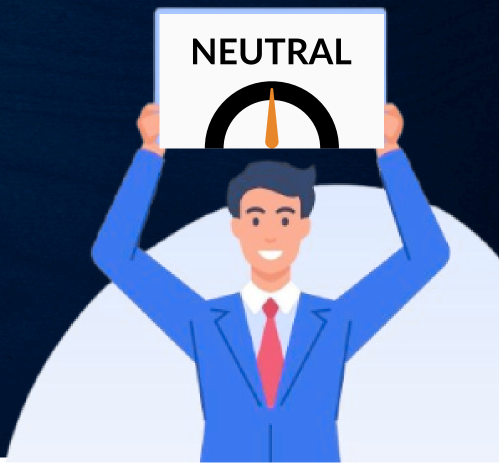
॥ सर्वे भवन्तु धनिनः ॥

swastika



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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

ROCE	ROE	P/E (Pre IPO)
19.69%	39.05%	12.38x

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

CORPORATE & ADMINISTRATIVE OFFICE - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000
Compliance Officer: Mrs. Dimple Soni Email: compliance@swastika.co.inPhone: (0731) 6644 241
Swastika Investmart Limited, SEBI Reg. No. : NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532 Research Analyst Reg. No. :INH000024073
CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.