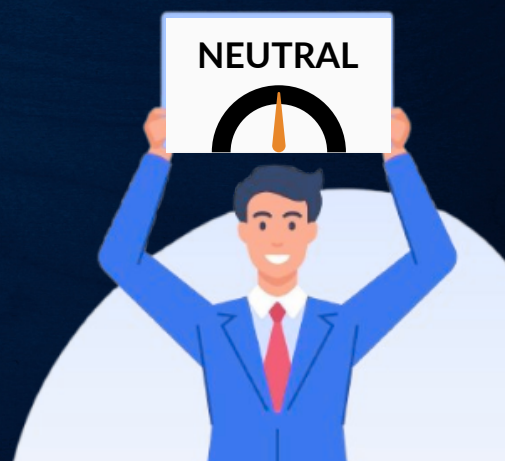




IPO NOTE

SONASELECTION INDIA LIMITED



Rating:

NEUTRAL



ISSUE OFFER

Issue Opens on	SEP 17, 2026
Issue Close on	SEP 21, 2026
Total IPO size (cr)	₹142 CR
Fresh issue (cr)	₹142 CR
Offer For Sale (cr)	-
Price Band (INR)	₹94-99
Market Lot	150 SHARES
Face Value (INR)	₹10
Listing At	BSE, NSE
Market Cap (Pre IPO)	₹562.60 CR

MINIMUM INVESTMENT DETAILS

Number of Shares	1,43,00,000
Minimum Investment Amount	₹14,850
Small-HNI (Min)/ 2100 Shares	₹2,07,900
Big-HNI (Min)/ 10200 Shares	₹10,09,800

INDICATIVE TIMETABLE

Basis of Allotment	22-09-2026
Refunds/Unblocking ASBA Fund	23-09-2026
Credit of Share to Demat A/c	23-09-2026
Listing Date	24-09-2026

ISSUE BREAK-UP (%)

QIB Portion	50%
Retail Portion	35%
NII Portion	15%

The company is an integrated textile manufacturer producing and processing 100% cotton, cotton stretch, cotton blends, and polyester-based fabrics.

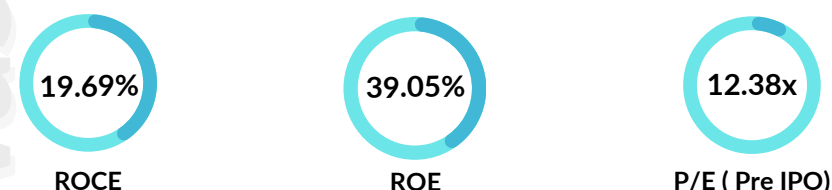
OBJECTS OF THE ISSUE

- Repayment / pre-payment of borrowings
- Funding capital expenditure
- General corporate purposes

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2026	FY 2025	FY 2024
Equity Share Capital	42.52	15.87	3.10
Net Worth	104.16	70.07	38.88
Revenue from operations	516.94	315.95	120.97
EBITDA Margin%	16.40%	18.39%	23.55%
Net Profit/Loss of the year	34.02	18.56	13.09

FINANCIAL RATIOS OF FY26



OUTLOOK & VALUATION

- Revenue has grown rapidly, but the company remains dependent on a single Rajasthan facility.
- At 12.24x FY26 P/E, it trades at a discount to the 22.58x industry average, reflecting its smaller scale and margin profile.
- EBITDA margin fell from 23.55% to 16.40%, despite strong revenue growth.
- High leverage (D/E 2.48x), single-plant and customer concentration, plus disclosed governance issues remain key concerns.
- May consider a small allocation at attractive valuation, but monitor margins and deleveraging. Listing-gain seekers should stay cautious.



COMPANY PROFILE

- The Company is an integrated fabric manufacturing and processing company engaged in the production of value-added textile products.
- It manufactures 100% cotton fabric, cotton lycra (stretch) fabric, cotton blends and polyester blends, and also undertakes processing of 100% cotton, cotton blends, polyester-viscose (P/V) and polyester fabrics.
- The Company's manufacturing facility is located in Bhilwara, Rajasthan.
- The Company transitioned from a job-work based processing model to a manufacturing-led model after acquiring an established textile processing unit in 2022 and subsequently commissioned a cotton fabric processing plant in July 2024.
- The Company's product portfolio primarily comprises 100% cotton fabrics, cotton lycra (stretch) fabrics, cotton blends and polyester blends, catering to varied apparel and textile applications.



COMPETITIVE STRATEGIES

- Forward Integration and Expansion through Subsidiary
- Strengthening Sustainability Framework and Expand Renewable Energy Usage
- Focus on cost optimization
- Focus on deleveraging and enhancing financial flexibility
- Leveraging modern technologies for expanding into technical textiles



KEY CONCERNS

- Revenue and raw material procurement are heavily concentrated in the state of Rajasthan.
- Operations depend entirely on a single manufacturing facility located in Bhilwara, Rajasthan.
- The company experienced negative net operating cash flows in recent fiscal years.
- Heavy reliance on a limited set of key customers without long-term supply contracts.
- A high debt-to-equity ratio exposes the business to interest rate and debt servicing risks.



KEY STRENGTHS

- Integrated manufacturing facility equipped with an in-house quality control laboratory and warehousing capability.
- Diversified product portfolio spanning cotton, lycra, polyester blends, and ready-made garments.
- Established recurring business relationships with a broad domestic customer base.
- Experienced promoter leadership with extensive domain expertise in the textile industry.
- Strategic expansion into downstream apparel categories to capture integrated value chain benefits.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Sonaselection India Ltd.	8.09	12.38	24.78	516.94	39.05
Peer Group					
Vishal Fabrics Limited	1.52	12.23	26.12	1602.11	6.33
Sangam (india) Limited	16.44	37.29	211.85	3234.53	8.02
Nitin Spinners Limited	31.58	18.22	261.60	3213.86	12.77



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