

Rating: Neutral

Issue Offer

Total issue size: INR 1,102 Mn (10.60 Mn shares) - which consists of a fresh issue of INR 1,102 Mn only.

Issue Summary

Price Band INR	95-104
Face Value INR	10
Implied Market Cap INR Mn.	4,157.4
Market Lot.	144
Issue Opens on	Feb 23, 2026
Issue Close on	Feb 25, 2026
No. of share pre-issue	29,375,000
No. of share post issue	39,975,000
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≥ 75
Retail Portion	≤ 10
NII Portion	≤ 15

Registrar

Bigshare Services Pvt. Ltd.

Book Running Lead Managers

Interactive Financial Services Ltd.

	Pre-Issue	Post-Issue
Promoters	47.07%	34.59%
Public & Others	52.93%	65.41%

Object of the issue

Exp Amt (INR Mn)

➤ Funding for setting up of 6.1 MW Solar Power Plant for captive use	73.5
➤ Funding for setting up of 4.2 MW Wind Power Plant for captive use	390
➤ Repayment and/or pre-payment, in full or part, of certain borrowings availed by the company	148.9
➤ Funding the working capital requirements of the company	440

Abhishek Jain

abhishek.jain@arihantcapital.com

022-422548871

Incorporated in 2013, Shree Ram Twistex Limited is a B2B cotton yarn manufacturer producing compact ring spun and carded yarn along with value-added products such as Eli Twist, compact slub and Lycra blended yarn. Its Gondal (Gujarat) facility has 17 compact ring spinning machines with 27,744 spindles and an installed capacity of 9,855 MT per annum which operates at 86% utilization in FY25 and 87% in H1FY26. In H1FY26, carded yarn, Eli Twist yarn and organic yarn contributed 28.6%, 25.5% and 21.5% of revenue respectively with ~90% sales from the domestic market and ~88% from Gujarat. The company serves 45 customers with the top 10 contributing over 77% of revenue and has installed a 1.2 MW rooftop solar plant whereas implementing a 6.1 MW solar project and planning a 4.2 MW wind project to lower power costs.

Investment Rationale:

Renewable Energy Investments Provide Structural Margin Tailwinds : Power is a major cost component in spinning operations, and the company's strategy to shift toward captive renewable energy is a key differentiator. The company installed a 1.2 MW rooftop solar plant operational since July 2024, generating ~1.06 Mn units between July and December 2024 and reducing electricity expenses. Additionally, it has established a 6.1 MW ground-mounted solar plant (5 MW commissioned) and plans to set up a 4.2 MW wind power project for captive consumption. These initiatives are expected to materially reduce dependence on grid power and lower long-term operating costs, which can improve EBITDA margins and protect profitability against power tariff volatility.

Technology-Led Value-Added Product Mix Drives Competitive Positioning: The company operates a fully integrated spinning facility covering the entire value chain from cotton procurement to finished yarn packaging under one roof, which reduces handling losses, improves coordination, and enhances quality consistency. The company currently operates 17 compact ring spinning machines with 27,744 spindles and installed capacity of 9,855 MT per annum, operating on a three-shift basis to maximize throughput. Further, commissioning of 5 in-house TFO twisting machines from July 2025 is expected to strengthen vertical integration and improve margins by reducing outsourcing costs for value-added yarns such as Eli Twist and Lycra blends. This technology-led positioning allows the company to cater to premium applications including high-thread-count fabrics and performance textiles, which typically command better realizations compared to commoditized yarn segments.

Established Institutional Customer Relationships with High Capacity Utilization : The company has developed long-standing relationships with institutional customers such as Welspun Living Limited and Jindal Worldwide Limited, supplying yarn to textile manufacturers, exporters, and fabric processors. Over the last 3 fiscals and H1FY26, it served around 45-49 customers annually, with the top 10 customers contributing 77.25%-86.36% of revenue. Notably, 6 customers have been associated for more than 4 years, reflecting relationship stability.

Valuation and View:

India is the world's second-largest spinning capacity after China, with nearly 70% of cotton yarn consumption driven by domestic textile mills, providing a stable demand base. The Indian textile sector contributes ~2.3% to GDP and is projected to reach USD 350 billion by 2030, supported by favorable demographics, government support, and integrated value chains. The company's outlook appears stable to gradually improving, led by healthy capacity utilization of ~86-87%, ongoing backward integration through in-house twisting capacity, and renewable energy investments that are likely to reduce power costs and support margin expansion. However, growth visibility remains moderate due to the inherently cyclical nature of the yarn industry, customer concentration and exposure to cotton price volatility. **At the upper band of INR 104, the issue is valued at a P/E ratio of 51.97x, based on a FY25 EPS of INR 2.00. We are recommending a "Neutral" rating for this issue.**

Exhibit: Financial Performance

Particulars (IN R Mn)	FY23	FY24	FY25
Revenue	2,131.03	2,315.91	2,550.44
Growth (%) YoY	-	8.67	10.12
EBITDA	174.02	201.85	218.53
Margins (%)	8.16	8.72	8.57
PAT/(Loss)	20.51	65.53	80.00
Margins (%)	0.96	2.83	3.14
Debt	557.01	670.45	624.81

Arihant Research Desk

Email: instresearch@arihantcapital.com

Tel. : 022-42254800

Head Office

#1011, Solitaire Corporate Park
Building No. 10, 1st Floor
Andheri Ghatkopar Link Road
Chakala, Andheri (E)
Mumbai – 400093
Tel: (91-22) 42254800
Fax: (91-22) 42254880

Registered Office

Arihant House
E-5 Ratlam Kothi
Indore - 452003, (M.P.)
Tel: (91-731) 3016100
Fax: (91-731) 3016199

Stock Rating Scale

BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

Absolute Return**Research Analyst
Registration No.****Contact****Website****Email Id**

INH000002764

SMS: 'Arihant' to 56677

www.arihantcapital.com

instresearch@arihantcapital.com

Disclaimer: This document has been prepared by Arihant Capital Markets Ltd. This document does not constitute an offer or solicitation for the purchase and sale of any financial instrument by Arihant. This document has been prepared and issued on the basis of publicly available information, internally developed data and other sources believed to be reliable. Whilst meticulous care has been taken to ensure that the facts stated are accurate and opinions given are fair and reasonable, neither the analyst nor any employee of our company is in any way responsible for its contents and nor is its accuracy or completeness guaranteed. This document is prepared for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. The user assumes the entire risk of any use made of this information. Arihant may trade in investments, which are the subject of this document or in related investments and may have acted upon or used the information contained in this document or the research or the analysis on which it is based, before its publication. This is just a suggestion and Arihant will not be responsible for any profit or loss arising out of the decision taken by the reader of this document. Affiliates of Arihant may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. No matter contained in this document may be reproduced or copied without the consent of the firm.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800 Fax. 022-42254880

Disclaimer: This disclosure statement is provided in compliance with the SEBI Research Analyst Regulations, 2014. Arihant Capital Markets Limited (ACML) is a registered stockbroker, merchant banker, and research analyst under SEBI, and is also a Point of Presence with the Pension Fund Regulatory and Development Authority (PFRDA). ACML is registered with SEBI with Research Analyst Registration Number INH000002764, Stock Broker Registration Number INZ000180939, and is a Trading Member with NSE, BSE, MCX, NCDEX, and a Depository Participant with CDSL and NSDL.

ACML and its associates may have business relationships, including investment banking, with companies covered by its Investment Research Department. The analysts of ACML, and their associates, are prohibited from holding a financial interest in securities or derivatives of companies they cover, though they may hold stock in the companies they analyze. The recommendations provided by ACML's research team are based on technical and derivative analysis and may differ from fundamental research reports.

ACML confirms that neither it nor its associates have a financial interest or material conflict concerning the companies covered in the research report at the time of publication. Furthermore, ACML, its analysts, and their relatives have no ownership greater than 1% in the subject companies as of the month prior to publication. ACML guarantees that the compensation for its research analysts is not influenced by specific securities or transactions.

ACML affirms that neither the analyst nor the company has served as an officer, director, employee, or engaged in market-making activities for any of the subject companies. Additionally, the research report does not reflect any conflict of interest and is not influenced by specific recommendations made. Neither ACML nor its analysts have received compensation for investment banking or brokerage services from the subject companies in the last 12 months.

The views expressed in this report are those of the analysts and are independent of the proprietary trading desk of ACML, which operates separately to maintain an unbiased stance. Analysts comply with SEBI Regulations when offering recommendations or opinions through public media. The report is intended for informational purposes only and is not an offer or solicitation for the purchase or sale of securities.

This report, which is confidential, may not be reproduced or shared without written consent from ACML. It is based on publicly available data believed to be reliable but has not been independently verified, and no guarantees are made about its accuracy. All opinions and information contained in the report are subject to change without notice. ACML disclaims liability for any losses resulting from reliance on this report. The report does not constitute an offer to buy or sell securities, and ACML is not responsible for the risks involved in investments. ACML and its affiliates may have positions in the securities discussed or hold other financial interests in them.

The distribution of this report in certain jurisdictions may be restricted by law, and the report is not intended for distribution where it would violate local laws. Investors are advised to consider their financial position, risk tolerance, and investment objectives before engaging in transactions, particularly in high-risk financial products such as derivatives.

ACML reserves the right to modify this disclosure statement without prior notice. The report has been prepared using publicly available information and internally developed data, though ACML does not guarantee its completeness or accuracy. Historical price data for securities can be accessed via official exchanges like NSE or BSE. ACML and its affiliates may conduct proprietary transactions or investment banking services for the companies mentioned in this report. In compliance with SEBI regulations, ACML maintains comprehensive records of research reports, recommendations, and the rationale for those recommendations, which are preserved for at least five years. An annual compliance audit is conducted by a member of the ICAI or ICSI to ensure adherence to applicable regulations. This report is issued in accordance with applicable SEBI regulations and does not guarantee future performance or returns.

Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,
Andheri Ghatkopar Link Road, Chakala, Andheri (E)
Tel. 022-42254800

Abhishek Jain
Head of Research
Abhishek.jain@arihantcapital.com
