IPO REVIEW

Yajur Fibres IPO

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- The company is a leading player in bast fibre cottonising products and process
- It enjoys preferred supplier tag for its products globally.
- The company posted growth in its top lines while bottom line marked inconsistency.
- Based on its recent financial data, the issue appears aggressively priced.
- Well-informed/cash surplus investors may park funds for long term.

About the Company

Yajur Fibres Ltd. (YFL) operates a bast fibre cottonising unit in India. Situated in Howrah, the Company is a part of the well-recognised conglomerate, The Kankaria Group. The group has rich experience of over 80 years in the Jute Industry. Its group, in the year 2006, acquired the manufacturing operations of cotton and cotton blended yarns into Yajur Bast Fibres Limited (formerly known as M.F.L Corporation Ltd). Subsequently, it has started manufacturing of premium cottonised bast fibres, including flax (linen), jute, and hemp in the year 2017-18.

Yajur Bast Fibres Limited was amalgamated into the Company pursuant to the Scheme of Amalgamation under Section 230 to 232 of the Companies Act, 2013, sanctioned by the National Company Law Tribunal, Kolkata bench, vide order dated January 12, 2023 w.e.f. appointed date of April 1, 2021. The Company specializes in producing premium cottonised bast fibres, including flax (linen), jute, and hemp. It cottonise long & brittle bast fibres into cotton like short staple fibre such that the cottonised fibres can easily blend up to 55% with cotton and man-made fibres in the existing cotton spinning system or similar.

Cottonising jute fibres until few years ago was considered a farfetched idea but with robust R&D and diligent commercial production of the same by YFL has changed the landscape of sustainable bast Fibres altogether. While there are thousands of cotton & polyester spinning mills globally, there are less than 400 spinning mills between linen, jute and hemp. Its cottonised Fibres can spin from 10% to 85% in cotton spinning systems and easily blends with natural and manmade fibres. These blended fibres spin at 70% of average cotton spinning speed, while the linen rich blends give similar look and feel like 100% linen fabrics, however the cost of production is 25 % less than original linen fabrics. It has taken away the easy wrinkle issues associated with 100% linen.

The Company has capacity of over 300 MT per month of Cottonised Fiber, Flax Yarn and Jute yarn. The Company is known for its extensive experience and innovation in bast fibres, which has made it the preferred choice for many top spinning & weaving mills in India, Turkey, Indonesia, Nepal and

Bangladesh. Its products are being processed and manufactured in accordance with best practices available globally. YFL's system and product are tested constantly at each level to ensure international standards of quality in-house. The Company places a strong emphasis on research and development (R&D) to continuously test and improve its products. It is dedicated to achieving excellence and best in class practices.

According to the management, YFL is the leading player in India for June and linen fabrics which can blend with cotton and has the finest quality of the product which can give up to 50 to 55% of blending increasing margins for all intermediaries. The company has around 80% domestic and 20% export revenues from the specialized products which is witnessing rising demand. With the planned expansion, it hopes to improve its margin further with higher turnover in coming years. The trends achieved for the last three fiscals will be easily maintained with likely improvements. As of November 30, 2025, it had 409 employees on its payroll. It enjoys most preferred supplier of bast fibres and has no local competitor.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 6920000 equity shares of Rs. 10 each to mobilize Rs. 120.41 cr. The company has announced the price band of Rs. 168 – Rs. 174 per share of Rs. 10 each. The IPO opens for subscription on January 07, 2026, and will close on January 09, 2026. The minimum application to be made is for 1600 shares and in multiple of 800 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 30.51% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 36.00 cr. for working capital, Rs. 11.93 cr. for capex on additional production capacity of 4 tons per day, Rs. 48.00 cr. for investment in its subsidiary Yashodha Linen Yarn Ltd. for a new project for 100% wet spun linen yarn and blended yarn, and the rest for general corporate purpose.

The IPO is solely lead managed by Horizon Management Pvt. Ltd., while MAS Services Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd. Is the market maker. Horizon Management is also a syndicate member. The IPO is underwritten to the tune of 15% by Horizon Management, and 85% by Giriraj Stock Broking.

The company has issued/converted initial equity shares at par value, it has issued further equity capital in the price range of Rs. 50 – Rs. 100 per share between March 1994 - December 2013. It has also issued bonus equity shares in the ratio of 12 for 5 in February 2025. The average cost of acquisition of shares by the promoters is Rs. 1.10, and Rs. 10.00 per share.

Post-IPO, company's current paid-up equity capital of Rs. 15.76 cr. will stand enhanced to Rs. 22.68 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 394.68 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 61.84 cr. / Rs. 3.55 cr. (FY23), Rs. 84.85 cr. / Rs. 4.27 cr. (FY24), Rs. 141.99 cr. / Rs. 11.68 cr. (FY25). For 8M - FY26 ended on November 30, 2025, it earned a net profit of Rs. 7.12 cr. on a total income of Rs. 69.99 cr.

For the last three fiscals, the company has reported an average EPS of Rs. 5.32, and an average RoNW of 20.67%. The issue is priced at a P/BV of 5.55 based on its NAV of Rs. 31.37 as of November 30, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 super annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 36.94, and based on its FY25 earnings, the P/E stands at 33.79. Thus, the issue appears aggressively priced.

The company has posted PAT margins of 5.76% (FY23), 5.06% (FY24), 8.29% (FY25), 10.26% (8M-FY26), and RoCE Margins of 8.17%, 12.65%, 17.14%,9.64% respectively for the referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

MERCHANT BANKER’S TRACK RECORDS:

This is the 24th mandate from Horizon Management in the last three fiscals. Out of the last 10 listings, 3 opened at discount, 2 at par and the rest with premium ranging from 3.08% to 90.00% on the date of listing.

Conclusion / Investment Strategy

YFL is a leading player in bast fibre cottonising products and process. It enjoys preferred supplier tag for its products globally. The company posted growth in its top lines while bottom line marked inconsistency. Based on its recent financial data, the issue appears aggressively priced. Well-informed/cash surplus investors may park funds for long term.

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, with a special emphasis on SME public issues.

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