



LONG TERM SUBSCRIBE

IPO Report

21st Feb'26

Snapshot

Company is engaged in the manufacturing of Cotton Yarns, including Compact Ring Spun and Carded Yarns, both Combed and Carded. Company's product range also includes value-added yarns such as Eli Twist (Combed and Carded), Compact Slub Yarns, and Lycra-Blended Yarns. Company's Yarns are used in both knitting and weaving, serving a broad range of end-use segments such as denim, terry towels, shirting, sheeting, sweaters, socks, bottom wear, home textiles, and industrial fabrics.

VALUATION

Company is bringing the issue at price band of Rs 95-104 per share at p/e multiple of 30x on post issue H1FY25 annualized PAT basis.

Company operate through fully integrated spinning facility enabling all key stages of yarn production under one roof, from procurement of raw cotton to finished yarn packaging. Company have nearly a decade of experience in textile industry and have established long standing relationships with key customers. Company's manufacturing facility is strategically located with adequate storage facility and scope for future expansion. Company have demonstrated consistent growth in terms of revenues and profitability. Company is driven by a qualified and dedicated management team, which is led by its Board of Directors. Company's Promoter-Directors, Bhaveshbhai Bhikhubhai Ramani and Jay Atulbhai Tilala are instrumental in formulating business strategies, driving modernization, integrating systems and technologies, steering diversification and expansion. Hence, we recommend "Long Term Subscribe" to issue.

Price Band (Rs./Share)	95-104
Opening date of the issue	23 rd Feb '2026
Closing Date of the issue	25 th Feb '2026
No of shares pre issue	2,93,75,000 Eq Shares
Issue Size	1,06,00,000 Eq Shares
Fresh issue	Rs 110 Cr
Face Value (Rs/ share)	Rs 10/share
Bid Lot	144
BIDDING DETAILS	
QIBs (Including Anchor)	75% of the offer
Non-Institutional	15% of the offer
Retail	10% of the offer
Lead managers	Interactive Financial Services Limited
Registrar to the issue	Bigshare Services Private Limited

WHAT WE LIKE

Fully integrated spinning infrastructure with modern technologies to support a diversified and value added product portfolio.

Company operate a fully integrated spinning manufacturing facility that brings together all key stages of yarn production under one roof, from procurement of raw cotton to finished yarn packaging. This end-to-end integration includes processes such as cotton bale procurement, cleaning, carding, combing, spinning, winding, and final packaging.

Long-standing and growing relationships with marquee, global clients contributing to a diversified revenue base

Company have, over the years, established long-standing relationship with company's institutional customers such as Welspun Living Limited, Jindal Worldwide Limited and other institutional customers and bulk purchasers and network of brokers.

Track Record of healthy growth

Company achieved revenue from operations of ₹13208.48 lakhs during the six-month period ended September 30, 2025. For the full fiscal years, company's revenues stood at Rs 25504.47 lakhs in Fiscal 2025, ₹23,159.12 lakhs in Fiscal 2024 and ₹21,314.05 lakhs in Fiscal 2023. While revenue growth over this period has been moderate in value terms, company's sales volume has shown a meaningful increase rising from 9,697.59 MT in Fiscal 2022 to 10,668.98 MT in Fiscal 2024. This volume includes both manufactured stock and inventory stock sold during the respective periods. The rise in volume reflects operational efficiency improvements and stronger market demand for company's diversified product range.



COMPANY BACKGROUND

Company operate exclusively in the business-to-business (B2B) segment, supplying its products to institutional buyers such as textile manufacturers, garment exporters, bulk purchasers and fabric processors. Company's exclusive B2B focus allows it to streamline company's production and supply chain processes around the needs of large-scale buyers, ensuring consistent quality, delivery, and efficient order fulfilment. It also allows company to build long-term client relationships and offer customized yarn solutions tailored to specific technical parameters including count, twist, and strength.

Company's manufacturing facility in Gondal, Rajkot, Gujarat, houses 17 compact ring-spinning machines with a total spindle count of 27,744. Company produce 100% cotton yarns in counts ranging from Ne 8 to Ne 40, including carded and combed varieties ("Ne" refers to the English Cotton Count System, which is a standard way to measure the fineness or thickness of yarn. The higher the Ne, the finer the yarn). Company also manufacture Compact Eli Twist (Siro) yarns in Ne 40/2 counts ('Ne 40/2 counts' means two-ply yarn made by twisting together two single yarns of Ne 40 count), available in both combed and carded forms, known for their strength and smooth finish. In addition, company offer compact Slub Yarns for textured fabric effects and Lycra-blended yarns that combine stretch with comfort, ideal for activewear and fitted garments.

Company's operations also generate income from by-products such as cotton waste, which is sold to industries manufacturing non-woven fabrics and open-end yarns. Company also sell Viscose-Cotton Mix Yarn, FP Bales, and Open-End Yarn, catering to varied textile segments. These products are sold to fabric manufacturers, weaving units, and traders, based on specific customer needs.

Company sell its products in both the domestic market and international markets, with overseas sales routed through merchant exporters (*merchant exporter are exporters who procure products from domestic manufacturers or suppliers and sell them in international markets under their own name*). These merchant exporters possess expertise in global trade practices, export documentation and destination compliance requirements, allowing it to serve a wide range of overseas markets with minimal logistical hurdles. Company's domestic sales are facilitated through direct sales to institutional customers and a network of brokers and agents who act as key intermediaries between company and institutional customers, helping company expand its market presence while offering localized customer engagement. This dual-channel strategy enables broad market coverage while allowing company to stay focused on its core strength i.e. manufacturing quality cotton yarns with minimal logistical complexity.

In the domestic market, company sell its products across the Indian states of Gujarat, Rajasthan, West Bengal, Maharashtra, Tamil Nadu, Madhya Pradesh, and Punjab, as well as the union territory of Dadra and Nagar Haveli, through a combination of direct sales and a network of brokers. Company generate significant revenue from sales from the state of Gujarat which amounts to 11,585.48 lakhs, 23,607.89 lakhs, 19,058.24 lakhs and 18,016.78 lakhs constituting 87.72 %, 93.48% 83.14% and 85.59%, of total revenue from operations during the six-month period ended September 30, 2025 and Fiscal 2025, 2024 and 2023, respectively.

Company commenced the establishment of its manufacturing facility in the first year following incorporation, beginning with the acquisition of land in 2013. Company's facility was developed using a combination of promoter funding and bank financing. Construction, machinery installation, and the development of supporting infrastructure were completed by 2016 and commercial production commenced in April 2016.

With nearly a decade of operational experience in the textile industry, company presently operate through its manufacturing facility which is strategically located in Gondal, Rajkot (Gujarat), and spans a built-up area of approximately 29,947 sq. m ("Manufacturing Facility"). Company commenced its manufacturing operations with 11 compact ring spinning machines, comprising spindle count of 17,952 spindles. In 2020, company expanded by adding six additional compact ring spinning machines, increasing company's spindle capacity by 9,792 spindles. This brought its total to 17 compact ring spinning machines and an aggregate spindle count of 27,744 spindles. This increase in spindle count resulted in an increase in its cotton yarn production capacity from 5,500.00 MT/Annum to 9,855.00 MT/Annum. Company's Manufacturing Facility operates on a three-shift basis to maximize throughput and ensure uninterrupted operations.

Further, company's Manufacturing Facility is designed with 'Zero Liquid Discharge Solution', where no industrial wastewater is discharged into surface waters, thereby minimizing environmental pollution.

OBJECTS OF OFFER

The Issue comprises of a fresh Issue of up to 1,06,00,000 Equity Shares of Company . The net proceeds of the Issue, i.e. gross proceeds of the Issue less the issue expenses to the Issue ("Net Proceeds") are proposed to be utilized for the following object:

1. Funding for setting up of 6.1 MW Solar Power Plant for captive use ("Solar Power Project");
2. Funding for setting up of 4.2 MW Wind Power Plant for captive use ("Wind Power Project");
3. Repayment and/or pre-payment, in full or part, of certain borrowings availed by Company;
4. Funding the working capital requirements of Company; and
5. General corporate purposes.

RISKS

A major portion of company's revenue from operations is dependent upon a limited number of customers. For instance, company's top 1 customer contributed 28.57%, 32.97%, 44.35% and 37.26% of its total revenue during the six-month period ended Septemeber 30, 2025, Fiscal 2025, Fiscal 2024 and Fiscal 2023. Loss of any of company's key customers or loss of revenue from any of such customers could have a material adverse effect on company's business, financial condition, results of operations and cash flows..

Source:RHP



Consolidated Financials

(Rs in lakhs)

Financials	FY23	FY24	FY25	H1FY26
Total Revenue (A)	21310.25	23159.12	25504.47	13208.48
Total Expenditure (B)	19589.07	21125.98	23412.89	11522.84
EBIDTA	1721.18	2033.14	2091.58	1685.64
EBIDTA Margin	8.08	8.78	8.20	12.76
Other Income	47.69	13.29	127.58	18.24
Depreciation	883.87	629.34	598.67	361.80
EBIT	885.00	1417.09	1620.49	1342.08
Interest	394.49	454.55	682.92	353.12
PBT	490.51	962.54	937.57	988.96
Share of profit in Asso	0.00	0.00	0.00	0.00
PBIT	490.51	962.54	937.57	988.96
Exceptional	0.00	0.00	0.00	0.00
PBT	490.51	962.54	937.57	988.96
Tax	285.43	307.29	137.97	288.93
PAT	205.08	655.25	799.60	700.03
NPM	0.96	2.83	3.14	5.30
ROE%	3.36	9.81	10.80	17.35
EPS	0.70	2.23	2.72	4.76
Eq Cap	1,175.00	2,937.50	2,937.50	2,937.50
Net Worth	6,111.05	6,679.86	7,403.26	8,070.11

(Source: RHP)



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