Shree Ram Twistex Ltd.

February 20th, 2025

IPO Details

IPO Date	23rd to 25th Feb, 2026
Face Value	₹10 per share
Price Band	₹95 to ₹104
Lot Size	144 Shares
Sale Type	Fresh Capital
Total Issue Size	1,06,00,000 shares (agg. up to ₹110 Cr)
Issue Type	Book building IPO
Listing At	BSE, NSE
Shareholding pre issue	2,93,75,000 shares
Shareholding post issue	3,99,75,000 shares
QIB Shares Offered	Not less than 75% of the Net Offer
Retail Shares Offered	Not more than 10% of the Net Offer
NII (HNI) Shares Offered	Not more than 15% of the Net Offer
Retail (Min & Max) shares	144 Shares & 1,872 shares
Retail (Min & Max) application amount	₹14,976 & ₹1,94,688
S-HNI (Min shares & application amount)	2,016 shares & ₹2,09,664
S-HNI (Max shares & application amount)	9,504 shares & ₹9,88,416
B-HNI (Min shares & application amount)	9,648 shares & ₹10,03,392
Basis of Allotment	Thu, Feb 26, 2026
Initiation of Refunds	Fri, Feb 27, 2026
Credit of Shares to Demat	Fri, Feb 27, 2026
Listing Date	Mon, Mar 2, 2026
Cut-off time for UPI mandate confirmation	5 PM on Wed, Feb 25, 2026
Promoters	Bhaveshbhai Bhikhumbhai Ramani, Jay Atulbhai Tilala, and Nidhi Bhaveshbhai Kothari
Registrar	Bigshare Services Pvt.Ltd.

Note 1: Application made using third party UPI or ASBA A/C is liable to be rejected. For apply please click on the Link https://ipo.adroitfinancial.com/ for any kind of assistance please contact to our helpdesk team at 0120-6826800 or mail us on ipo@adroitfinancial.com

Company Profile

Incorporated on December 31, 2013, they are engaged in the manufacturing of Cotton Yarns, including Compact Ring Spun and Carded Yarns, both Combed and Carded. The product range also includes value-added yarns such as Eli Twist (Combed and Carded), Compact Slub Yarns, and Lycra Blended Yarns. They also sell Viscose Cotton Mix Yarn, FP Bales, and Open End Yarn, catering to varied textile segments. The company operates a fully integrated spinning facility in Gondal, Gujarat, spanning a built-up area of approximately 29,947 sq. m. The facility houses 17 compact ring spinning machines with an aggregate spindle count of 27,744, enabling a production capacity of 9,855 MT per annum. They utilize modern machinery sourced from international manufacturers in Switzerland, Germany, and Italy to ensure high quality output with minimal defects. They have established long-standing relationships with major industry players such as Welspun Living Limited and Jindal Worldwide Limited. The company leverages a network of third party brokers and agents to identify prospective customers and facilitate sales orders while maintaining a lean internal structure.

Objects of the Issue

- Funding for setting up of 4.2 MW Wind Power Plant for captive use – Rs. 39 Crore
- Repayment and/or pre-payment, in full or part, of certain borrowings availed by the Company – Rs. 14.89 Crore
- Funding the working capital requirements of the Company – Rs. 44 Crore
- General corporate purposes – Rs. 12.11 Crore

Financial Details

Particulars (Amount in Crores)	6MFY26	31-Mar-25	31-Mar-24	31-Mar-23
Revenue				
- Revenue from Operations	132.08	255.04	231.59	213.10
- Other Income	0.18	1.27	0.13	0.47
Total Income	**132.26**	**256.32**	**231.72**	**213.57**
Expenses				
- Cost of material consumed	129.03	281.12	201.25	180.25
- Changes in Inventories of finished goods, work-in-progress and stock-in-trade	(18.22)	(55.38)	3.55	9.37
- Employee Benefit Expense	2.30	4.46	4.23	4.12
- Finance Cost	3.53	6.82	4.54	3.94
- Depreciation and amortization expense	3.61	5.98	6.29	8.83
- Other expenses	2.10	3.92	2.21	2.13
Total expenses	**122.37**	**246.94**	**222.09**	**208.67**
EBITDA	**16.84**	**20.9**	**20.32**	**17.2**
EBITDA Margin (%)	**12.75%**	**8.19%**	**8.77%**	**8.07%**
Profit/(Loss) before tax	**9.88**	**9.37**	**9.62**	**4.90**
Tax expense/(credit)	2.88	1.37	3.07	2.85
Profit/(Loss) After Tax	**7.00**	**7.99**	**6.55**	**2.05**
PAT Margin (%)	**5.29%**	**3.12%**	**2.83%**	**0.96%**
Basic EPS (in Rs.)	2.38	2.72	2.23	0.70

Key Metrics	6MFY26	Mar-25	Mar-24	Mar-23
Fixed Asset Turnover Ratio (not annualized)	**1.68**	**3.74**	**3.28**	**2.74**
Working Capital Days	**44**	**34**	**71**	**52**
D/E	**0.75**	**0.84**	**1.00**	**0.91**
ROCE (%)	**10.74%**	**13.37%**	**12.50%**	**8.61%**

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Source: RHP of the Company

Competitive Strengths

- **Diverse Product Portfolio and Specialized Applications:** The company manufactures a wide range of Cotton Yarns, including Compact Ring Spun, Carded, and Combed yarns, alongside value-added products such as Eli Twist, Compact Slub, and Lycra-Blended yarns. This diverse range allows them to serve multiple end-use segments, including denim, terry towels, shirting, home textiles, and industrial fabrics, providing customized solutions tailored to specific technical parameters like count and strength.

- **Fully integrated spinning infrastructure :** They 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. By centralizing operations within a single location, they minimize material handling, reduce production lead times and enhance coordination across process stages. This results in process control, increased operational efficiency, and better consistency in output quality.

- **Strong Promoters and Experienced Management Team :** The Promoter-Directors, Bhaveshbhai Bhikhubhai Ramani and Jay Atulbhai Tilala, are central to the company's strategic direction, driving business strategy, modernization, technology integration, and expansion while maintaining a customer-centric approach. The leadership team is supported by experienced senior management, including Kamleshbhai Rambhai Patel, who oversees production, quality assurance, and supply chain management and brings over three decades of experience in the textile industry.

- **Strong Customer Retention and Relationships:** A significant portion of the company's revenue is derived from repeated customers, who accounted for 45.69% of revenue from operations in Fiscal 2025. This high level of repeat business, combined with a significant contribution from their top 5 and top 10 customers, underscores the strength of their institutional relationships and market reputation.

- **Consistent Financial Growth :** The company has demonstrated a strong track record of revenue and profitability growth over the last several years. Specifically, revenue from operations increased from ₹21,310.25 lakhs in Fiscal 2023 to ₹25,504.47 lakhs in Fiscal 2025, showcasing their ability to scale their operations effectively in a competitive industry.

Key Risk Factors

- **Significant Customer Concentration and Absence of Long-Term Contracts:** A major portion of the company's revenue depends on a limited number of customers, with the top customer alone contributing 32.97% of total revenue in Fiscal 2025. Because the company typically operates on a purchase order basis rather than through long-term contracts, it faces a significant risk of customer attrition and challenges in long-term production planning. Any loss of a key client or a significant reduction in their order volume could have a material adverse effect on the company's financial condition and results of operations.

- **Dependency on a Limited Supplier Base for Raw Materials :** The company is dependent on a small number of suppliers for the procurement of cotton bales, which is its principal raw material. Cotton prices are subject to high volatility influenced by agricultural yields, government policies like Minimum Support Prices (MSP), and geopolitical factors. Since the company's ability to pass on these cost increases to customers is limited by market competition, any significant price shock can lead to margin compression and reduced profitability.

- **Geographic Concentration in the State of Gujarat :** Both the manufacturing facility and the company's registered office are located in Gujarat, and the vast majority of its revenue is derived from this state. This lack of geographic diversification exposes the company to localized risks, such as regional regulatory changes, labor unrest, natural calamities (like floods or earthquakes), and infrastructure bottlenecks. Any major disruption within Gujarat could have a disproportionate and adverse impact on the company's overall business operations.

- **Stringent Quality Requirements and Reputational Damage :** The company's institutional buyers maintain strict quality specifications regarding parameters such as yarn strength and uniformity. Any failure to meet these standards, whether due to equipment malfunction, human error, or inconsistent raw material quality can result in product rejections and a loss of customer confidence. As many customers serve international markets, even infrequent quality lapses could lead to delisting as an approved vendor, severely harming future growth prospects.

Comparison with Listed Peers

Name of the Companies.	Market Price	Face Value (per Share)	P/E Ratio	EPS (Basic)	EPS (Diluted)	RoNW (%)	NAV (per Share)
Shree Ram Twistex Ltd.	NA	10	29.71*	3.50**	3.50**	10.80%	23.97
Peers:-							
Ambika Cotton Mills Ltd.	1375.30	10	11.97	114.83	114.83	7.46%	1539.69
Damodar Industries Ltd.	26.70	5	11.50	2.32	2.32	(0.05%)	56.62
Rajapalayam Mills Ltd.	820.15	10	44.28	18.52	18.52	(12.00%)	495.33

* P/E calculated based on upper band price.

**EPS calculated including fresh issue shares.

Summary

Shree Ram Twistex Limited is a Gujarat-based textile company primarily engaged in the manufacturing of high quality cotton yarns for institutional buyers in the B2B segment. The company operates with a workforce of 58 permanent employees and manages its logistics through five dedicated warehouses on-site, which provide a combined storage capacity of 9,855 MT for raw materials and finished goods.

EBITDA margin saw a significant jump from 8.19% in FY25 to 12.75% in 9MFY26 primarily due to the successful transition of their sales focus from lower-margin products to value-added yarns, which command higher market prices. For H1FY26, Organic Yarn sales surged to 21.52% of total revenue, compared to just 0.87% in Fiscal 2025. Additionally, the contribution from Lycra Blended Yarn nearly doubled from 4.86% to 8.53% in the same period. This shift was balanced by a sharp reduction in the sales of Carded Yarn, a lower-margin commodity product, which dropped from 51.34% of revenue in Fiscal 2025 to 28.57% in the first half of the following year.

India ranks as the 6th largest exporter of textiles and apparel globally, with the sector, including handicrafts, accounting for a significant 8.21% of the country's total exports in 2023-24. India holds a 3.91% share in the global textile and apparel trade. India's textile industry is currently valued at $174 billion and is projected to reach $350 billion by 2030. Employing over 45 million people and producing approximately 22 billion garments annually, the sector holds 4.5% share in global textile trade and ranks fifth globally in production.

The proceeds from the issue are proposed to be utilized toward enhancing operational efficiency and strengthening the company’s financial profile. A key allocation is toward setting up a 4.2 MW wind power plant for captive use, which is expected to reduce power costs significantly, improve margin visibility, and provide long-term cost stability while supporting sustainability initiatives. Currently, electricity expenses account for 6–7% of revenue, amounting to approximately ₹15 crore, and the proposed captive capacity is expected to entirely offset this cost over time, thereby supporting operating margin expansion. A portion of the funds will also be used for repayment or pre-payment of certain borrowings, which should lower finance costs and improve leverage metrics. Additionally, funding toward working capital requirements will support operational scalability and ensure smoother execution amid growth. The balance allocated for general corporate purposes provides strategic flexibility to address evolving business needs.

Therefore, it is recommended to “Subscribe” to the IPO for long-term investment, considering its growth potential.

DISCLAIMER

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