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Our Company was originally incorporated as a private limited Company under the name of "Shanti Spintex Private Limited" on August 23, 2010 under the provisions of the Companies Act, 1956 with the Registrar of Companies, Ahmedabad, Gujarat bearing registration number as 062084. Thereafter, our Company was converted from private limited to public limited, pursuant to special resolution passed by the shareholders of the Company at the Extraordinary general meeting held on July 31, 2023 and the name of our Company was changed from "Shanti Spintex Private Limited" to "Shanti Spintex Limited" vide fresh certificate of incorporation dated August 18, 2023 issued by the Registrar of Companies, Ahmedabad, Gujarat. The Corporate identification number of our Company is U17120GJ2010PLC062084. For further details please refer to chapter titled "History and Corporate Structure" beginning on page 108 of the Red Herring Prospectus.

Registered Office: Sub Plot 1, Unit 1, Survey No. 297, Dholi - Integrated Spinning Park Limited, Dholi, Dholka, Ahmedabad, Gujarat - 382 240, India. **Tel No:** +91 84473 86773; **E-mail:** info@shantisintex.com; **Website:** www.shantisintex.com; **CIN:** U17120GJ2010PLC062084; **Contact Person:** Mohini Singhal, Company Secretary & Compliance Officer

OUR PROMOTERS: BHARAT BHUSHAN AGARWAL AND RIKIN AGARWAL

"THE ISSUE IS BEING MADE IN ACCORDANCE WITH CHAPTER IX OF THE SEBI ICDR REGULATIONS (IPO OF SMALL AND MEDIUM ENTERPRISES) AND THE EQUITY SHARES ARE PROPOSED TO BE LISTED ON SME PLATFORM OF BSE."

Our Company is primarily engaged in the business of manufacturing and selling of denim fabrics.

THE ISSUE

INITIAL PUBLIC OFFER OF UPTO 44,64,000 EQUITY SHARES OF FACE VALUE OF ₹ 10/- EACH (THE "EQUITY SHARES") OF SHANTI SPINTEX LIMITED ("OUR COMPANY" OR "SSL" OR "THE OFFERR") AT AN OFFER PRICE OF ₹ [•] PER EQUITY SHARE FOR CASH, AGGREGATING UP TO ₹ [•] LAKHS ("PUBLIC OFFER") COMPRISING OF A FRESH ISSUE OF UPTO 26,88,000 EQUITY SHARES AGGREGATING TO ₹ [•] LAKHS (THE "FRESH ISSUE") AND AN OFFER FOR SALE OF UPTO 17,76,000 EQUITY SHARES BY THE SELLING SHAREHOLDERS ("OFFER FOR SALE") AGGREGATING TO ₹ [•] LAKHS COMPRISING: UP TO 10,84,000 EQUITY SHARES AGGREGATING UPTO ₹ [•] LAKHS BY VINEETA V. CHIRIPAL AND UPTO 6,92,000 EQUITY SHARES AGGREGATING UP TO ₹ [•] LAKHS BY CHIRIPAL EXIM LLP (COLLECTIVELY REFERRED AS "SELLING SHAREHOLDERS") OUT OF WHICH 2,24,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ [•] PER EQUITY SHARE FOR CASH, AGGREGATING ₹ [•] LAKHS WILL BE RESERVED FOR SUBSCRIPTION BY THE MARKET MAKER TO THE OFFER (THE "MARKET MAKER RESERVATION PORTION"). THE PUBLIC OFFER LESS MARKET MAKER RESERVATION PORTION I.E. OFFER OF 42,40,000 EQUITY SHARES OF FACE VALUE OF ₹ 10 EACH, AT AN OFFER PRICE OF ₹ [•] PER EQUITY SHARE FOR CASH, AGGREGATING UPTO ₹ [•] LAKHS IS HEREIN AFTER REFERRED TO AS THE "NET OFFER". THE PUBLIC OFFER AND NET OFFER WILL CONSTITUTE 26.43% AND 25.11% RESPECTIVELY OF THE POST- OFFER PAID-UP EQUITY SHARE CAPITAL OF OUR COMPANY.

- **QIB PORTION:** NOT MORE THAN 50.00% OF THE NET ISSUE
- **NON-INSTITUTIONAL PORTION:** NOT LESS THAN 15.00% OF THE NET ISSUE
- **RETAIL PORTION:** NOT LESS THAN 35.00% OF THE NET ISSUE
- **MARKET MAKER PORTION:** UPTO 2,24,000 EQUITY SHARES OR 5.02% OF THE ISSUE

PRICE BAND: RS. 66 TO RS. 70 PER EQUITY SHARE OF FACE VALUE RS. 10/- EACH
THE FLOOR PRICE IS 6.60 TIMES OF THE FACE VALUE AND THE CAP PRICE IS 7.00 TIMES OF THE FACE VALUE OF THE EQUITY SHARES.
BIDS CAN BE MADE FOR A MINIMUM OF 2000 EQUITY SHARES AND IN MULTIPLES OF 2000 EQUITY SHARES THEREAFTER.

RISKS TO INVESTORS:

- There are outstanding legal proceedings involving our Company, our Directors and our Promoters. Any adverse decisions could impact our cashflows and profit or loss to the extent of demand amount, interest and penalty, divert management time and attention, consume financial resources in their defence or prosecution, affect our reputation, standing and future business and have an adverse effect on our business, prospects, results of operations and financial condition.
- The Merchant Banker associated with the Issue has handled 28 public issues out of which none closed below the Issue Price on listing date.
- Average cost of acquisition of Equity Shares held by the Individual Promoters is

Sr. No.	Name of the Promoter	Average cost of Acquisition (in ₹)
1.	Bharat Bhushan Omprakash Agarwal	19.91
2.	Rikin Bharatbhusan Agarwal	19.92

- and the Issue Price at the upper end of the Price Band is Rs. 70 per Equity Share.
- The Price/ Earnings ratio based on Diluted EPS for Fiscal 2023 for the company at the upper end of the Price Band is 9.82.
- Weighted Average Return on Net worth for Fiscals 2023, 2022 and, 2021 is 13.91%.
- The Weighted average cost of acquisition of all Equity Shares transacted in the last one year, 18 months and three years from the date of RHP is as given below:

Period	Weighted Average Cost of Acquisition (in Rs.)	Upper end of the Price Band (Rs. 70) is 'X' times the weighted Average cost of Acquisition	Range of acquisition price: Lowest Price - Highest Price (in Rs.)
Last 1 year	N/A	N/A	N/A
Last 18 months/ Last 3 years	27.00*	2.59	0-54

*Cost has been determined post adjustment of bonus shares.

- The Weighted average cost of acquisition compared to floor price and cap price

Types of transactions	Weighted average cost of acquisition (₹ per Equity Shares)	Floor price* (i.e. ₹ 66)	Cap price* (i.e. ₹ 70)
WACA of primary issuance(exceeding 5% of the pre issue capital)	NA^	NA^	NA^
WACA for secondary sale / acquisition (exceeding 5% of the pre issue capital)	27.00	2.44 times	2.59 times

Note:

^There were no primary / new issue of shares in last 18 months from the date of the Red Herring Prospectus.

BASIS FOR OFFER PRICE

Investors should read the following summary with the section titled "Risk Factors", the details about our Company under the section titled "Our Business" and its financial statements under the section titled "Financial Information of the Company" beginning on page 23, 90 and 128 respectively of the Red Herring Prospectus. The trading price of the Equity Shares of Our Company could decline due to these risks and the investor may lose all or part of his investment.

The Offer Price will be determined by our Company in consultation with the BRLM on the basis of the quantitative and qualitative factors as described below. The face value of the Equity Shares is ₹ 10.00 each and the Offer Price is ₹ [•] times of the face value.

QUALITATIVE FACTORS

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

- Capability to manufacture diverse range of denim fabrics through in-house weaving unit
 - Stringent quality control mechanism ensuring standardized product quality
 - Synergy of young and experienced management team with a committed employee base
- For a detailed discussion on the qualitative factors which form the basis for computing the price, please refer to sections titled "Our Business" beginning on page 90 of this Red Herring Prospectus.

QUANTITATIVE FACTORS

The information presented below relating to our Company is based on the Restated Financial Statements. For details, please refer section titled "Financial Information of the Company" on page 128 of this Red Herring Prospectus.

Some of the quantitative factors which may form the basis for calculating the Issue Price are as follows:

1. Basic & Diluted Earnings per share (EPS) (Face value of ₹ 10 each):

As per the Restated Financial Statements:-

Sr. No	F.Y./Period	Basic & Diluted (₹)	Weights
1	Financial Year ending March 31, 2023	7.13	3
2	Financial Year ending March 31, 2022	3.43	2
3	Financial Year ending March 31, 2021	2.38	1
	Weighted Average	5.10	
4	For period ending on September 30, 2023	3.69	

Notes:

- The figures disclosed above are based on the Restated Financial Statements of the Company.
- The face value of each Equity Share is 10.00.
- Earnings per Share has been calculated in accordance with Accounting Standard 20 - "Earnings per Share" issued by the Institute of Chartered Accountants of India.
- The above statement should be read with Significant Accounting Policies and the Notes to the Restated Financial Statements as appearing in Annexure IV.
- Basic Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of equity shares outstanding during the year/period
- Diluted Earnings per Share = Net Profit/(Loss) after tax, as restated attributable to equity shareholders / Weighted average number of diluted potential equity shares outstanding during the year/period.

2. Price Earning(P/E) Ratio in relation to the Price Band of ₹66 to ₹70 per Equity Share of Face Value of ₹10/-each fully paid up:

Particulars	(P/E) Ratio at the Floor Price	(P/E) Ratio at the Cap Price
P/E ratio based on the Basic & Diluted EPS, as restated for period ending March 31, 2023	9.26	9.82
P/E ratio based on the Weighted Average EPS, as restated.	12.94	13.73

Industry P/E Ratio*	(P/E) Ratio
Industry Average	31.34

Note:

- The P/E ratio of our Company has been computed by dividing Offer Price with EPS.
- P/E Ratio of the peer company is based on the Consolidated Audited Results for the F.Y. 2022-23 and stock exchange data dated 07.12.2023.

3. Return on Net worth(RoNW)

Sr. No	Period	RoNW (%)	Weights
1	Period ending March 31, 2023	18.05%	3
2	Period ending March 31, 2022	10.53%	2
3	Period ending March 31, 2021	8.16%	1
	Weighted Average	13.90%	6
4	Period ending on September 30, 2023	8.55%	

Note:

- The figures disclosed above are based on the Restated Financial Statements of the Company.
- The RoNW has been computed by dividing restated net profit after tax(excluding exceptional items) with restated Networth as at the end of the year/period
- Weighted average = Aggregate of year-wise weighted RoNW divided by the aggregate of weights i.e. (RoNW x Weight) for each year/Total of weights.

4. Net Asset Value (NAV) per Equity Share:

Sr. No.	NAV per Equity Share	(Amount in ₹)
1.	As at March 31, 2023	39.46
2.	As at March 31, 2022	32.55
3.	As at March 31, 2021	29.13
4	NAV per Equity Share after the Offer	[•]
5.	Offer Price	[•]
7	As at September 30, 2023	43.11

*The above NAV has been calculated based on weighted number of shares outstanding at the end of the respective year/period.

Notes:

- The figures disclosed above are based on the Restated Financial Statements of the Company.
- NAV per share=Restated Net worth at the end of the year/period divided by weighted average number of equity shares outstanding at the end of the year/period
- Net worth is computed as the sum of the aggregate of paid-up equity share capital, all reserves created out of the profits, securities premium account received in respect of equity shares and debit or credit balance of profit and loss account.
- Offer Price per Equity Share will be determined by our Company in consultation with the Book Running Lead Manager.

5. Comparison of Accounting Ratios with Industry Peers:

(Rs. In Lakhs)

Name of Company	Current Market Price (₹)	Face Value	EPS		PE	RoNW (%)	Book Value (₹)	Revenue from Operations
			Basic	Diluted				
Shanti Spintex Limited	[•]	10	7.13	7.13	[•]	18.05%	39.46	37033.22
Peer Group								
Jindal Worldwide Ltd	323.30	1	5.77	5.77	56.03	17.80	32.41	207001.40
R&B Denims Limited	38.35	2	2.21	2.21	17.35	19.48	11.36	26,277.39
Manomay Tex India Limited	137.55	10	8.72	8.72	15.77	11.17	64.24	69,887.88
United Polyfab Gujarat Ltd	92.65	10	2.56	2.56	36.19	8.60	30.40	65,260.32

Notes:

- Source-All the financial information for listed industry peers mentioned above is sourced from the Annual Reports of the aforesaid companies for the year ended March 31, 2023 and stock exchange data dated 07.12.2023 to compute the corresponding financial ratios. For our Company, we have taken Current Market Price as the Offer price of equity share. Further, P/E Ratio is based on the current market price of the respective scrips.
- Further, P/E Ratio is based on the current market price of the respective scrips.
- The EPS, NAV, RoNW and total Income of our Company are taken as per Restated Financial Statement for the Financial Year 2022-23
- NAV per share is computed as the closing net worth divided by the weighted average number of paid up equity shares as on March 31, 2023.
- RoNW has been computed as net profit after tax divided by closing network.
- Net worth has been computed in the manner as specifies in Regulation 2(1) (hh) of SEBI (ICDR) Regulations, 2018.
- The face value of Equity Shares of our Company is ₹ 10/- per Equity Share and the Offer price is [•] times the face value of equity share

6. Key Performance Indicators

The KPIs disclosed below have been used historically by our Company to understand and analyze the

business performance, which in result, help us in analyzing the growth of our company.

The KPIs disclosed below have been approved by a resolution of our Audit Committee dated September 09, 2023 and the members of the Audit Committee have verified the details of all KPIs pertaining to our Company. Further, the members of the Audit Committee have confirmed that there are no KPIs pertaining to our Company that have been disclosed to any investors at any point of time during the three years period prior to the date of filing of this Red Herring Prospectus. Further, the KPIs herein have been certified by Anil S. Shah & Co., Chartered Accountants, by their certificate dated December 09, 2023.

The KPIs of our Company have been disclosed in the sections titled "Our Business" and "Management's Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators" on pages 91 and 174, respectively. We have described and defined the KPIs as applicable in "Definitions and Abbreviations" on page 1.

Our Company confirms that it shall continue to disclose all the KPIs included in this section on a periodic basis, at least once in a year (or any lesser period as determined by the Board of our Company), for a duration of one year after the date of listing of the Equity Shares on the Stock Exchange or till the complete utilisation of the proceeds of the Fresh Issue as per the disclosure made in the Objects of the offer, whichever is later or for such other duration as may be required under the SEBI ICDR Regulations. Further, the ongoing KPIs will continue to be certified by a member of an expert body as required under the SEBI ICDR Regulations.

Key Performance Indicators of our Company

(₹ In Lakhs except percentages and ratios)

Key Financial Performance	For period ended on September 30, 2023	FY 2022-23	FY 2021-22	FY 2020-21
Revenue from operations ⁽¹⁾	16232.01	37033.22	25490.94	11280.07
EBITDA ⁽²⁾	1,133.09	2,164.76	1,190.27	1,130.45
EBITDA Margin ⁽³⁾	6.98%	5.84%	4.67%	10.02%
PAT ⁽⁴⁾	523.75	1012.81	486.59	337.53
PAT Margin ⁽⁵⁾	3.23%	2.73%	1.91%	2.99%
RoE(%) ⁽⁶⁾	8.93%	19.81%	11.11%	8.16%
RoCE (%) ⁽⁷⁾	8.69%	16.64%	8.10%	8.21%

Notes:

- Revenue from operation means revenue from sales, service and other operating revenues (2)EBITDA is calculated as Profit before tax + Depreciation + Finance Cost - Other Income (3)'EBITDA Margin' is calculated as EBITDA divided by Revenue from Operations
- PAT is calculated as Profit before tax - Tax Expenses
- 'PAT Margin' is calculated as PAT for the period/year divided by revenue from operations.
- Return on Equity is ratio of Profit after Tax and Average Shareholder Equity
- Return on Capital Employed is calculated as EBIT divided by capital employed, which is defined as Share holders Fund + Long term borrowing + Short term borrowing+ Deferred Tax Liability(net).

Explanation for KPI metrics:

KPI	Explanations
Revenue from Operations	Revenue from Operations is used by our management to track the revenue profile of the business and in turn helps to assess the overall financial performance of our Company and volume of our business
EBITDA	EBITDA provides information regarding the operational efficiency of the business
EBITDA Margin (%)	EBITDA Margin (%) is an indicator of the operational profitability and financial performance of our business
PAT	Profit after tax provides information regarding the overall profitability of the business.
PAT Margin (%)	PAT Margin (%) is an indicator of the overall profitability and financial performance of our business.
RoE (%)	RoE provides how efficiently our Company generates profits from shareholders' funds.
RoCE (%)	RoCE provides how efficiently our Company generates earnings from the capital employed in the business.

Continued on next page