Sonaselection India Limited

16th September, 2026

IPO Details

IPO Date	17th to 21th Sep, 2026
Face Value	₹10 per share
Price Band	₹94 to ₹99
Lot Size	150 Shares
Sale Type	Fresh capital only
Total Issue Size	1,43,00,000 shares (agg. up to ₹142 Cr.)
Fresh Issue	1,43,00,000 shares (agg. up to ₹142 Cr.)
Issue Type	Book building IPO
Listing At	BSE, NSE
Shareholding pre issue	4,25,28,681 shares
Share Holding Post Issue	5,68,28,681 shares
QIB Shares Offered	Not more than 50% of the Issue
Retail Shares Offered	Not less than 35% of the Net Offer
NII (HNI) Shares Offered	Not less than 15% of the Issue Size
Retail (Min & Max) shares	150 Shares & 1,950 shares
Retail (Min & Max) application amount	₹14,850 & ₹1,93,050
S-HNI (Min shares & application amount)	2,100 shares & ₹2,07,900
S-HNI (Max shares & application amount)	10,050 shares & ₹9,94,950
B-HNI (Min shares & application amount)	10,200 shares & ₹10,09,800
Basis of Allotment	Tue, Sep 22, 2026
Initiation of Refunds	Wed, Sep 23, 2026
Credit of Shares to Demat	Wed, Sep 23, 2026
Listing Date	Thu, Sep 24, 2026
Cut-off time for UPI mandate confirmation	5 PM on Mon, Sep 21, 2026
Registrar	Kfin Technologies Ltd.

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Company Profile

Incorporated in February 2022 and headquartered in Bhilwara, Rajasthan, Sonaselection India Limited is an integrated fabric manufacturing and processing company engaged in the production of value-added textile products, including 100% cotton fabric, cotton lycra (stretch) fabric, cotton blends and polyester blends, along with processing of 100% cotton, cotton blends, polyester-viscose and polyester fabrics. 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 commissioning a cotton fabric processing plant in July 2024. Its Manufacturing Facility is spread across approximately 49,540 sq. metres with an installed processing capacity of 82.44 million metres per annum, equipped with modern textile processing machinery for bleaching, dyeing and finishing.

Objects of the Issue

- ❑ Repayment/prepayment of certain outstanding borrowings availed by the Company – ₹80.00 Cr.
- ❑ Capex for plant & machinery at the Bhilwara, Rajasthan facility – ₹50.61 Cr.
- ❑ General Corporate Purposes – up to ₹11.39 Cr.

Financial Details

Particulars (Amount in Crores)	FY26	FY25	FY24
Revenue from Operations	516.95	315.95	120.98
Other income	0.65	0.51	0.33
Total Income	**517.60**	**316.47**	**121.31**
Expenses			
- Cost of Materials Consumed	306.09	217.78	52.94
- Purchases of Stock-in-Trade	7.90	1.46	0.54
- Changes in Inventories	(8.19)	(34.55)	(5.20)
- Employee Benefit Expenses	48.37	35.63	20.34
- Other Expenses	78.65	38.02	24.20
Total expenses	**432.82**	**258.35**	**92.82**
EBITDA	**84.13**	**57.60**	**28.16**
EBITDA Margin (%)	**16.27%**	**18.23%**	**23.27%**
- Finance cost	17.69	14.72	4.75
- Depreciation and amortization	19.03	17.31	6.80
- Exceptional Items	-	-	-
Profit/(Loss) before tax	**48.05**	**26.08**	**16.95**
Tax expense/(credit)	14.03	7.52	3.85
Profit/(Loss) After Tax	**34.02**	**18.56**	**13.09**
PAT Margin (%)	**6.58%**	**5.88%**	**10.82%**
Basic EPS (in Rs.)	**8.09**	**4.57**	**3.25**

Key Metrics	FY26	FY25	FY24
Return on Equity (%)	39.05%	34.08%	40.46%
Return on Capital Employed (%)	19.69%	16.97%	16.18%
Debt/Equity (x)	2.48	2.96	3.72
Capacity Utilisation (%)	82.71%	78.24%	89.50%
Total Installed Capacity (MMPA)	82.44	82.44	54.00
Inventory Days (in days)	150	115	127

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Competitive Strengths

- **Healthy Track Record and Steady Growth** – The Company's revenue from operations has grown at a CAGR of 106.71% from Fiscal 2024 to Fiscal 2026, while EBITDA and PAT have grown at a CAGR of 72.51% and 61.19%, respectively, over the same period, reflecting consistent growth in its scale of operations and profitability.

- **Strong Customer Relationships & Retention** – The Company has established long-standing relationships with customers, with 132 customers maintaining relationships for at least three reporting periods. Revenue from these customers stood at ₹104.13 crore, ₹108.38 crore and ₹110.98 crore, contributing 20.14%, 34.30% and 91.73% of revenue from operations in Fiscals 2026, 2025 and 2024, respectively. Its ability to offer fabrics tailored to customers' quality, volume and delivery requirements supports customer retention and revenue visibility.

- **Strategically Located Manufacturing Facility with Modern Technology –** The Company's facility is located in Bhilwara, Rajasthan, known as the 'Textile City', and is equipped with advanced machinery including stenter, merceriser, sanforiser and singeing machines integrated with real-time digital monitoring tools.

- **Experienced Promoters Supported by a Professional Management Team –** The Company is led by Promoters with extensive experience in the textile industry, actively involved in business development, manufacturing operations, product development, marketing and finance, supported by a skilled management team.

Key Risk Factors

- **Geographic Concentration Risk** – The Company's Manufacturing Facility and registered office are located in Rajasthan, with the state contributing 37.31%, 50.47% and 95.31% of revenue from operations, and 96.01%, 98.36% and 96.26% of purchases, in Fiscals 2026, 2025 and 2024, respectively. Any disruption in the region could materially affect its operations.

- **Raw Material Supply & Quality Risk –** The Company depends on suppliers for key raw materials such as yarn and greige fabric, and cannot assure that supplies will consistently meet its quality standards or be delivered on time. Any supply disruption or need to procure from alternative suppliers at higher costs could affect production, customer relationships, margins and financial performance.

- **Negative Cash Flow Risk –** The Company reported negative cash flow from operating activities of ₹10.99 crore and ₹14.18 crore in Fiscals 2026 and 2025, respectively, primarily due to higher trade receivables and inventory. Sustained negative operating cash flows could adversely affect liquidity, financial condition and growth prospects.

- **High Leverage Risk –** The Company's debt-equity ratio stood at 2.48x, 2.96x and 3.72x in Fiscals 2026, 2025 and 2024, respectively, reflecting significant reliance on borrowed funds. This high leverage exposes it to elevated interest costs and reduced financial flexibility during adverse economic conditions.

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)
Sonaselection India Limited	NA	10.00	16.54*	5.99**	5.99**	39.05%	24.78
Peers:							
Vishal Fabrics Limited	18.59	5.00	12.23	1.52	1.52	6.33%	26.12
Sangam (India) Limited	613.05	10.00	37.29	16.44	16.44	8.02%	211.85
Nitin Spinners Limited	575.39	10.00	18.22	31.58	31.58	12.77%	261.60

*P/E calculated based on upper band price.
**EPS calculated including fresh issue shares

The Indian textile and apparel industry is set to grow from USD 188 billion in Fiscal 2026 to USD 350 billion by Fiscal 2030, at a CAGR of 16.8%, driven by rising domestic consumption, export demand and the increasing formalisation of the sector. The Indian textile processing industry alone was valued at USD 191 billion in CY26, underpinned by rising disposable incomes, urbanization and the growth of online retail.

Incorporated in February 2022 and headquartered in Bhilwara, Rajasthan, Sonaselection India Limited is an integrated fabric manufacturing and processing company producing 100% cotton fabric, cotton lycra, cotton blends and polyester blends, alongside job-work processing of cotton, P/V and polyester fabrics. The Company transitioned from a job-work model to a manufacturing-led model in 2022 and commissioned an expanded processing plant in July 2024, taking installed capacity to 82.44 million metres per annum.

The Company's revenue from operations grew from ₹120.98 Cr in Fiscal 2024 to ₹516.95 Cr in Fiscal 2026, registering a CAGR of 106.71%, primarily driven by a significant scale-up in its manufacturing operations, higher capacity utilisation, expansion of its customer base and increased market penetration. The Company's business mix has progressively shifted from job-work processing towards manufacturing and sale of fabrics, with sale of goods increasing from 11.28% of revenue from operations in Fiscal 2024 to 81.50% in Fiscal 2026. This transition, coupled with an increase in the customer base from 191 in Fiscal 2024 to 909 in Fiscal 2026 and capacity utilisation reaching 82.71%, supported the strong revenue growth. EBITDA and PAT grew at a CAGR of 72.51% and 61.19%, respectively, over the same period. However, the shift towards the manufacturing-led model, which carries higher raw material and operating costs compared with job-work processing, resulted in EBITDA margin moderating to 16.27% in Fiscal 2026 from 23.27% in Fiscal 2024.

The Company's fresh issue proceeds are expected to strengthen its balance sheet through repayment of borrowings and improve operational efficiency through investment in plant and machinery at its Bhilwara facility. The deleveraging initiative should reduce finance costs and improve financial flexibility, while the proposed capital expenditure is aimed at improving manufacturing efficiency and operational capabilities without increasing the Company's installed production capacity.

The Company's healthy growth track record, strong customer retention and strategically located, technologically modern manufacturing facility support its competitive position. In addition, the Company has products under development in the technical textiles segment, which it intends to announce in the future, providing an opportunity to broaden its product portfolio. However, with capacity utilization already at 82.71% in Fiscal 2026 and no capacity addition planned from the proposed capital expenditure, the Company has relatively limited headroom to drive near-term growth through higher production volumes. Geographic concentration in Rajasthan, supplier and customer concentration, and its relatively high leverage also remain key risks to monitor.

Considering the fair valuation, improving balance sheet, operational efficiency initiatives and future growth prospects supported by potential product diversification into technical textiles, we recommend investors **"Subscribe"** to the issue from a long-term perspective, while remaining cognizant of the Company's high capacity utilisation and other operating risks.

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