IPO RESEARCH REPORT

Sonaselection India Limited

Bhilwara's Integrated Fabric Powerhouse — Cotton, Lycra & Blended Textiles at Scale

IPO Open: Sep 17, 2026 **IPO Close:** Sep 21, 2026 **Listing:** Sep 24, 2026 (BSE & NSE)

OUR RECOMMENDATION	PRICE BAND	GMP (AS OF SEP 15, 2026)
SUBSCRIBE*	**₹94 – ₹99**	**₹5 (~5.1%)**
**Selectively — monitor GMP & D/E*	Lot: 150 shares | ₹14,850 min.	Est. listing ₹104 | Unofficial

This report is prepared for informational purposes only and does not constitute investment advice. Please read the Company's RHP carefully before investing. IPO subscription involves market risk.

1. IPO AT A GLANCE

Issue Details

Parameter	Details
Company Name	Sonaselection India Limited
Issue Type	100% Book-Built Fresh Issue (No OFS Component)
Issue Size	₹141.57 Crore (1,43,00,000 Equity Shares)
Face Value	₹10 per share
Price Band	₹94 – ₹99 per share
Lot Size	150 shares
Min. Retail Investment	₹14,850 (1 lot at upper band)
Min. S-HNI Investment	₹2,07,900 (14 lots)
Min. B-HNI Investment	₹10,09,800 (68 lots)
IPO Open Date	September 17, 2026 (Wednesday)
IPO Close Date	September 21, 2026 (Sunday)
Basis of Allotment	September 22, 2026
Refund / Unblocking	September 23, 2026
Listing Date	September 24, 2026 (BSE & NSE)
BRLM	Choice Capital Advisors Pvt. Ltd.
Registrar	KFin Technologies Limited
DRHP Filed	December 11, 2025

Investor Quota Allocation

Investor Category	Reservation
Qualified Institutional Buyers (QIB)	50% of Net Issue
Non-Institutional Investors (NII / HNI)	15% of Net Issue
Retail Individual Investors (RII)	35% of Net Issue
Employee Reservation	Nil
Anchor Investor Portion	Up to 60% of QIB Portion (Sep 16, 2026)

Source: Sonaselection India RHP; chittorgarh.com; ipogram.in; ipoji.com (September 2026).

2. COMPANY OVERVIEW

Background & Incorporation

Sonaselection India Limited was incorporated on February 11, 2022, under the Companies Act, 2013, and its registered and manufacturing facility is located at 18th KM Stone, Chittorgarh Road, Hamirgarh, Bhilwara, Rajasthan — 311025. The company began as a job-work processing entity and evolved into a fully integrated fabric manufacturer by acquiring an existing textile processing unit in 2022 and commissioning a cotton fabric processing plant in July 2024. Bhilwara is recognised as one of India's premier textile manufacturing hubs, and Sonaselection's strategic positioning within this cluster provides it with strong raw-material access, supplier networks, and skilled labour.

Business Model & Operations

Sonaselection is engaged in the manufacture and processing of value-added textile products under its 'Sona' brand. The company operates an integrated model that combines in-house manufacturing with job-work processing, providing flexibility in capacity utilisation and end-to-end quality control from greige fabric sourcing through bleaching, dyeing, and finishing. Its manufacturing facility spans approximately 49,540 square metres with an installed processing capacity of 82.44 million metres per annum.

Products include: 100% cotton fabrics, cotton lycra (stretch) fabrics, cotton-polyester blends, and polyester-viscose (P/V) blends. Processing services are also offered to third-party customers. In July 2025, the company launched a subsidiary — Sionnah — specifically to enter the ready-made garments and fashion segment, reflecting forward integration ambitions. Sonaselection holds 20 registered trademarks for its 'Sona' brand and associated logos.

The company is certified under GOTS (Global Organic Textile Standard), GRS (Global Recycle Standard), and OEKO-TEX, reflecting its commitment to international quality and sustainability benchmarks.

Sustainability Framework

Sonaselection has invested in solar power generation and water recycling infrastructure at its Bhilwara facility. The company explicitly commits to expanding its renewable energy footprint as part of future capex plans, aligning its operations with ESG-conscious buyer requirements — an increasingly important qualification for apparel brand sourcing.

Promoters

Promoter	Designation / Role
Harshil Nuwal	Managing Director — responsible for day-to-day planning and strategic direction
Subhash Chandra Nuwal	Chairman — over 30 years of experience in the Indian textile industry
Uma Nuwal	Promoter
Deepank Bhandari	Promoter
Sona Polyspin Pvt. Ltd.	Promoter Entity (~27.66% pre-issue stake)

Note: Significant procurement (~96% in FY2026) is sourced from related party Sona Style Limited (related to promoter group); investors should review related-party transaction disclosures in the RHP carefully.

Customer Base

The company's customer base has expanded significantly from 191 customers in FY2024 to 909 customers in FY2026, reflecting strong market penetration. Geographic diversification is also accelerating: revenue contribution from Rajasthan declined from 95.31% in FY2024 to 37.31% in FY2026, demonstrating successful expansion across pan-India markets.

3. KEY OPERATING METRICS

Sonaselection's operating profile is anchored by its large, integrated manufacturing plant in Bhilwara. The KPI snapshot below captures scale, capacity, growth trajectory, and return metrics sourced from the RHP and independent brokerage reviews.

82.44 Mn m Annual Processing Capacity	**49,540 m²** Plant Area (Bhilwara)	**909** Customers (FY2026)	**20** Registered 'Sona' Trademarks
₹516.95 Cr Revenue FY2026	**106.7% CAGR** Revenue CAGR (FY24–FY26)	**39.05%** Return on Net Worth (FY2026)	**19.69%** Return on Capital Employed (FY2026)
₹34.02 Cr PAT (FY2026)	**16.40%** EBITDA Margin (FY2026)	**979** Employees (Jul 31, 2026)	**2.48x** Debt / Equity (FY2026)

Sources: RHP (December 2025 DRHP filing); Chanakya Nipothi; IPOGuru; Abhinav Mishra Substack; scanx.trade (September 2026). Revenue CAGR computed over FY2024–FY2026 base.

4. FINANCIAL PERFORMANCE

3-Year Financial Snapshot (₹ in Crore, unless stated)

Particulars	FY2024	FY2025	FY2026	CAGR / YoY
Revenue from Operations (₹ Cr)	120.98	315.95	516.95	106.7% CAGR
Total Income (₹ Cr)	121.31	316.47	517.60	106.6% CAGR
EBITDA (₹ Cr)	28.49	58.12	84.77	72.5% CAGR
EBITDA Margin (%)	23.55%	18.39%	16.40%	Declining
Profit After Tax / PAT (₹ Cr)	13.10	18.56	34.02	61.2% CAGR
PAT Margin (%)	10.82%	5.88%	6.58%	Recovery in FY26
Return on Equity / RoE (%)	40.46%	34.08%	39.05%	Recovery
Return on Capital Employed / RoCE (%)	16.18%	16.97%	19.69%	Improving
Total Borrowings (₹ Cr)	144.60	n.a.*	258.24	Rising
Net Worth (₹ Cr)	~32.4 (est.)	~54.4 (est.)	104.16	Strong growth
Debt / Equity Ratio (x)	3.72x	n.a.*	2.48x	Improving
Operating Cash Flow (₹ Cr)	n.a.	−14.18	−10.99	Negative — watch

**FY2025 net worth and D/E not independently disclosed across all sources; FY2026 and FY2024 figures confirmed across multiple independent sources. FY2025 net worth estimated from PAT accretion trajectory. Investors must cross-verify against the final RHP financial statements. Operating cash flow figures per scanx.trade analysis of RHP.*

Analyst Notes on Financial Trends

- **Revenue CAGR of 107% is exceptional but warrants scrutiny:** Sales quadrupled from ₹121 crore in FY2024 to ₹517 crore in FY2026, driven by the shift from job-work to manufacturing. However, such rapid scale-up in textiles often involves aggressive credit extension to buyers — negative operating cash flows in both FY2025 (₹−14.18 Cr) and FY2026 (₹−10.99 Cr) confirm working capital is growing faster than collections.
- **EBITDA margin compression is a key concern:** Margins fell from 23.55% (FY2024) to 16.40% (FY2026). While the business was expanding rapidly, the trajectory shows profitability at the operating level has not kept pace with revenue growth. This is typical for fast-scaling textile manufacturers taking on job-work at thin margins to fill capacity.
- **PAT margin recovery in FY2026 is a positive:** Net margin bounced from 5.88% in FY2025 to 6.58% in FY2026, suggesting better operating leverage as the manufacturing model matures. RoCE also improved consistently (16.18% → 19.69%).
- **High leverage with rising absolute debt:** Total borrowings reached ₹258.24 crore as of March 31, 2026, versus a net worth of ₹104.16 crore (D/E of 2.48x). While D/E improved from 3.72x in FY2024, the absolute debt level is substantial for a company of this size and age. IPO proceeds of ₹80 crore for debt repayment will provide meaningful relief.
- **RoNW of 39.05% is impressive but debt-amplified:** The high return on net worth is in part a function of financial leverage. Post-IPO equity dilution and debt repayment will lower both the D/E ratio and the leveraged RoNW — investors should not project FY2026 RoNW of 39% as a sustainable forward run-rate.

5. VALUATION ANALYSIS

Valuation Snapshot at Upper Price Band (₹99)

Metric	Pre-Issue	Post-Issue (Upper Band: ₹99)
EPS (₹)	~₹8.00 (pre-dilution)	₹5.99 (post-dilution)
P/E Ratio (x)	~12.38x	16.53x
P/BV (x)	n.a. (pre-issue)	~4.0x
RoNW (%)	39.05%	39.05% (FY2026 basis)
Post-Issue Market Cap	—	₹562.60 Crore (approx.)
NAV per share (FY2026)	—	₹24.78

EPS dilution occurs because the fresh issue adds ~1.43 crore shares to the base; post-issue EPS is calculated on the expanded share count. Source: ipoji.com; ipogram.in; chanakyanipothi.com.

Peer Valuation Context

The RHP discloses listed textile fabric peers for comparison. Sonaselection trades at a discount to Nitin Spinners and a significant discount to Sangam India on a P/E basis, while its RoNW of 39.05% materially outperforms both. The valuation appears reasonably placed within the peer range rather than aggressively priced — though the post-IPO P/E of 16.53x carries execution risk given the company's short operating history.

Company	P/E (x)	RoNW (%)
Sonaselection India (Post-IPO)	16.53x	39.05%
Nitin Spinners Limited	18.22x	12.77%
Sangam (India) Limited	37.29x	8.20%
Vishal Fabrics Limited	Below Nitin Spinners*	n.a.*

**Peer P/E figures sourced from abhinavmishra.substack.com and ipogram.in (September 2026). Vishal Fabrics exact P/E not independently confirmed across multiple sources — shown directionally. Comparison is approximate; peers differ in scale, product mix and capital structure. Investors should verify peer multiples via NSE/BSE data.*

6. USE OF FRESH ISSUE PROCEEDS

The entire IPO is a fresh issue with no Offer for Sale component — the company receives 100% of the net proceeds. This is unambiguously positive: existing shareholders are not cashing out, and all capital flows to the business.

Object of the Issue	Amount (₹ Cr)	% of Net Proceeds (approx.)
Repayment / Pre-payment of Borrowings	80.00	~57%
Capital Expenditure — Plant & Machinery (Bhilwara)	50.61	~36%
General Corporate Purposes	~11.0 (balance)	~8%
Total Net Proceeds	~141.57	100%

The debt repayment of ₹80 crore will reduce total borrowings from ₹258.24 crore to approximately ₹178 crore, improving the D/E ratio and reducing interest burden. The ₹50.61 crore capex for new plant and machinery at the Bhilwara facility will expand processing capacity, positioning the company for continued revenue growth in FY2027 and beyond.

Source: Sonaselection India RHP (DRHP December 2025); mnclgroup.com; scanx.trade (September 2026).

7. INDUSTRY OVERVIEW & TAILWINDS

Sonaselection operates at the value-added fabric processing segment of India's vast textile industry — one of the country's oldest, largest, and most strategically important industrial sectors.

- **Indian Textile Market Scale:** The Indian textile market was valued at USD 152.40 billion in 2025 and is projected to reach USD 213.75 billion by 2034, growing at a CAGR of 3.83% (IMARC). The domestic market alone is estimated at USD 225 billion in 2025, growing at 10–12% CAGR driven by rising incomes and e-commerce penetration, with a target of USD 350 billion by 2030 (IBEF).
- **Bhilwara — India's Synthetic Textile Hub:** North India leads with a 32.0% revenue share of the national textile market, anchored by clusters including Bhilwara (synthetics), Panipat (recycled yarn), Ludhiana (knitwear) and Kanpur (leather/jute). Sonaselection's manufacturing base in Bhilwara places it at the heart of India's fabric-processing ecosystem, with direct access to raw material suppliers and established logistics networks.
- **India's Export Opportunity Expanding:** India's textile and clothing exports remain above USD 35 billion annually (IBEF Textile Industry Report). As global brands diversify sourcing away from over-dependence on any single country, India benefits from its integrated supply chain, cotton production scale, and processing capabilities. Bhilwara mills with GOTS/OEKO-TEX certifications — like Sonaselection — are well-positioned to capture export demand from sustainability-focused buyers.
- **Government Policy Tailwinds — PLI Scheme & PM MITRA Parks:** The PLI (Production Linked Incentive) scheme has disbursed ₹1.91 lakh crore through 2026, accelerating investment in modern textile manufacturing infrastructure. Seven PM MITRA (Mega Integrated Textile Region and Apparel) parks have completed land acquisition; 4 project reports worth ₹7,024 crore have received approval. These create a structural demand environment for fabric processors supplying domestic apparel manufacturers.
- **Value-Added Fabric Demand Rising:** Global buyers are shifting preference toward eco-friendly, breathable fabrics (cotton, cotton-lycra, organic blends), faster-delivery supply chains, and value-added processing (dyed, finished, printed). Sonaselection's product portfolio directly aligns with these sourcing preferences, giving it pricing power beyond pure commodity textile producers.
- **Cotton Dominance — India's Natural Advantage:** Cotton leads Indian textile raw materials with a 54.7% market share (2025). As the world's largest cotton producer, India's mills — especially integrated ones like Sonaselection — benefit from cost advantages and supply chain resilience relative to import-dependent competitors.
- **Technical Textiles & Innovation Opportunity:** While Sonaselection is primarily a fashion fabric company today, the broader technical textiles market is growing at 12.3% CAGR, reaching USD 45 billion by 2026. This represents a potential long-term expansion runway for the company as it builds scale and capabilities.

8. KEY STRENGTHS

- **Exceptional Revenue Growth Trajectory:** Revenue grew at a CAGR of 106.7% from ₹120.98 crore (FY2024) to ₹516.95 crore (FY2026), more than quadrupling in two years. This scale-up demonstrates strong market acceptance and operational execution.
- **100% Fresh Issue — Fully Aligned with Investor Interests:** There is no OFS component; all IPO proceeds go directly into the company for debt reduction and capex. Existing promoters are not liquidating any stake — a strong signal of confidence in the business's future.
- **Integrated Manufacturing Model — Flexibility + Quality Control:** By combining in-house manufacturing with job-work processing, Sonaselection can flex production between own-account and third-party orders to optimise plant utilisation and margins across different market cycles.
- **Strategic Location in Bhilwara Textile Cluster:** The Bhilwara facility sits within India's most established synthetic and blended fabric processing hub, providing access to raw material suppliers, skilled labour, logistics infrastructure, and industry networks unavailable to greenfield facilities elsewhere.
- **Rapidly Expanding and Diversifying Customer Base:** From 191 customers in FY2024 to 909 in FY2026, Sonaselection has demonstrated strong market penetration. Rajasthan's share in revenue fell from 95% to 37%, showing genuine geographic diversification across the pan-India market.

- **International Quality Certifications:** GOTS, GRS, and OEKO-TEX certifications make Sonaselection credible to ESG-focused export buyers and domestic brands with sustainability mandates — a differentiator in a market where many smaller mills lack such credentials.
- **Strong Return Ratios in FY2026:** RoNW of 39.05% and RoCE of 19.69% comfortably outperform listed peers (Nitin Spinners: RoNW 12.77%; Sangam India: 8.20%). Even discounting the leverage effect, the underlying asset utilisation and business economics are healthy.
- **Debt Repayment as Part of IPO — Immediate Balance Sheet Relief:** ₹80 crore directed at debt prepayment will reduce total borrowings materially, lowering finance costs and improving interest coverage. This should translate to higher free cash flow and stronger PAT in FY2027.
- **Forward Integration — Garment Subsidiary Launched:** The July 2025 launch of subsidiary Sionnah for ready-made garments signals management's intent to move up the value chain, capturing higher margins at the retail / garment stage rather than remaining only a fabric supplier.
- **Experienced Promoter Leadership with Deep Industry Roots:** Chairman Subhash Chandra Nuwal brings 30+ years of textile industry experience; the promoter entity Sona Polyspin Pvt. Ltd. reflects a business group with established textile operations. This institutional knowledge is critical for managing raw material cycles, buyer relationships, and capacity ramp-up.
- **Sustainability Infrastructure:** Solar power generation and water recycling systems at the Bhilwara facility reduce operational costs and environmental liabilities, and make the company an attractive supply partner for globally-compliant apparel brands.

9. KEY RISKS & CONCERNS

We flag the following risk factors, colour-coded by our assessment of relative severity. Investors should also review the detailed "Risk Factors" section of the RHP for the complete and legally exhaustive list of risks disclosed by the Company.

Risk Factor	Description	Severity
Negative Operating Cash Flows	The company reported negative operating cash flows in FY2025 (₹−14.18 Cr) and FY2026 (₹−10.99 Cr), driven by growing working capital requirements. A business that is profitable but cash-flow negative depends on external debt or equity funding to sustain operations — this is a structural vulnerability.	HIGH
High Financial Leverage	Total borrowings of ₹258.24 crore against a net worth of ₹104.16 crore (D/E: 2.48x) represents material financial risk. Even after ₹80 crore debt repayment from IPO proceeds, ~₹178 crore in borrowings remains. Any deterioration in revenues or margins could compromise debt servicing.	HIGH
Very Short Operating History	Incorporated only in February 2022 (less than 5 years old at IPO), Sonaselection has not been tested through a full textile industry downturn or a prolonged cotton price spike. The rapid growth story may partly reflect cyclical tailwinds rather than structural competitive advantage.	HIGH
Related-Party Procurement Concentration	Approximately 96.01% of procurement in FY2026 was concentrated in Rajasthan, with substantial sourcing from Sona Style Limited — a related party (promoter-affiliated entity). This creates potential conflicts of interest and supply disruption risk if the related-party relationship changes.	HIGH
EBITDA Margin Compression	EBITDA margin declined from 23.55% (FY2024) to 16.40% (FY2026) despite significant revenue growth. This suggests margin dilution as the business scales through lower-margin job-work and volume-driven channels — a trend to watch closely as the company pursues further expansion.	MEDIUM
Single Manufacturing Facility	All operations are concentrated in one plant at Bhilwara, Rajasthan. Fire, natural disaster, labour dispute, environmental shutdown, or regulatory action at this single location could halt all production and materially impact revenues.	MEDIUM
Customer Concentration Risk	Despite expansion to 909 customers, the RHP notes that a major portion of revenues remains dependent on a limited number of customers. Loss of any top customer could cause revenue disruption and deterioration in debtor days.	MEDIUM
Textile Cyclicality & Raw Material Volatility	Cotton and yarn prices move sharply and cannot always be passed through to fabric buyers — especially in a competitive market. Energy costs (dyeing/finishing is energy-intensive) and water availability (environmental compliance) add further cost volatility.	MEDIUM
Execution Risk on Capex	₹50.61 crore of IPO proceeds will be invested in plant and machinery. Delays in machinery procurement, installation, or capacity commissioning could defer revenue contribution and strain cash flows during the investment period.	MEDIUM
Environmental & Regulatory Compliance	Dyeing, bleaching and finishing operations produce effluent and require pollution control board compliance. Any regulatory action, notice, or shutdown due to environmental non-compliance could materially disrupt operations.	MEDIUM

Risk Factor	Description	Severity
Promoter Stake Dilution Post-IPO	Post-IPO, promoter shareholding will fall toward approximately 71% (from higher pre-issue levels). While still a controlling majority, further dilution in potential future fundraising rounds would progressively reduce promoter 'skin in the game.'	**LOW**
Muted GMP — Subdued Listing Gain Probability	GMP of ₹5 (~5.1%) as of September 15, 2026 indicates grey market is pricing in little listing premium. Investors seeking short-term listing gains should closely monitor GMP and subscription trends before committing.	**LOW**

10. IPO TIMELINE & HOW TO APPLY

Event	Date
Anchor Investor Bidding	September 16, 2026 (Tuesday)
IPO Opens for Subscription	September 17, 2026 (Wednesday)
IPO Closes for Subscription	September 21, 2026 (Sunday)
Basis of Allotment Finalisation	September 22, 2026 (Monday)
Refund Initiation / UPI Mandate Unblocking	September 23, 2026 (Tuesday)
Demat Credit of Shares	September 23, 2026 (Tuesday)
Listing on BSE & NSE	September 24, 2026 (Wednesday)

How to Apply — ASBA / UPI

- Minimum retail application: 1 lot = 150 shares = ₹14,850 at upper band (₹99). Maximum retail: 13 lots = 1,950 shares = ₹1,92,918.
- S-HNI (non-institutional): Minimum 14 lots (₹2,07,900). B-HNI: Minimum 68 lots (₹10,09,800).
- Via ASBA (Application Supported by Blocked Amount): Log in to your net banking portal, navigate to IPO/Investments section, select 'Sonaselection India Ltd', enter bid quantity and price, submit. Your bank blocks the bid amount in your savings account — it is not debited until allotment.
- Via UPI (through broker platforms — Zerodha, Angel, Groww, etc.): Log into your broker's app, go to IPO section, select Sonaselection India, enter UPI ID and quantity. Approve the UPI mandate request on your UPI app (BHIM/PhonePe/GPay) before the close of bidding on September 21, 2026 by 5:00 PM IST.
- Allotment check: Visit KFin Technologies' portal (kfintech.com) from September 22, 2026 onwards. Use your PAN number, Application Number, or DP/Client ID to check status. NSE and BSE bid status pages are also available for real-time bid tracking during the subscription window.
- Refund: Funds blocked via ASBA/UPI mandate are automatically unblocked on September 23, 2026 for non-allotted applications. No manual action required from the investor.

11. GMP & INVESTOR SENTIMENT

Metric	Value (as of Sep 15, 2026)
Grey Market Premium (GMP)	₹5 per share (~5.1% over issue price of ₹99)
Estimated Listing Price (GMP-implied)	₹104 (unofficial, unregulated estimate)
Expected Per-Lot Gain at GMP	₹750 (150 shares × ₹5)
Kostak Rate	Not available / not quoted
Subject to Sauda Rate	Not available
GMP Trend	Flat-to-muted; peaked at ₹6 in early tracking period
Overall Sentiment Score (IPOGram)	60/100 — moderate; caution advised

GMP (Grey Market Premium) is an informal, unregulated indicator quoted in the unofficial "grey market" and is not published or endorsed by any stock exchange, SEBI, or Ganesh StockInvest. It reflects prevailing sentiment at a point in time, can swing sharply — including turning negative — right up to the listing date, and should never be the sole basis for an investment decision. Actual listing price performance may differ materially from GMP-implied levels. The average listing gain for the 3 most similar IPOs per IPOGram's tracker was approximately 0.1% — a clear caution signal for listing-gain focused investors.

12. GANESH STOCKINVEST RECOMMENDATION

GANESH STOCKINVEST RECOMMENDATION: SUBSCRIBE*

**Selective — suited to investors comfortable with high leverage and short operating track record; monitor GMP and subscription before applying*

The SUBSCRIBE verdict is qualified. Sonaselection India offers a genuine growth story backed by real financial numbers — but the combination of high leverage, negative operating cash flows, short operating history, muted GMP, and EBITDA margin compression warrants selective rather than aggressive participation. We recommend this IPO for medium-to-long-term investors who are comfortable with risk and can evaluate subscription trends before bidding.

Investment Rationale

- **Explosive Revenue Growth Validated:** A 107% revenue CAGR is extraordinary by any measure. More importantly, PAT also grew at 61% CAGR to ₹34.02 crore in FY2026, confirming that the revenue surge is translating into bottom-line growth, not just top-line aggression.
- **100% Fresh Issue — Capital Goes to the Business:** No promoter is cashing out. The full ₹141.57 crore flows into debt reduction and capacity expansion — a structurally superior IPO design that aligns promoter and investor incentives.
- **Post-IPO Balance Sheet Will Be Materially Stronger:** Repaying ₹80 crore of debt reduces interest outgo, improves interest coverage, and positions the company to pursue growth from a healthier financial foundation. PAT could see uplift of ₹8–12 crore annually from reduced finance costs.
- **Valuation Discount to Peers:** A post-IPO P/E of 16.53x versus peer Nitin Spinners at 18.22x and Sangam India at 37.29x, combined with a far superior RoNW of 39%, presents a credible relative value argument — though the short operating history and leverage temper this.
- **Bhilwara Cluster + Certifications = Long-Term Structural Advantage:** GOTS, GRS, and OEKO-TEX certifications, combined with a strategically located, large-scale plant in one of India's premier textile clusters, provide a durable competitive moat that newer entrants would struggle to replicate quickly.

Caution Factors

- Negative operating cash flows for two consecutive years (FY2025 and FY2026) are a material warning: profitable growth being funded by working capital borrowings is not yet self-sustaining.
- D/E of 2.48x will fall post-IPO but remain elevated at ~1.7x — the company is not debt-free even after the offering, and any revenue slowdown could pressure debt servicing.
- Less than 5 years of operating history at IPO means no recession/downturn track record — the business model is unproven through a full textile cycle.
- GMP of ₹5 (5.1%) is muted — grey market participants are not pricing in meaningful listing gains. Subscription numbers across QIB/NII/Retail categories when published will be the best real-time signal to watch.
- Related-party procurement (96% of supply sourced within Rajasthan, significant portion from promoter-affiliated Sona Style Limited) creates transparency and conflict-of-interest concerns that investors should review in the RHP.

Suitability — Target Investor Types

Investor Profile	Suitability
Long-Term Growth Investor (3–5 year horizon)	Suitable — strong growth, debt reduction and capex expand justify patient ownership if IPO proceeds are deployed effectively.
Medium-Term Investor (12–24 months)	Suitable with Caution — monitor post-IPO debt reduction, operating cash flow trajectory, and FY2027 margin trends before sizing up.

Investor Profile	Suitability
Listing Gain / Short-Term Trader	Less Suitable — GMP of ₹5 and muted grey market sentiment indicate limited listing-day upside. Apply only if subscription is heavily oversubscribed.
Conservative / Low-Risk Investor	Not Suitable — high leverage, short track record, and negative operating cash flows make this inappropriate for risk-averse portfolios.
Textile Sector Specialist / Thematic Investor	Suitable — well-positioned within the Bhilwara cluster with quality certifications; a credible long-term play on India's textile export story.

Overall View: Sonaselection India is a fast-growing integrated fabric manufacturer from Bhilwara with a credible business model, strong return ratios, and a well-structured IPO (100% fresh issue, proceeds for deleveraging and capex). The valuation at 16.53x post-IPO P/E is reasonably priced relative to listed peers. However, the combination of very short operating history (incorporated 2022), persistently negative operating cash flows, high absolute leverage, and a muted GMP means this is not a risk-free or universal subscribe. Investors with medium-to-high risk appetite and a 2–5 year horizon should consider selective participation, ideally after monitoring the subscription data on Day 2 (September 18–19) to gauge institutional demand before bidding.

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