

Retail Research	IPO Note
Sector: Textile	Price Band (Rs): 125 - 136
24 <sup>th</sup> June 2026	Recommendation: NEUTRAL

## Aastha Spintex Ltd.

### Company Overview:

**Aastha Spintex Ltd. (ASPL)** is engaged in the business of manufacturing and trading cotton yarns (carded/combed/compact combed) and cotton bales. The cotton bales produced by the company are primarily used captively to produce cotton yarns, while the surplus is sold to spinning mills, traders, and other customers. Further, the cotton yarns produced by ASPL are used in both knitting and weaving applications, catering to a wide-spectrum of end-use segments and products such as denim, terry towels, shirting, sheeting, sweaters, home textiles, industrial fabrics, etc.

### Key Highlights:

**1. Acquisition of Falcon Yarns Pvt Ltd:** ASPL has entered into a share purchase agreement for the acquisition of 100% equity shareholding of Falcon Yarns Pvt Ltd. Similar to ASPL, Falcon is a manufacturer of carded, combed and compact combed cotton yarns, and operates a manufacturing facility at Rajkot, Gujarat. The annual installed production capacity of Falcon stands at 9,757 MT, and will take ASPL's total spinning capacity from 7,700 MT per annum to 17,457 MT per annum post acquisition. For FY25, Falcon recorded revenue of ~Rs 249 cr.

**2. Operational footprint:** ASPL primarily sells its products in the domestic market. While sales within the state of Gujarat are undertaken directly by ASPL, majority of the sales outside Gujarat are facilitated through a reseller arrangement (with 7 Seas Impex). The company currently operates a manufacturing facility located at Morbi, Gujarat, with a spindle count capacity of 25,920 spindles (yarn production capacity of 7,700 MTPA) and an annual 12,000 MT cotton bales production capacity (28 ginning machines). Further, the facility is equipped with renewable power capabilities, which meet ~80% of the plant's total power requirement.

**3. Hedging-based procurement:** For each yarn order inquiry, ASPL determines and quotes pricing based on the prevailing cotton bale rates. Upon confirmation of the yarn order, it procures corresponding quantity of cotton bales to align with the requirement, safeguarding the company by locking in price at the time of order confirmation while simultaneously maintaining sufficient stock levels to support continuous operations. However, to ensure uninterrupted production during off-season, the company procures additional cotton bales during the peak procurement season as buffer stock, since raw cotton availability is higher and prices are lower.

**Industry Outlook:** India's textile industry is estimated at USD 195.4 bn in CY25, and is expected to grow to USD 623.3 bn by CY35P, registering a CAGR of 12.3%.

**Key Risks:** (i) Dependence on resellers (7 Seas Impex contributed ~23%/34% of total sales during 9MFY26/FY25); (ii) Concentration of operations in Gujarat; (iii) Negative cash flow from operating activities during 9MFY26/FY25; (iv) Customer concentration (top 5 customers contributed ~44%/52% to total revenue during 9MFY26/FY25).

**View & Valuation:** ASPL manufactures cotton bales, which are then consumed captively to produce cotton yarns. The cotton yarns produced by the company are then sold to textile manufacturers, yarn exporters, bulk purchasers, etc. Historically, the company has demonstrated healthy financial performance with Revenue/EBITDA/PAT growing at a CAGR of 21%/88%/365% to Rs 351 cr/Rs 50 cr/Rs 23 cr respectively between FY23-25. Going forward, the acquisition of Falcon Yarns shall aid in expanding the company's manufacturing scale, while broadening customer base and improving market positioning. At the upper price band of Rs 136, the issue is valued at a P/E of 21.9x based on annualized 9MFY26 PROFORMA earnings on a post-issue basis, which is expensive relative to peers. We assign a NEUTRAL rating to the issue and would like to track the performance of the company for a few quarters post listing.

Issue Details	
Date of Opening	29 <sup>th</sup> June 2026
Date of Closing	01 <sup>st</sup> July 2026
Price Band (Rs)	125 – 136
Fresh Issue (Rs cr)	170.0
Offer for Sale (Rs cr)	-
Total Issue Size (Rs cr)	170.0
Total Issue Size (No. of shares)	1,25,00,000 shares
Face Value (Rs)	10
Post Issue Market Cap (Rs cr)	566 – 600
BRLMs	BOI Merchant Bankers Ltd, PNB Investment Services Ltd
Registrar	Bigshare Services Pvt Ltd.
Bid Lot	110 shares and in multiples thereof
QIB shares	50%
Retail shares	35%
NIB shares	15%

Objects of Issue	
Particulars (Rs cr)	Estimated utilization from net proceeds
Part Payment of the purchase consideration for the acquisition of Falcon Yarns Pvt Ltd	111.5
Inter-Corporate deposits for funding working capital requirement of Falcon Yarns Pvt Ltd	10.0
General corporate purposes*	-
<b>Net proceeds from fresh issue*</b>	<b>-</b>

\*The amount utilised for general corporate purposes shall not exceed 25% of the Gross Proceeds.

Shareholding Pattern		
Pre-Issue	No. of Shares	%
Promoter & Promoter Group	2,34,86,509	74.2
Public & Others	81,55,681	25.8
<b>Total</b>	<b>3,16,42,190</b>	<b>100.0</b>

Post Issue @Upper Price Band	No. of Shares	%
Promoter & Promoter Group	2,34,86,509	53.2
Public & Others	2,06,55,681	46.8
<b>Total</b>	<b>4,41,42,190</b>	<b>100.0</b>

Source: RHP, SSL Research

## Financial Overview &amp; KPIs

Particulars (Rs cr)	FY23	FY24	FY25	FY23-FY25 CAGR (%)	9MFY26	PROFORMA 9MFY26
Revenue	239.3	304.9	351.2	21.1	313.3	477.2
YoY (%)	-	27.4	15.2	-	-	-
EBITDA	14.1	37.2	49.9	88.3	37.6	40.5
YoY (%)	-	164.5	34.0	-	-	-
PAT	1.1	16.3	22.9	365.3	17.6	20.5
YoY (%)	-	1,439.0	40.7	-	-	-
EBITDA Margin (%)	5.9	12.2	14.2	-	12.0	8.5
PAT Margin (%)	0.4	5.3	6.5	-	5.6	4.3
RoE (%)	1.8	21.3	18.9	-	-	-
RoCE (%)	6.2	19.9	19.8	-	-	-
D/E (x)	1.3	1.1	0.8	-	0.7	0.8
P/E (x)	406.6	26.4	18.8	-	-	-
EV/EBITDA	48.0	18.2	13.7	-	-	-
CFO	15.5	12.9	(18.1)	-	(13.6)	-
CFI	(27.8)	(3.9)	(0.4)	-	(0.3)	-
CFF	14.2	(8.7)	23.1	-	12.5	-
FCF	(12.1)	9.2	(19.5)	-	(13.9)	-
Installed Capacity - Ginning Division (MT)	12,000	12,000	12,000	-	12,000	12,000
Installed Capacity - Spinning Division (MT)	6,400	7,700	7,700	-	7,700	17,457

Particulars (Rs cr)	FY23		FY24		FY25		9MFY26	
	Rs cr	% of RFO	Rs cr	% of RFO	Rs cr	% of RFO	Rs cr	% of RFO
<b>Sale of Product (Manufacturing)</b>								
Cotton Yarn	186	79.0%	169	57.0%	167	48.5%	106	34.1%
Cotton Bales	13	5.6%	58	19.6%	115	33.5%	153	49.1%
<b>Sub-total</b>	<b>199</b>	<b>84.6%</b>	<b>227</b>	<b>76.6%</b>	<b>282</b>	<b>82.0%</b>	<b>259</b>	<b>83.2%</b>
<b>Sale of Product (Trading)</b>								
Cotton Yarn	9	3.7%	40	13.6%	17	5.0%	20	6.6%
<b>Sub-total</b>	<b>9</b>	<b>3.7%</b>	<b>40</b>	<b>13.6%</b>	<b>17</b>	<b>5.0%</b>	<b>20</b>	<b>6.6%</b>
<b>Sale of Cotton Waste</b>								
Cotton Waste by-products	27	11.7%	29	9.8%	45	13.0%	32	10.2%
<b>Sub-total</b>	<b>27</b>	<b>11.7%</b>	<b>29</b>	<b>9.8%</b>	<b>45</b>	<b>13.0%</b>	<b>32</b>	<b>10.2%</b>
<b>Revenue from operations (RFO)</b>	<b>235</b>	<b>100.0%</b>	<b>296</b>	<b>100.0%</b>	<b>344</b>	<b>100.0%</b>	<b>311</b>	<b>100.0%</b>

Source: RHP, SSL Research

## Peer Comparison – FY26

Particulars (Rs cr)	Aastha Spintex (annualized 9MFY26)	Aastha Spintex (PROFORMA - annualized 9MFY26)	Ambika Cotton	Lagnam Spintex	Pashupati Cotspin
CMP (Rs @ UB)	136	136	1,658	82	87
Mkt Cap (@ UB)	600	600	949	145	1,373
Revenue	418	636	781	605	688
EBITDA	50	54	114	67	26
PAT	23	27	72	14	10
EBITDA Margin (%)	12.0	8.5	14.6	11.1	3.8
PAT Margin (%)	5.6	4.3	9.2	2.4	1.5
RoE (%) - Post issue	8.0	8.5	7.5	10.6	6.3
P/E (x)	25.6	21.9	13.2	10.1	132.0
EV/EBITDA (x) - Post issue	10.3	10.1	6.9	7.5	56.5
Mkt Cap/Sales (x)	1.4	0.9	1.2	0.2	2.0

Source: RHP, SSL Research.

For Aastha Spintex Ltd, financials are based on annualized 9MFY26 data and the Market Cap, P/Sales, P/E (x) and EV/EBITDA (x) are calculated on post-issue equity capital at the upper price band.

CMP of peer companies is live price as of 23<sup>rd</sup> June, 2026.

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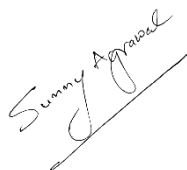
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