

- **The company is engaged in the manufacturing and marketing of cotton yarns, in various counts and varieties.**
- **It posted growth in its top and bottom lines for the reported periods.**
- **Higher margins reported by it from FY24 raise concern as it is operating in a highly competitive and fragmented segment.**
- **Based on its recent financial data, the issue appears exorbitantly priced.**
- **There is no harm in skipping this pricey and dicey offer.**

#### **ABOUT COMPANY:**

Shree Ram Twistex Ltd. (SRTL) is engaged in the manufacturing of Cotton Yarns, including Compact Ring Spun and Carded Yarns, both Combed and Carded. Its product range also includes value-added yarns such as Eli Twist (Combed and Carded), Compact Slub Yarns, and Lycra-Blended Yarns. Its Yarns are used in both knitting and weaving, serving a broad range of end-use segments such as denim, terry towels, shirting, sheeting, sweaters, socks, bottom wear, home textiles, and industrial fabrics.

The company operates exclusively in the business-to-business (B2B) segment, supplying products to institutional buyers such as textile manufacturers, garment exporters, bulk purchasers and fabric processors. Its exclusive B2B focus allows it to streamline production and supply chain processes around the needs of large-scale buyers, ensuring consistent quality, delivery, and efficient order fulfilment. It also allows it to build long-term client relationships and offer customized yarn solutions tailored to specific technical parameters including count, twist, and strength.

Company's operations also generate income from by-products such as cotton waste, which is sold to industries manufacturing non-woven fabrics and open-end yarns. The company also sells Viscose-Cotton Mix Yarn, FP Bales, and Open-End Yarn, catering to varied textile segments. These products are sold to fabric manufacturers, weaving units, and traders, based on specific customer needs.

SRTL sells products in both the domestic market and international markets, with overseas sales routed through merchant exporters. These merchant exporters possess expertise in global trade practices, export documentation and destination compliance requirements, allowing it to serve a wide range of overseas markets with minimal logistical hurdles. Its domestic sales are facilitated through direct sales to institutional customers and a network of brokers and agents who act as key intermediaries. Its major revenue comes from domestic markets. As of November 30, 2025, it had 58 employees on its payroll.

#### **ISSUE DETAILS/CAPITAL HISTORY:**

The company is coming out with its maiden book building route IPO of 10600000 equity shares

of Rs. 10 each (worth Rs. 110.24 cr. at the upper cap). The company has announced a price band of Rs. 95 – Rs. 104 per equity shares of Rs. 10 each. The issue opens for subscription on February 23, 2026, and will close on February 25, 2026. The minimum application to be made is for 144 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 26.52% of the post-IPO paid-up equity capital. From the net proceeds of the fresh equity issue, the company will utilize Rs. 39.00 cr. for captive wind mill power plant, Rs. 14.89 cr. for repayment/prepayment of certain outstanding loans, Rs. 44.00 cr. for working capital, and the rest for general corporate purposes.

The sole Book Running Lead Manager (BRLM) to this issue is Interactive Financial Services Ltd., while Bigshare Services Pvt. Ltd., is the registrar to the issue. Beeline Broking Ltd. is a syndicate member.

The company has allocated at least 75% for QIBs, not more than 15% for HNIs and not more than 10% for Retail Investors.

After issuing initial equity shares at par, the company has issued Further equity shares at a fixed price of Rs. 20 per share between July 2014, and March 2016. It has also issued bonus shares in the ratio of 1.5 for 1 in March 2024. The average cost of acquisition of shares by the promoters is Rs. 3.33, Rs. 5.48, and Rs. 6.22 per share.

Post-IPO, its current paid-up equity capital of Rs. 29.38 cr. will stand enhanced to Rs. 39.98 cr. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 415.74 cr.

#### **FINANCIAL PERFORMANCE:**

On the financial performance front, for the last three fiscals, the company has posted a total income/net profit, of Rs. 213.58 cr. / Rs. 2.05 cr. (FY23), Rs. 231.72 cr. / Rs. 6.55 cr. (FY24), and Rs. 256.32 cr. / Rs. 8.00 cr. (FY25). For H1 of FY26 ended on September 30, 2025, it earned a net profit of Rs. 7.00 cr. on a total income of Rs. 132.27 cr.

For the last three fiscals, the company has posted an average EPS of Rs. 2.22 and an average RoNW of 9.23 %. The issue is priced at a P/BV of 3.79 based on its NAV of Rs. 27.47 as of September 30, 2025, but its post-IPO NAV data is missing from offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 29.71. &Based on FY25 earnings, the P/E stands at 52.00. Thus, the issue appears exorbitantly priced.

For the reported periods, the company has posted PAT margins of 0.96% (FY23), 2.83% (FY24), 3.14% (FY25), 5.30% (H1-FY26), and RoCE margins of 8.61%, 12.50%, 13.37%, 10.74% respectively, for referred periods.

**DIVIDEND POLICY:**

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

**COMPARISON WITH LISTED PEERS:**

As per the offer document, the company has shown Ambika Cotton, Damodar Ind., and Rajapalayam Mills as its listed peers. They are currently trading at a P/E of 12.4, 7.69, and 9.49 (as of February 18, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

**MERCHANT BANKER'S TRACK RECORD:**

This is the 24th mandate from the BRLM in the last three fiscals. Out of last 11 listings, 5 opened at discount, 1 at par and the rest with premium ranging from 1.10% to 15.43% on the date of listing. The BRLM has a poor track record so far.

**Conclusion / Investment Strategy**

SRTL is engaged in the manufacturing and marketing of cotton yarns, in various counts and varieties. It posted growth in its top and bottom lines for the reported periods. Higher margins reported by it from FY24 raise concern as it is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears exorbitantly priced. There is no harm in skipping this pricey and dicey offer.

**Review By Dilip Davda on February 18, 2026****About Dilip Davda**

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985.

He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market. Drawing on over three decades of market experience and close interaction with merchant bankers, his reviews focus on detailed fundamental and financial analysis of companies, with a special emphasis on SME public issues.

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