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SHRI TECHTEX LIMITED

Corporate Identity Numbers: U36900GJ2018PLC104005

Our Company was originally formed and registered as a partnership firm under the Partnership Act, 1932 ("Partnership Act") in the name and style of "M/s Shree Tech Tex Company", pursuant to a deed of partnership dated January 7, 2011. Subsequently, the constitution of partnership firm were changed on February 18, 2016, July 01, 2017, March 14, 2018 and June 12, 2020 by admission and retirement of partners. Later on, Name of "M/s Shree Tech Tex Company" was changed to "M/s Shri Techtex" on July 03, 2018 by amendment in Deed of Partnership. "M/s Shri Techtex" was thereafter converted from a partnership firm to a private limited company under Part I chapter XXI of the Companies Act, 2013 in the name of "Shri Techtex Private Limited" and received a certificate of incorporation dated September 08, 2018 from the Central Registration Center, Ministry of Corporate Affairs. Subsequently, our Company was converted into a Public Limited Company pursuant to shareholders resolution passed at Extra-ordinary General Meeting of our Company held on December 31, 2022 and the name of our Company was changed to "Shri Techtex Limited". A fresh Certificate of Incorporation consequent upon Conversion from Private Limited Company to Public Limited Company dated January 03, 2023 was issued by the Registrar of Companies, Ahmedabad. The Corporate Identification Number of our Company is U36900GJ2018PLC104005.

Registered Office: Harmony, 2nd Floor, 15/A, Shree Vidhyanagar Co.Op. Hsg. Soc. Ltd. Opp. NABARD, Nr. Usmanpura Garden Ahmedabad -380014, Gujarat, India.

Website: www.shritechtex.com; | **E-Mail:** cs@shritechtex.co.in; | **Telephone No:** +91 78741 32777

Company Secretary and Compliance Officer: Mrs. Akanksha Aswani

PROMOTERS OF OUR COMPANY: MR. HANSKUMAR RAMAKANT AGARWAL AND MRS. SHRADHA HANSKUMAR AGARWAL

THE ISSUE

INITIAL PUBLIC ISSUE OF 7400000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH OF SHRI TECHTEX LIMITED ("STL" OR THE "COMPANY" OR THE "ISSUER") FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE (THE "ISSUE PRICE") AGGREGATING TO ₹ [●] LAKHS ("THE ISSUE"), OF WHICH 372000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH FOR CASH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY MARKET MAKER TO THE ISSUE (THE "MARKET MAKER RESERVATION PORTION"). THE ISSUE LESS THE MARKET MAKER RESERVATION PORTION i.e. NET ISSUE OF 7028000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH AT A PRICE OF ₹ [●]/- PER EQUITY SHARE INCLUDING A SHARE PREMIUM OF ₹ [●]/- PER EQUITY SHARE AGGREGATING TO ₹ [●] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET ISSUE". THE ISSUE AND THE NET ISSUE WILL CONSTITUTE 29.66% AND 28.17%, RESPECTIVELY, OF THE POST ISSUE PAID UP EQUITY SHARE CAPITAL OF OUR COMPANY. THE FACE VALUE OF THE EQUITY SHARES IS ₹ 10/- EACH.

• QIB Portion: Not More than 50% of the Net Issue • Retail Individual Bidders Portion: Not less than 35% of the Net Issue • Non-Institutional Bidders Portion: Not Less than 15% of the Net Issue

Price Band: ₹ 54/- to ₹ 61/- per Equity Share of Face Value ₹ 10/- each.

The Floor Price is 5.40 times of the Face Value and the Cap Price is 6.10 times of the Face Value.

Bids can be made for a minimum of 2000 Equity Shares and in multiples of 2000 Equity Shares thereafter.

ASBA*

Simple, Safe, Smart way of Application- Make use of it!!!

*Applications Supported by Blocked Amount (ASBA) is a better way of applying to issues by simply blocking the fund in the bank account, investors can avail the same. For details, check section on ASBA below. Mandatory in Public Issues from January 01, 2016. No cheque will be accepted



UPI-Now available in ASBA for Retail Individual Investors (RII)**

Investors are required to ensure that the bank account used for bidding is linked to their PAN. UPI – Now available in ASBA for RIIs applying through Registered Brokers, DPs & RTAs. RIIs also have the option to submit the application directly to the ASBA Bank (SCSBs) or to use the facility of linked online trading, demat and bank account.

Investors have to apply through the ASBA process. "ASBA has to be availed by all the investors except anchor investor. UPI may be availed by Retail Individual Investors. For details on the ASBA and the UPI process, please refer to the details given in ASBA form and abridged prospectus and also please refer to the section "Issue Procedure" beginning on page 220 of the RHP. The process is also available on the website of Association of Investment Bankers of India ("AIBI"), the Stock Exchanges and in the General Information Document.

*ASBA forms can be downloaded from the website National Stock Exchange of India ("NSE") and can be obtained from the list of banks that is displayed on the website of SEBI at www.sebi.gov.in.

**List of banks supporting UPI is also available on the website of SEBI at www.sebi.gov.in. Axis Bank Limited has been appointed as Sponsor Bank for the Issue, in accordance with the requirements of the SEBI circular dated November 1, 2018, as amended. For UPI related queries, investors can contact NPCI at the toll free number-18001201740 and Mail Id- ipo.upi@npci.org.in. For the list of UPI Apps and Banks live on IPO, please refer to the link www.sebi.gov.in. For issue related grievance investors may contact: Beeline Capital Advisors Private Limited - Mr. Nikhil Shah (079 – 49185784/ +91 99988 81702) (mb@beelinemb.com).

Risks to Investors:

- Disclosures made in the chapter "Promoter and Promoter Group" are limited to the information available in public domain.
- Our Company, Promoters, Directors and group Companies are involved in certain litigations including tax related litigations, which if determined against them/us, can affect financial conditions of our company.
- The Company is dependent on few numbers of customers & Group Companies for sales. Loss of any of these large customers may affect our revenues and profitability.
- The Company is dependent on few numbers of suppliers for purchase of product. Loss of any of this large supplier may affect our business operations.
- In addition to normal remuneration, other benefits and reimbursement of expenses to our Promoters and Directors; they are interested to the extent of their shareholding and dividend entitlement thereon in our Company and for the transactions entered into between our Company and themselves as well as between our Company and our Group Companies/Entities.
- The Merchant Banker associated with the Issue has handled 13 public issues out of which 1 issue closed below issue price on listing date.

BASIS FOR ISSUE PRICE

The Issue Price will be determined by our Company in consultation with the Book Running Lead Manager on the basis of the assessment of market demand for the Equity Shares through the Book Building Process and on the basis of quantitative and Equity Qualitative factors as described below. The face value of the Equity Shares is ₹ 10 each and the Issue Price is 5.40 times the face value at the lower end and the Price Band and 6.10 times the face value at the higher end of the Price Band. Investors should also refer to "Business Overview", "Risk Factors", "Restated Financial Information" and "Management's Discussion and Analysis of Financial Position and Results of Operations" beginning on pages 114, 26, 161 and 163, respectively of the Red Herring Prospectus, to have an informed view before making an investment decision.

Qualitative Factors

- Experienced Promoters and Management Team
- Strategic Location of Manufacturing Facilities
- Diversified business operations and revenue base
- Wide range of Products
- Scalable Business Model

Quantitative Factors

Basic & Diluted Earnings Per Share (EPS):

Basic earnings per share (₹) = $\frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Weighted Average Number of Equity Shares outstanding}}$

Diluted earnings per share (₹) = $\frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Weighted Average Number of Equity Shares outstanding after adjusting adjusted for the effects of all dilutive potential equity shares}}$

Financial Year/Period	Basic and Diluted EPS (in ₹)	Weights
Financial Year ended March 31, 2021 (Post Bonus)	7.21	1
Financial Year ended March 31, 2022 (Post Bonus)	4.71	2
Financial Year ended March 31, 2023 (Post Bonus)	5.19	3
Weighted Average	5.37	

Price to Earnings (P/E) ratio in relation to Issue Price of ₹ [●]:

Price to Earnings Ratio (P/E) = $\frac{\text{Issue Price}}{\text{Restated Earnings Per Share}}$

Particulars	EPS (in ₹)	P/E at the lower end of the Price Band	P/E at the upper end of the Price Band
Based on EPS of Financial year ended March 31, 2023 (Post Bonus)	5.19	10.40	11.75
Based on Weighted Average EPS	5.37	10.05	11.36

Industry PE

Highest = 37.76 Lowest= 25.28 Average= 31.52

Return on Net Worth:

Return on Net Worth (%) = $\frac{\text{Restated Profit After Tax attributable to Equity Shareholders}}{\text{Net Worth}}$

Financial Year/Period	Return on Net Worth (%)	Weights
Financial Year ended March 31, 2021	60.98	1
Financial Year ended March 31, 2022	39.37	2
Financial Year ended March 31, 2023	30.54	3
Weighted Average	38.56	

Net Asset Value per Equity Share:

Restated Net Asset Value per equity share (₹) = $\frac{\text{Restated Net Worth as at the end of the year}}{\text{Number of Equity Shares outstanding}}$

Particular	Amount (in ₹)
As at March 31, 2023 (Post Bonus)	16.99
NAV per Equity Share after the Issue	[●]
Issue Price per Equity Share	[●]

Comparison of Accounting Ratios with Peer Group Companies:

Name of the company	Standalone / Consolidated	Face Value (₹)	Current Market Price (₹) @	EPS (₹) Basic	P/E Ratio	RoNW (%)	NAV per Equity Share (₹)	Revenue from operations (₹ in Lakhs)
Shri Techtex Limited	Standalone	10	[●]	5.19	[●]	30.54%	16.99	5,692.39
Peer Group ⁵								
Garware Technical Fabrics Limited	Standalone	10	2,907.05	77.17	37.67	15.73	498.30	1,25,361.68
Shubham Polyspin Limited	Standalone	10	17.44	0.69	25.28	5.94	11.93	4,460.92

\$ The Figures as at March 31, 2023 and are taken from the financial results uploaded on respective Stock Exchange(s)

@ Current Market Price is considered same as issue price of Equity share.

Note:

- The EPS, P/E Ratio, NAV, RoNW and revenue from operations of Shri Techtex Limited are taken as per Restated Financial Statement for the Financial Year 2022-23.
- Current Market Price (CMP) is taken as the closing price of respective scripts as on March 31, 2023 at NSE / BSE.
- The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Issue price is [●] times the face value of equity share.
- The Issue Price of ₹ [●]/- is determined by our Company in consultation with the Book Running Lead Manager is justified based on the above accounting ratios. For further details, please refer to the section titled "Risk Factors" and chapters titled "Business Overview" and "Restated Financial Information" beginning on page nos. 26, 114 and 161 respectively of this Red Herring Prospectus.

FINANCIAL KPIs OF OUR COMPANY

Particulars	For the Year ended on March 31		
	2023	2022	2021
Revenue from Operations (₹ in Lakhs)	5,692.39	5,117.63	3,946.76
Growth in Revenue from Operations (%)	11.23%	29.67%	-
Gross Profit	2,086.39	2,242.32	3,052.74
Gross Profit Margin (%)	36.65%	43.82%	77.35%
EBITDA (₹ in Lakhs)	1,250.78	1,226.21	1,807.08
EBITDA Margin (%)	21.97%	23.96%	45.79%
Profit After Tax (₹ in Lakhs)	910.63	826.56	1,265.68
PAT Margin (%)	16.00%	16.15%	32.07%
RoE (%)	35.84%	39.59%	121.95%
RoCE (%)	20.07%	29.21%	44.55%
Net Fixed Asset Turnover (In Times)	1.50 Times	1.69 Times	2.24 Times
Net Working Capital Days	186 Days	60 Days	148 Days
Operating Cash Flows (₹ in Lakhs)	(759.79)	2,175.10	355.13

Source: The Figure has been certified by Statutory Auditor M/s A S R V & Co. Chartered Accountant vide their certificate dated June 23, 2023.

Notes:

- Revenue from Operations means the Revenue from Operations as appearing in the Restated Financial Statements.
- Growth in Revenue from Operations (%) is calculated as a percentage of Revenue from Operations of the relevant period minus Revenue from Operations of the preceding period, divided by Revenue from Operations of the preceding period.
- Gross Profit is calculated as Revenue from Operation less cost of material consumed, Purchase of traded goods and changes in inventories of finished goods and work-in-progress.
- Gross Profit Margin (%) is calculated as Gross Profit divided by Revenue from Operations.
- EBITDA is calculated as profit for the period / year, less other Income, plus tax expenses (consisting of current tax, deferred tax and current taxes relating to earlier years), finance costs and depreciation and amortization expenses.
- EBITDA Margin (%) is calculated as EBITDA divided by Revenue from Operations.
- Profit After Tax Means Profit for the period/year as appearing in the Restated Financial Statements.
- PAT Margin (%) is calculated as Profit for the year/period as a percentage of Revenue from Operations.
- RoE (Return on Equity) (%) is calculated as net profit after tax for the year / period divided by Average Shareholder Equity.
- RoCE (Return on Capital Employed) (%) is calculated as earnings before interest and taxes (excluding other Income) divided by Average capital employed. Capital Employed includes Shareholders fund, Long term borrowings and Short term borrowings.
- Net Fixed Asset Turnover is calculated as Net Turnover divided by average Fixed Assets which consists of property, plant and equipment and capital work-in-progress.
- Net Working Capital Days is calculated as working capital (current assets minus current liabilities (Excluding Short term Borrowing) as at the end of the year divided by revenue from operations multiplied by number of days
- Operating cash flows means net cash generated from operating activities as mentioned in the Restated Standalone Financial Statements.

OPERATIONAL KPIs OF THE COMPANY:

Particulars	For the Year ended on March 31		
	2023	2022	2021
Capacity Utilization			
Technical textiles unit I (demerged)	-	71.96%	71.92%
Technical textiles unit II (post demerger)	85.00%*	46.56%	-
Revenue split between domestic and exports			
Domestic Market (in Lakhs)	3,627.38	513.84	1,948.16
Export Market (in Lakhs)	2,065.02	4,603.79	1,998.60
Domestic Market (%)	63.72%	10.04%	49.36%
Export Market (%)	36.28%	89.96%	50.64%
Contribution to revenue from operations of top 1 / 3 / 5/ 10 customers			
Top 1 (%)	32.12%	79.95%	32.63%
Top 3 (%)	84.47%	87.59%	63.97%
Top 5 (%)	94.08%	94.09%	89.05%

* Production of Unit-II located at Survey No.165,166,167, Paiki, Simej Rupgadh Road, Post Simej, Taluka Dhokla, Ahmedabad, Gujarat 382365 had been started from October, 2021.

The Figure has been certified by our statutory auditors M/s. A S R V & Co., Chartered Accountants vide their certificate dated June 23, 2023.

COMPARISON OF FINANCIAL KPIs OF OUR COMPANY AND OUR LISTED PEERS:

Our Company, Shri Techtex Limited, is engaged in the business of Polypropylene (PP) Non-Woven Fabric manufacturing. Based on this, following are our listed peers.

Particulars	Shubham Polyspin Limited			Shubham Polyspin Limited			Shubham Polyspin Limited		
	For the Year ended on March 31			For the Year ended on March 31			For the Year ended on March 31		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Revenue from Operations	5,692.39	5,117.63	3,946.76	125,361.68	117,605.46	101,726.21	4,460.92	5,291.25	3,852.20
Growth in Revenue from Operations (%)	11.23%	29.67%	-	6.60%	15.61%	-	-15.69%	37.36%	-
Gross Profit	2,086.39	2,242.32	3,052.74	85,257.77	82,031.37	72,080.69	901.78	846.57	927.97
Gross Profit Margin (%)	36.65%	43.82%	77.35%	68.01%	69.75%	70.86%	20.22%	16.00%	24.09%
EBITDA	1,250.78	1,226.21	1,807.08	21,297.62	21,639.46	19,874.89	128.31	114.53	240.11
EBITDA Margin	21.97%	23.96%	45.79%	16.99%	18.40%	19.54%	2.88%	2.16%	6.23%
Profit After Tax	910.63	826.56	1,265.68	15,907.01	16,073.06	15,462.98	83.39	67.53	71.64
PAT Margin (%)	16.00%	16.15%	32.07%	12.69%	13.67%	15.20%	1.87%	1.28%	1.86%
RoE (%)	35.84%	39.59%	121.95%	15.73%	17.49%	19.16%	5.94%	5.08%	5.65%
RoCE (%)	20.07%	29.21%	44.55%	17.07%	19.36%	19.66%	-0.06%	0.88%	4.94%
Net Fixed Asset Turnover (In Times)	1.50 Times	1.69 Times	2.24 Times	5.17 Times	4.90 Times	4.14 Times	2.87 Times	3.88 Times	3.23 Times
Net Working Capital Days	186 Days	60 Days	148 Days	80 Days	148 Days	160 Days	71 Days	65 Days	97 Days
Operating Cash Flows	-759.79	2,175.10	355.13	18,538.92	5,986.14	20,535.93	349.58	405.06	255.05

Comparison of Operational KPIs for the Company with that of Company's listed Peers:

Particulars	Shubham Polyspin Limited			Shubham Polyspin Limited			Shubham Polyspin Limited		
	For the Year ended on March 31			For the Year ended on March 31			For the Year ended on March 31		
	2023	2022	2021	2023	2022	2021	2023	2022	2021
Utilization									
Technical textiles unit I (demerged)	-	71.96%	71.92%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Technical textiles unit II (post demerger)	84.77%*	46.56%	-	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Revenue split between domestic and exports									
Domestic Market (in Lakhs)	3,627.38	513.84	1,948.16	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Export Market (in Lakhs)	2,065.02	4,603.79	1,998.60	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Domestic Market (%)	63.72%	10.04%	49.36%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Export Market (%)	36.28%	89.96%	50.64%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Contribution to revenue from operations of top 1 / 3 / 5/ 10 customers									
Top 1 (%)	32.12%	79.95%	32.63%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Top 3 (%)	84.47%	87.59%	63.97%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
Top 5 (%)	94.08%	94.09%	89.05%	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.

- Contribution to Revenue from Operations of top 1 / 3 / 5 customers means aggregate revenue from top 1 / 3 / 5 customers divided by total Revenue from Operations
- Data of Operational KPIs of the Company's listed peers is either not available in the public domain or the basis and manner of calculation of the figures mentioned is not ascertainable and therefore, may not be an accurate comparison with the Company's information not available in a comparable manner, and hence not mentioned.

For further details, please see the chapter titled "BASIS FOR ISSUE PRICE" beginning on page 96 of the RHP

(Continued on next Page ...)

