRA, the SCRR, and the SEBI Act, each as amended or the rules, regulations or guidelines issued thereunder, as the case may be. I further certify that all the statements in this Draft Red Herring Prospectus are true and correct.

SIGNED BY THE CHIEF FINANCIAL OFFICER OF OUR COMPANY

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Sanjay Anirudh Shah
Chief Financial Officer

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER SELLING SHAREHOLDER

I, Ajay Vallabhdas Dattani, in my capacity as a Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Ajay Vallabhdas Dattani
Promoter Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER SELLING SHAREHOLDER

I, Anilkumar Vrajdas Dattani, in my capacity as a Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Anilkumar Vrajdas Dattani
Promoter Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER SELLING SHAREHOLDER

I, Paresh Vrajlal Dattani, in my capacity as a Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Paresh Vrajlal Dattani
Promoter Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER SELLING SHAREHOLDER

I, Dinesh Vrajdas Dattani, in my capacity as a Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

Dinesh Vrajdas Dattani
Promoter Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

We, Vajubhai Investments Private Limited in our capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by us in the Offer for Sale are true and correct. We assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Ajay Vallabhdas Dattani
Promoter Group Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

We, Vallabhdas Dattani HUF in our capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by us in the Offer for Sale are true and correct. We assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Vallabhdas Dattani
Karta

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

I, Sonali Ajaykumar Dattani in my capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Sonali Ajaykumar Dattani
Promoter Group Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

We, Dineshkumar Dattani HUF in our capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by us in the Offer for Sale are true and correct. We assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Dinesh Vrajdas Dattani
Karta

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

I, Beena Paresh Dattani in my capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Beena Paresh Dattani
Promoter Group Selling Shareholder

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

We, Anilkumar Dattani HUF in our capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by us in the Offer for Sale are true and correct. We assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Anilkumar Vrajdas Dattani
Karta

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

We, Paresh Kumar V Dattani HUF in our capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by us in this Draft Red Herring Prospectus about or specifically in relation to ourselves as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by us in the Offer for Sale are true and correct. We assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Paresh Vrajlal Dattani
Karta

Place: Mumbai
Date: August 20, 2024

DECLARATION BY PROMOTER GROUP SELLING SHAREHOLDER

I, Mikesh A Dattani in my capacity as a Promoter Group Selling Shareholder, certify and confirm that all statements, disclosures and undertakings made or confirmed by me in this Draft Red Herring Prospectus about or specifically in relation to myself as a Promoter Group Selling Shareholder and the portion of Equity Shares offered by me in the Offer for Sale are true and correct. I assume no responsibility for any other statements, disclosures, and undertakings, including any statements, disclosures and undertakings made by, or relating to the Company or any other Selling Shareholder or any other person(s) in this Draft Red Herring Prospectus.

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Mikesh A Dattani
Promoter Group Selling Shareholder

Place: Mumbai
Date: August 20, 2024