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IPO Note
29th June 2026

Aastha Spintex Ltd

Neutral

Rating: Neutral

Issue Offer

Total issue size: Fresh Issue - INR 1,700 Mn (12.50 Mn shares)

Issue Summary	
Price Band (INR)	125-136
Face Value (INR)	10
Implied Market Cap (INR mn)	6,003.3
Market Lot	110
Issue Opens on	29 June, 2026
Issue Close on	1 July, 2026
No. of share pre-issue	3,16,42,190
No. of share post issue	4,41,42,190
Listing	NSE BSE

Issue Break-up (% of Total Issue)	
QIB Portion	≤ 20%
Retail Portion	≥ 40%
NII Portion	≥ 40%

Book Running Lead Managers

BOI MERCHANT BANKERS LIMITED
PNB INVESTMENT SERVICES LIMITED

Registrar

Bigshare Services Private Limited

Shareholding Pattern	Pre-Issue	Post-Issue
Promoters	74.23%	53.21%
Public & Others	25.77%	46.79%

Objects of the Issue	INR Mn
Part Payment of the purchase consideration for the acquisition of Falcon Yarns Private Limited	1,115.1
Inter-Corporate deposits for funding working capital requirement of Falcon Yarns Private Limited	100
General Corporate Purpose	

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Incorporated in 2013, Aastha Spintex Ltd. is engaged in the business of manufacturing and trading of carded, combed and compact combed cotton yarns and cotton bales. The company's cotton bales are utilized both for captive production of cotton yarns and for supply to other spinning units and the cotton yarns produced are used in both knitting and weaving applications, catering to a wide spectrum of end-use segments and products, including denim, terry towels, shirting, sheeting, sweaters, socks, bottom wear, home textiles, and industrial fabrics. The company have a semi-automated and integrated spinning and ginning Manufacturing Facility situated at Halvad, Morbi, Gujarat.

Investment Rationale:

Capacity-Constrained Growth: The Falcon Acquisition Unlocks a Hard Ceiling: Aastha's spinning division ran at near-100% utilization in FY25 (7,436 MT actual vs 7,700 MT installed). The company is literally sold out of its capacity to grow organically. The Falcon acquisition adds 9,757 MT of spinning capacity in one step, more than doubling the company's spinning base to 17,457 MT. Revenue synergies are not speculative — they are straightforward incremental volume that already has demonstrated demand. Combined proforma revenue of INR 5,970 Mn (FY25) could scale further as both units optimize utilization post-integration.

Structural Margin Expansion via Captive Solar: Unlike most profitability improvements in the textile sector (which are commodity-price-cycle-driven and temporary), Aastha's solar power investment has created a durable, structural cost advantage. Power is the second-largest cost in spinning after raw material. Aastha now sources approximately 55% of its power from captive solar — a cost saving of roughly INR 90 Mn per year that goes directly to EBITDA. This advantage widens every year as grid power costs rise while solar generation costs remain fixed. The EBITDA margin expansion from 4.85% (FY23) to 13.2% (FY25) is substantially explained by this structural shift, not merely by a favorable cotton cycle.

India's Textile Renaissance — Structural Tailwinds

Aastha is well-positioned to benefit from two powerful macro tailwinds. First, the Government of India has dramatically increased its commitment to textiles — the Ministry of Textiles budget rose to INR 52,720 Mn in FY26 (up 19% from FY25), including schemes like PM MITRA parks and SAMARTH. Gujarat has historically been a priority state for textile infrastructure investment. Second, the global "China+1" strategy among Western fashion brands and buyers is driving more sourcing toward India. India's cotton yarn is internationally competitive on quality. As brands diversify away from Chinese suppliers, Indian spinners with consistent quality and reliable delivery are among the primary beneficiaries.

Valuation & Outlook: The company's singular focus on the mid-fine cotton yarn segment in Gujarat's cotton heartland, combined with its solar-driven structural cost advantage position the company well for the next phase of growth. The Falcon acquisition, if integrated smoothly over the next 12–18 months, has the potential to transform Aastha from an INR 3,500 Mn regional player into an INR 7,000+ Mn vertically integrated spinning company with a combined spindle count. However, the near-term path is not without friction. Negative operating cash flows demand close monitoring. The single-facility, single-geography concentration remains an unresolved structural vulnerability that will take multiple years to reduce meaningfully. **At the upper band of INR 136, the issue is valued at a P/E ratio of 25.65x, based on annualized EPS of INR 5.30. We are recommending a "Neutral" rating for this issue.**

Financial Summary:

Particulars (INR Mn)	FY23	FY24	FY25	9MFY26
Revenue	2,392.7	3,048.6	3,511.6	3,132.9
Growth (% YoY)		*27.42%*	*15.19%*	
EBITDA	116	342	464	353
Margins	*4.85%*	*11.23%*	*13.20%*	*11.25%*
PAT	11	163	229	176
Margins	*0.44%*	*5.34%*	*6.53%*	*5.60%*

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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