Aastha Spintex Ltd.

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IPO Note **29th June 2026**

Company Overview

Incorporated in 2013, Aastha Spintex Limited is engaged in the manufacturing and trading of carded, combed and compact combed cotton yarns, along with cotton bales. The company operates exclusively in the business-to-business (B2B) segment, catering to textile manufacturers, yarn exporters, fabric processors and bulk purchasers. The company has established an integrated spinning and ginning manufacturing facility at Halvad, District Morbi, Gujarat, strategically located near key cotton-growing regions, enabling efficient raw material sourcing and operational advantages. The company operates a semi-automated and integrated manufacturing setup focused on the production of 100% cotton yarn in the count range of Ne 26 to Ne 40. As on date, the company has an installed capacity of 25,920 spindles comprising 15 compact ring spinning machines, along with cotton bale production capacity of 12,000 MT and cotton yarn production capacity of 7,700 MT per annum. The manufacturing operations are carried out on a continuous 24x7 basis across three shifts throughout the year, supporting operational efficiency and better capacity utilization. The company follows an integrated business model wherein by-products generated during the ginning and spinning process are monetized, supporting additional revenue generation and minimizing waste. Cotton seeds and related by-products from the ginning process are sold for applications such as oil extraction and animal feed, while cotton waste generated during spinning is supplied to non-woven fabric and open-end yarn manufacturers. The non-recoverable waste remains negligible at approximately 0.1%-0.3% of total production, reflecting efficient resource utilization. Aastha Spintex derives the majority of its revenue from the domestic market, with a strong presence in Gujarat supported by reseller M/s 7 Seas Impex. The company's regional proximity to customers has enabled it to build long-standing relationships, better understand customer requirements and ensure efficient order execution and delivery. The company's established customer base within Gujarat has remained a key contributor to its business growth and market positioning. The company procures cotton directly from farmers and traders during the cotton harvest season, while the ginning unit operates seasonally for approximately 6-7 months annually. During periods of shortfall or off-season, the company sources cotton bales from ginning mills and traders across Gujarat, supported by long-standing supplier relationships that ensure continuity of supply and consistent quality. Over the last three financial years, the company procured raw materials from more than 125 suppliers, reflecting a diversified procurement network and operational stability.

Objects of the issue

The net proceeds of the fresh issue are proposed to be utilized in the following manner:

⇒ Part payment of the purchase consideration for the acquisition of Falcon Yarns Pvt. Ltd;

⇒ Inter-Corporate deposits for funding working capital requirement of Falcon Yarns Pvt. Ltd; and

⇒ General Corporate Purposes.

Investment Rationale

Balanced growth strategy supported by capacity expansion, strategic acquisition and strong customer relationships

Aastha Spintex's growth strategy is anchored on a balanced mix of organic capacity expansion and inorganic opportunities, provides scalability and strengthens its competitive positioning within the cotton yarn industry. On the organic front, the company expanded its installed capacity from 2 MT/day to 2.5 MT/day during FY20–FY24 through machinery upgradation, enabling higher operational efficiency, improved production capabilities and better scale utilization. Further, the company has entered into a Share Purchase Agreement (SPA) to acquire 100% stake in Falcon Yarns Pvt. Ltd., a cotton yarn manufacturer with an installed capacity of 9,757 MT per annum. Falcon Yarns reported revenue from operations of Rs. 249.44 Cr, Rs. 220.35 Cr and Rs. 228.75 Cr over the last three financial years, and the proposed acquisition is expected to strengthen the company's manufacturing scale, product offerings and market positioning. In addition, the company benefits from long-standing relationships with key customers including M/s 7 Seas Impex and Elkins Tradelink Ltd., reflecting its established presence and execution capabilities in the yarn industry. The customer base expanded significantly to over 231 customers in FY25 from 79 and 86 customers in FY24 and FY23, respectively, while around 14 customers have remained associated with the company for more than five years. The diversified and growing customer base, coupled with better order visibility and repeat business generation, is expected to support sustained revenue growth, operational efficiencies and stronger market penetration going forward.

Issue Details	
Offer Period	29th June, 2026 - 01st July , 2026
Price Band	Rs. 125 to Rs. 136
Bid Lot	110
Listing	BSE, NSE
Issue Size (no. of shares in Cr.)	1.25
Issue Size (Rs. in Cr.)	170
Face Value (Rs.)	10

Issue Structure	
QIB	20%
NIB	40%
Retail	40%
BRLM	BOI Merchant Bankers Limited, PNB Investment Services Limited
Registrar	Bigshare Services Private Limited

Particulars	Pre Issue %	Post Issue %
Promoter & Promoter Group	74.2	53.2
Public	25.8	46.8
Total	**100.0**	**100.0**

(Assuming issue subscribed at higher band)

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Aastha Spintex Ltd.

Strategically located manufacturing facility supported by renewable energy infrastructure and expansion potential

The company's manufacturing facility is strategically located at Halvad, District Morbi, Gujarat, one of the key cotton-growing regions in the state, providing proximity to raw material suppliers, logistics infrastructure and skilled labour availability. The location benefits from strong connectivity through established road, rail and port networks, enabling efficient procurement and distribution operations. The manufacturing facility spans a total land area of ~65,762 sq. m, of which only 46.22% is currently utilized as built-up area, while the remaining vacant land provides significant scope for future capacity expansion and operational scale-up. In addition, the company has developed a strong renewable energy infrastructure to support sustainable and cost-efficient manufacturing operations. The company currently operates a 1 MW rooftop solar power unit, a 4 MW ground-mounted solar power plant and a 2.7 MW wind power plant, substantially reducing dependence on conventional grid power and mitigating energy cost volatility. The integrated renewable energy setup enhances operational efficiency and cost competitiveness and strengthens the company's sustainability profile and long-term manufacturing viability.

Valuation & Outlook

Aastha Spintex is engaged in the manufacturing and trading of carded, combed and compact combed cotton yarns along with cotton bales. The company follows an integrated business model wherein cotton bales are utilized for captive consumption as well as supplied to other spinning units, while cotton yarn caters to diversified applications across knitting and weaving segments including denim, terry towels, shirting, sheeting, sweaters, socks, home textiles and industrial fabrics. The company has established a strong customer base in Gujarat, supported by long-standing customer relationships and regional market presence, which has remained a key growth driver for the business. The company continues to focus on improving operational efficiencies through investments in modern spinning infrastructure and advanced quality control systems, including in-house testing laboratories. Further, the proposed acquisition of Falcon Yarns Private Limited through a SPA is expected to enhance the company's manufacturing scale, diversify its customer base and strengthen its market positioning within the domestic cotton yarn industry. Industry tailwinds also remain favorable, with the Indian textile industry estimated at USD 195.4 bn in CY25 and expected to reach USD 623.3 bn by CY35P, implying a CAGR of 12.3%. On the financial front, the company has demonstrated healthy growth momentum, with Revenue, EBITDA and PAT registering CAGR of 21%, 88% and 365%, respectively, during FY23-FY25, supported by improving operational performance and margin expansion. While the company derives a significant portion of its revenue from Gujarat and undertakes sales outside the state and export operations through a reseller network, which may result in geographical concentration and dependence on intermediary channels, we believe the company's integrated business model, improving operational scale, acquisition-led expansion strategy and favourable industry dynamics position it well to capitalize on the growing demand opportunities within the domestic textile sector going forward. **At the upper price band of Rs. 136, the issue is valued at a P/E of 17.6x based on annualized FY26 earnings. We thus, recommend a "SUBSCRIBE" rating from a medium to long-term perspective.**

Key Risks

⇒ The company is significantly dependent on 7 Seas Impex for majority of its sales outside Gujarat and exports, and any adverse development in this arrangement could materially and adversely affect the company's business, results of operations and financial condition.

⇒ The company's continued operations are dependent on a single manufacturing facility and are critical to its business, and any disruption could materially and adversely affect the company's results of operations, cash flows, and financial condition.

⇒ The company remains dependent on a limited number of suppliers for procurement of raw cotton and cotton bales, which constitute its key raw materials. Any disruption in supply availability or adverse volatility in cotton prices may impact raw material procurement, operating margins and overall financial performance.

Aastha Spintex Ltd.

Income Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	9MFY26
Revenue				
Revenue from Operations	239	305	351	313
Total Revenue	**239**	**305**	**351**	**313**
Expenses				
Cost of Material Consumed	194	219	302	266
Purchase of Stock in Trade	9	37	16	20
Changes in the inventories	-5	-13	-38	-29
Employee benefits expense	8	7	8	7
Other Expenses	19	17	14	11
Total operating expenses	**225**	**268**	**301**	**276**
EBITDA	**14**	**37**	**50**	**38**
Depreciation expense	6	6	8	6
EBIT	**8**	**31**	**42**	**31**
Finance costs	7	11	11	8
Other Income	0	1	1	1
PBT	**1**	**21**	**32**	**24**
Tax Expense	0	-5	-9	-7
Net Profit	**1**	**16**	**23**	**18**
Diluted EPS	**0.4**	**6.0**	**8.3**	**5.8**

Source: RHP, BP Equities Research

Cash Flow Statement (Rs. in crores)

Particulars	FY23	FY24	FY25	9MFY26
Cash Flow from operating activities	15	13	-18	-14
Cash flow from investing activities	-28	-4	0	0
Cash flow from financing activities	14	-9	23	12
Net increase/(decrease) in cash and cash equivalents	**2**	**0**	**5**	**-1**
Cash and cash equivalents at the beginning of the period	**4**	**6**	**6**	**11**
Cash and cash equivalents at the end of the period	**6**	**6**	**11**	**10**

Source: RHP, BP Equities Research

Aastha Spintex Ltd.

Balance Sheet (Rs. in crores)

Particulars	FY23	FY24	FY25	9MFY26
Assets				
Non-Current Assets				
Property, plant and equipment	73	87	81	75
Capital Work in progress	17	0	0	0
Other intangible assets	0	0	0	0
Financial assets				
(i) Loans	0	1	0	0
(ii) Other financial assets	0	0	1	1
Total Non-Current Assets	**91**	**88**	**81**	**76**
Current Assets				
Inventories	44	56	119	165
Financial Assets				
(i) Trade receivables	15	73	39	45
(ii) Cash and cash equivalents	6	6	11	10
(iii) Other financial assets	2	2	2	3
Other current assets	14	14	22	33
Total Current Assets	**82**	**152**	**193**	**256**
Total Assets	**173**	**241**	**274**	**332**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	27	27	30	32
Other equity	33	49	91	122
Total Equity	**60**	**76**	**121**	**153**
Liabilities				
Non-Current Liabilities				
Financial liabilities				
Borrowings	41	38	26	21
Deferred Tax Liabilities (Net)	5	7	8	8
Provisions	1	1	1	1
Total Non-Current Liabilities	**46**	**46**	**35**	**30**
Current Liabilities				
Financial liabilities				
(i) Borrowings	40	45	69	81
(ii) Trade payables	22	65	39	55
(iii) Other financial liabilities	2	1	1	1
Other current liabilities	1	3	3	7
Provisions	1	1	1	1
Income tax liabilities (net)	0	4	5	4
Total Current Liabilities	**67**	**118**	**118**	**149**
Total Liabilities	**113**	**164**	**153**	**178**
Total Equity and Liabilities	**173**	**241**	**274**	**332**

Source: RHP, BP Equities Research

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Disclaimer Appendix

Analyst (s) holding in the Stock : Nil

Analyst (s) Certification:

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