



IPO Details	
Opening Date	July 26, 2023
Closing Date	July 28, 2023
Stock Exchange	NSE SME
Lot Size	2000 Shares
Issue Price	₹ 54 - 61 per share
Issue Size	Aggregating up to 45.14 Cr.
Fresh Issue	Aggregating up to 45.14 Cr.
Application Amount (@ upper band for retail Investors)	₹ 1,22,000

IPO Objective	
1.	Construction of Factory Shed.
2.	Commissioning of Solar Plant.
3.	Purchase of Machineries.
4.	To Meet Working Capital Requirements.
5.	General Corporate Purpose.
6.	To meet Public Issue Expenses.

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,75,50,000	100.00%
Public	-	-

Promoter of the Company	
1.	Hanskumar Ramakant Agarwal
2.	Shradha Hanskumar Agarwal

Competitive Strengths	
1.	Experienced Promoters and Management Team.
2.	Prime Location of their Manufacturing Facility and installed Capacity.
3.	Infrastructure and Integrated capabilities to deliver quality Products.
4.	Wide Application of Products.

Company Background	
○	Shri Techtex Ltd was incorporated in the year 2011 and has its registered office in Ahmedabad.
○	Company is engaged in the business of Polypropylene (PP) Non-Woven Fabric manufacturing.
○	The practical use of non-woven fabric produced by the company is ecological for certain applications, especially in fields and industries where disposable or single use products are important, such as organic farming, hospitals, health care, nursing homes, home furnishing, vehicle upholstery seat fabrication, Mattress & furniture covering, ecological packaging, industrial and consumer goods. They manufacture PP non-woven fabric in variety of sizes and density.
○	The company majorly cater to off shore customers. They have started exploring domestic market for products manufactured by them from financial year 2022-23.
○	As on 31 st March 2023, the company had 86 staff base on its payroll.

Market Capitalization (In Cr.)		
	Pre-Issue	Post-Issue
	₹ 107	₹ 149

Financial Summary (In Lacs.)				
For the Period Ended	Mar-21	Mar-22	Mar-23	
Total Assets	4,652.15	5,282.41	7,386.45	
Net Assets	3,967.65	4,040.67	6,186.39	
Total Borrowings	1,498.66	2,451.57	3,188.98	
Total Revenue	4,021.58	5,182.14	5,807.58	
Profit After Tax	1,265.69	826.56	910.61	

Tentative Timeline	
Opening Date	July 26, 2023
Closing Date	July 27, 2023
Basis of Allotment	August 02, 2023
Initiation of Refunds	August 03, 2023
Credit of Shares to Demat	August 04, 2023
Listing Date	August 07, 2023



Company Background and Analysis

Being incorporated in the year 2011, Shri Techtex Ltd have a decent track record of existence in the business. In past, since FY 2011, as a Partnership firm, they were engaged in the business of industrial trading activity in Polymers, Chemicals, Packaging Materials and other allied products. Upon conversion of Partnership Firm to company, company continued manufacturing on job work basis and in the initial phase they were engaged in job work basis exclusively for group companies. However, w.e.f. April 01, 2021, as a result of demerger, the said business of contract manufacturing was transferred to resultant company Aurum Fabritech Private Limited (Aurum Fabritech Private Limited was converted to LLP w.e.f. February 02, 2022). After the demerger, till date, the company is engaged in the business of manufacturing of Polypropylene (PP) Non-Woven Fabric.

Company manufactures PP non-woven fabric in variety of sizes and density depending upon its client's requirement. Currently, manufacturing PP non-woven fabric up to 4.5 meters size and 15 GSM to 800 GSM with a variety of applications in multiple industries such as Geotextile, Horticulture, Furniture, Construction and Healthcare etc. Company has a manufacturing facility situated in Simaj of Dholka Taluka in Ahmedabad District of Gujarat. The manufacturing facility is well connected with near about transport hubs. The manufacturing facility is spread across 41,548 sq. meters, with an installed manufacturing capacity of 3,600 MT PP non-woven fabric per annum.

Till date, with its existing manufacturing vertical, company has been catering majorly to offshore customers. In last 3 years company have derived its revenue from exports from countries namely USA, Taiwan, Canada, Denmark and China. However, recently, company have started focusing more on domestic market for products manufactured by them. As on the date of this Red Herring Prospectus, company derives its revenue from domestic sales from states namely Gujarat, Tamil Nadu and West Bengal. Further revenue break up as per exports vs domestic, geographical exports revenue bifurcation and domestic revenue bifurcation is given below: -

Revenue Break Up as Per Exports vs Domestic

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
Export Sales	2,065.02	36.28	4,603.79	89.96	1,998.60	50.64
Domestic Sales	3,627.38	63.72	513.84	10.04	1,948.16	49.36
Total	5,692.40	100.00	5,117.63	100.00	3,946.76	100.00

Geographical Exports Revenue Bifurcation

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
USA	1,924.15	93.18	4,250.74	92.33	1,940.67	97.10
Taiwan	-	-	-	-	57.93	2.90
Canada	109.46	5.30	179.68	3.90	-	-
Denmark	31.41	1.52	20.19	0.44	-	-
China	-	-	153.19	3.33	-	-
Total	2,065.02	100.00	4,603.80	100.00	1,998.60	100.00



Geographical Domestic Revenue Bifurcation

(₹ in Lacs.)

Particulars	Mar-23		Mar-22		Mar-21	
	Amt	(%)	Amt	(%)	Amt	(%)
Gujarat	2,096.78	57.80	461.07	89.73	1,948.16	100.00
Tamil Nadu	64.25	1.77	52.77	10.27	-	-
West Bengal	1,466.34	40.42	-	-	-	-
Total	3,627.37	100.00	513.84	100.00	1,948.16	100.00

In order to improve its product portfolio, company is planning for business expansion by adding new business lines viz. Manufacturing of Hot Melt Coating Lamination and PP Multifilament Yarn. Company expects both machineries to be ready for commercial production by April 2024 having installed capacity of 3,360 tons and 1,200 tons per annum respectively, which will add in for increase in revenue.

To conclude, the company operates in business segment with good prospect and has a product portfolio with verity of usage in different industries.

Business Strategies

1. Expanding product portfolio.

As part of expansion strategy company is planning for business expansion by adding new business lines viz. Manufacturing of Hot melt Coating Lamination and PP Multifilament Yarn. Company expects both machineries to be ready for commercial production by April 2024 having installed capacity of 3,360 tons and 1,200 tons per annum respectively.

2. Continue improving financial performance through focus on operational and functional efficiencies.

Optimization and reduction of costs remains key focus area and they continue to work towards attaining cost efficiencies, whether it be in supply chain management or during the production process. Company's core team also focuses on the refinement of its manufacturing processes, aimed at improved yield and efficiency, by optimizing and modifications of various parameters. Company also proposes to develop eco-friendly and cost-effective production processes.

3. Leveraging its market skills and relationship.

The business of the Company is customer oriented and always strives to maintain good relationship with the customers. Leveraging its market skills and relationships is a continuous process in the organization and the skills that they impart in its people give importance to customers. They aim to do this by leveraging their marketing skills and relationships and further enhancing customer satisfaction.

4. Optimal Utilization of Resources.

Company constantly endeavours to improve its production process, skill up gradation of workers, modernization of plant and machineries to optimize the utilization of resources. Company regularly analyses its material procurement policy and manufacturing process to de-bottle neck the grey areas and take corrective measures for smooth and efficient working thereby putting resources to optimal use.



Competitive Scenario and Peer Mapping

Competition

The company operate in a highly competitive market and there are numbers of players. Price being the main factor in most cases for company's customers making decision i.e., customers have high bargain power. Competition emerges not only from small but also from big Regional and National and International players. There are minimal entry barriers in this industry and any expansion in capacity of existing producers would further intensify competition.

Peer Analysis

The comparison of the key performance indicators of the listed peers as on Mar-23 is given below-

Particulars	Shri Techtex Limited	Garware Technical Fabrics Limited	Shubham Polyspin Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	16%	13%	2%
EBITDA Margin	22%	17%	3%
Return on Capital Employed	18%	18%	-0.05%
Return on Equity	30%	16%	6%
EPS (INR)	5.19	77.17	0.69

The comparison of the key performance indicators of the listed peers as on Mar-22 is given below-

Particulars	Shri Techtex Limited	Garware Technical Fabrics Limited	Shubham Polyspin Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	16%	14%	1%
EBITDA Margin	24%	19%	2%
Return on Capital Employed	28%	19%	1%
Return on Equity	39%	16%	5%
EPS (INR)	4.71	77.96	0.61

The comparison of the key performance indicators of the listed peers as on Mar-21 is given below-

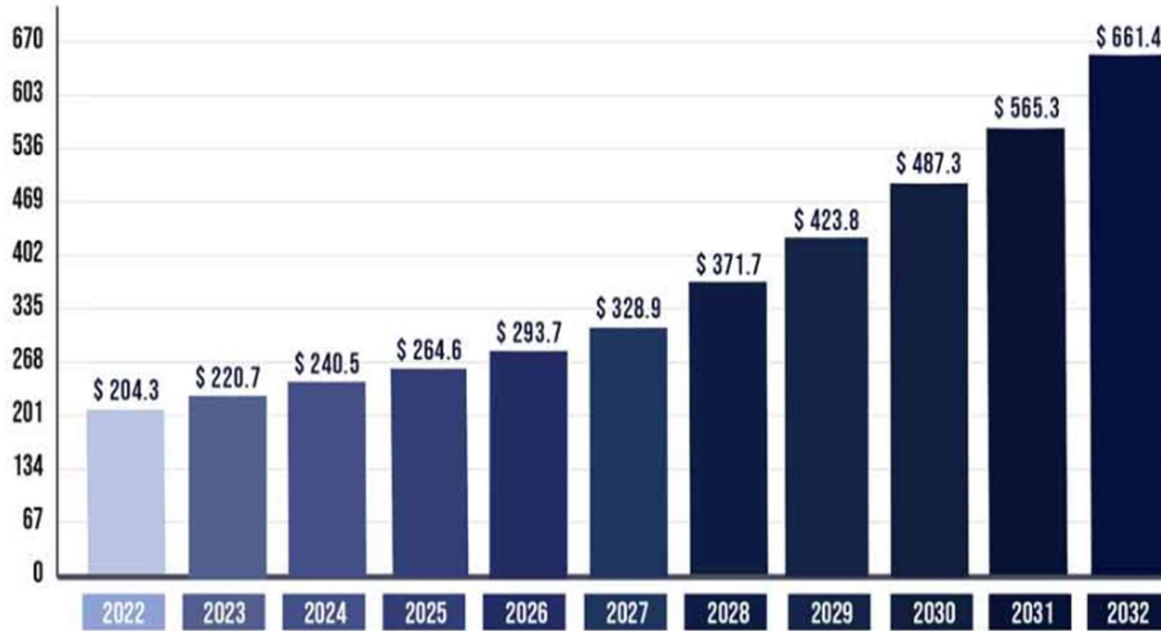
Particulars	Shri Techtex Limited	Garware Technical Fabrics Limited	Shubham Polyspin Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	32%	15%	1%
EBITDA Margin	46%	20%	6%
Return on Capital Employed	43%	20%	6%
Return on Equity	61%	18%	3%
EPS (INR)	7.21	72.87	0.40

The profitability margins, ROE and RoCE in all the fiscals are comparatively higher when compared to its peers. EPS of the company was high when compared to Shubham Polyspin and low when compared to Garware Technical Fabrics in all the fiscals.



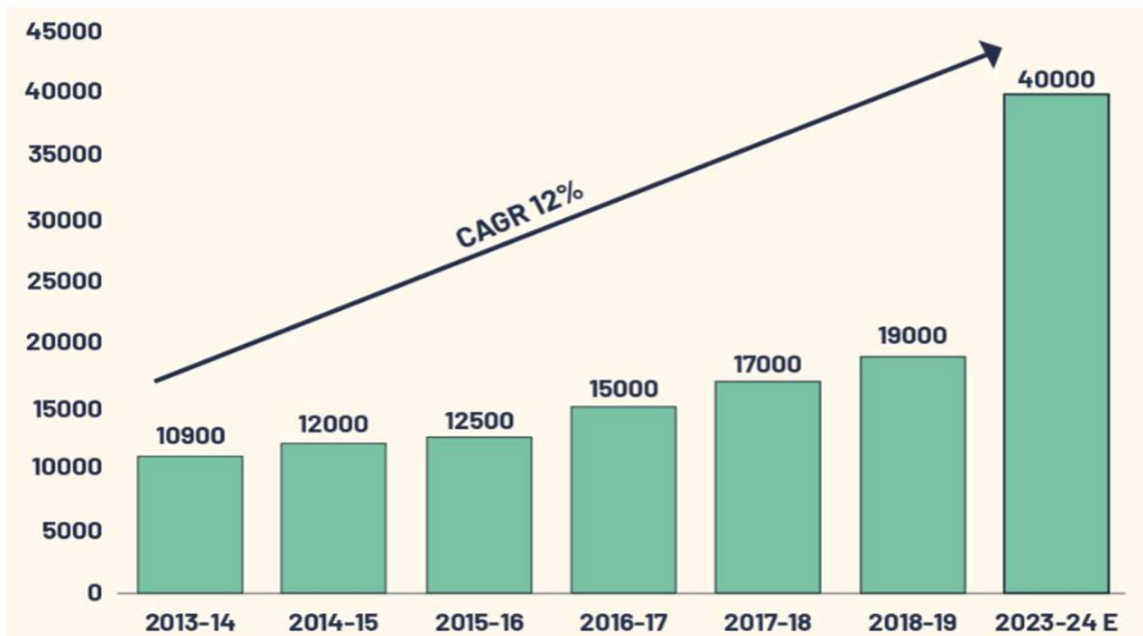
Industry Overview

Exhibit 1: The global technical textile market size



(Source: precedenceresearch.com)

Exhibit 2: India's Market Size



(Source: www.investindia.gov.in)



Technical Textile Industry

Technical textiles are engineered products with a definite functionality. They are manufactured using natural as well as man-made fibres such as Nomex, Kevlar, Spandex, Twaron that exhibit enhanced functional properties such as higher tenacity, excellent insulation, improved thermal resistance etc. These products find end-use application across multiple non-conventional textile industries such as healthcare, construction, automobile, aerospace, sports, defence, agriculture. Taking cognisance of technological advancements, countries are aligning their industries to accommodate technical textiles. This shift is evident in India's textile sector as well, moving from traditional textiles to technical textiles.

Global Market Size

Technical textiles have seen an upward trend globally in the recent years due to improving economic conditions. Technological advancements, increase in end-use applications, cost-effectiveness, durability, user-friendliness and eco-friendliness of technical textiles has led to the upsurge of its demand in the global market. Indutech, Mobiltech, Packtech, Buildtech and Hometech together represent 2/3rd of the global market in value.

The demand for technical textiles was pegged at \$ 165 Bn in the year 2018 and is expected to grow up to \$ 220 Bn by 2025, at a CAGR of 4% from 2018-25. The Asia-Pacific has been leading the technical textiles sector by capturing 40% of the global market, while North America and Western Europe stand at 25% & 22% respectively.

Asia-Pacific has seen a tremendous growth in this sector and captures the largest market share due to rapid urbanisation and technological advancements in medical, automobile and construction industries. This is further catalysed by easy production, low-cost labour and conducive government policy support.

India's Market Size

The current Indian technical textiles market is estimated at \$ 19 Bn, growing at a CAGR of 12% since past five years. It contributes to about 0.7% to India's GDP and accounts for approximately 13% of India's total textile and apparel market. In 2017-18, Packtech segment had the highest share of 41%, followed by Indutech, Hometech, and Mobiltech with a share of 11%, 10% and 10%, respectively. Although, Packtech accounts for 41% of the total market share, it is a low-value, low technology product.

Availability of raw materials such as cotton, wood, jute and silk along with a strong value chain, low-cost labour, power and changing consumer trends are some of the contributing factors to India's growth in this sector. India's technical textiles market shows a promising growth of 20% from \$ 16.6 Bn in 2017-18 to \$ 28.7 Bn by 2020-21, as per the Baseline Survey of technical textile industry by Ministry of Textiles.

(Source: [www. ibef.org](http://www.ibef.org))



Key Managerial Personnel

Shradha Hanskumar Agarwal, aged 44 years is Chairman and Managing Director and also the Promoter of the Company. She holds the Degree of Bachelor of Commerce (B.com) from the Osmania University. She was appointed as an Executive Director of the company since incorporation. Thereafter her designation was changed to chairman and managing director of the company w.e.f. January 03, 2023. She has an experience of more than 15 years in the field of Technical Textile.

Hanskumar Ramakant Agarwal, aged 46 years, is the Executive Director and also the Promoter of the Company. He has completed higher secondary education from Gujarat Secondary and Higher Secondary Education Board in year 1994. He has an Experience of more than 25 years in the field of Technical Textile. He is responsible to play a significant role in the Production, Human Resource, and Sales Department as well as day-to-day business operations of the company.

Vikas Srikishan Agarwal, aged 47 years is the Non-Executive Director of the Company. He holds degree in Bachelor of Commerce. He was appointment as First Director of the company on Incorporation. He is having experience of 5 years in the technical textile industry.

Vimalkumar Mishralal Shah, aged 35 years is Independent Director of the Company. He was appointed as an Additional Independent Director on the Board of the Company and his appointed by regularised in EOGM held on January 04, 2023 as an Independent Director to hold office for a term up to 5 consecutive years. He is member of the Institute of Chartered Accountants of India having post qualification experience of 8 Years in area of Taxation and compliance.

Anup Mahendra Gopalka, aged 55 years is Independent Director of the Company. He was appointed as an Additional Independent Director on the Board of the Company and his appointed by regularised in EOGM held on January 04, 2023 as an Independent Director to hold office for a term up to 5 consecutive years. He holds degree in Bachelor of Commerce having experience of 19 Years in Packaging Industry.

To conclude, the company has two promoters and both have a good experience in the industry that company operates in, the remaining directors have decent knowledge and experience in the different industry and in the fields which help in the growth of the business.



Financial Snapshot

Profit and Loss Statement		(In Lacs.)		
Particulars	FY 21	FY 22	FY 23	
Revenue from Operations	3,946.76	5,117.63	5,692.39	
Other Income	74.82	64.51	115.19	
Total Income	4,021.58	5,182.14	5,807.58	
Expenses				
Cost of Materials consumed	943.24	2,923.78	3,027.43	
Purchase of stock-in-trade	-	-	1,139.72	
Changes in inventories of Finished goods, work-in- Progress	-49.23	-48.47	-561.14	
Employee benefits expense	272.33	52.29	86.17	
Finance costs	88.48	116.77	80.72	
Depreciation and Amortization expense	114.33	110.55	124.12	
Other expenses	973.33	963.82	749.44	
Total Expenses	2,342.48	4,118.74	4,646.46	
Earnings Before Interest, Taxes, Depreciation & Amortization	1,807.09	1,226.21	1,250.77	
EBITDA Margin	46%	24%	22%	
Profit/(Loss) before exceptional items and tax	1,679.10	1,063.40	1,161.12	
Less: Exceptional Items	-	-	-	
Profit/(Loss) before tax	1,679.10	1,063.40	1,161.12	
Tax Expense				
Current Tax				
Current Year	425.44	250.00	233.60	
Earlier Year	-2.06	1.46	-0.23	
Deferred tax	-9.97	-14.62	17.14	
Total Tax Expense	413.41	236.84	250.51	
Profit/(Loss) for the year	1,265.69	826.56	910.61	
Net Profit Margin	31%	16%	16%	

Balance Sheet		(In Lacs)		
Particulars	FY 21	FY 22	FY 23	
EQUITY AND LIABILITIES				
1. Shareholders' funds				
(a) Share Capital	225.00	225.00	1,755.00	
(b) Reserves and surplus	1,853.72	1,875.99	1,256.61	
Total Equity	2,078.72	2,100.99	3,011.61	
2. Non-current liabilities				
(a) Long-term borrowings	1,378.30	1,917.95	2,501.82	
(b) Other Non-current Liabilities	467.89	-	631.49	
(c) Deferred Tax liability	35.90	21.28	38.42	
(d) Long-term provisions	6.84	0.46	3.06	
Total Non-current liabilities	1,888.93	1,939.69	3,174.79	
3. Current liabilities				
(a) Short-term borrowings	120.36	533.62	687.16	
(b) Trade payables				
(i) Due to MSME	0.12	443.55	18.52	
(ii) Due to Others	407.90	121.57	437.14	
(c) Other current liabilities	41.43	68.87	39.59	
(d) Short-term provisions	114.69	74.13	17.65	

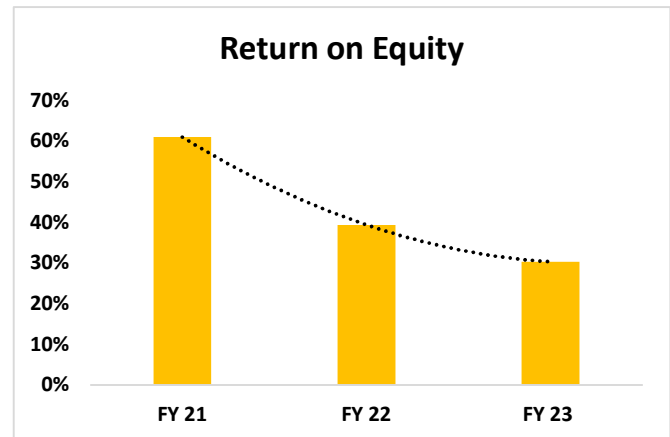
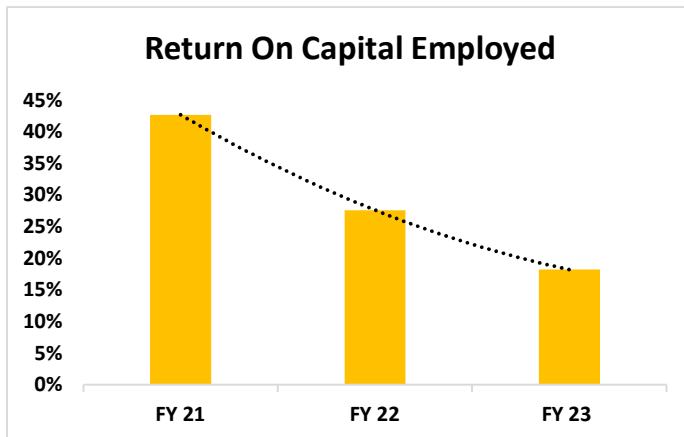
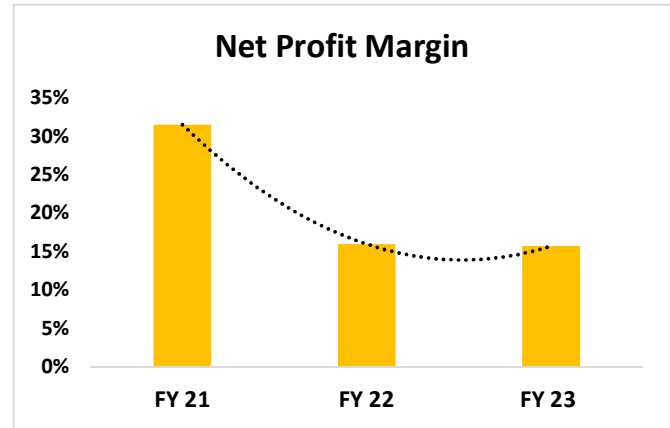
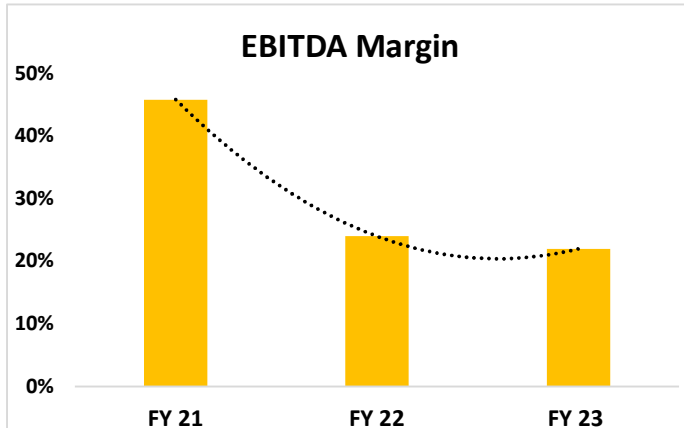


Balance Sheet		(In Lacs)	
Total Current liabilities	684.50	1,241.74	1,200.06
Total Liabilities	2,573.43	3,181.43	4,374.85
Total Equity and Liabilities	4,652.15	5,282.42	7,386.46
ASSETS			
1. Non-current assets			
(a) Property Plant & Equipment's			
(i) Tangible Assets	1,187.75	3,652.06	3,842.60
(ii) Capital work-in-progress	1,224.28	0.51	93.98
(b) Non-current investments	4.30	4.56	6.56
(c) Long-term loans and advances	-	76.51	-
(d) Other Non-Current Assets	81.51	7.61	36.91
Total Non-Current assets	2,497.84	3,741.25	3,980.05
2. Current assets			
(a) Inventories	164.51	434.86	1,165.15
(b) Trade receivables	1,118.83	1,001.04	1,170.60
(c) Cash and cash equivalents	69.18	40.12	95.16
(d) Short-term loans and advances	795.13	56.58	944.54
(e) Other Current Assets	6.66	8.56	30.95
Total Current assets	2,154.31	1,541.16	3,406.40
Total Assets	4,652.15	5,282.41	7,386.45

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	7.21	4.71	5.19
BV per share	8.50	8.59	12.31
Operating Ratios			
EBITDA Margins	46%	24%	22%
PAT Margins	31%	16%	16%
Inventory days	15.21	31.02	74.71
Debtor days	103.47	71.40	75.06
Creditor days	177.99	64.46	38.41
Return Ratios			
RoCE	43%	28%	18%
RoE	61%	39%	30%
Valuation Ratios (x)			
EV/EBITDA	1.94	3.68	4.88
Market Cap / Sales	3.78	2.92	2.62
P/E	8.46	12.95	11.75
Price to Book Value	7.18	7.10	4.95
Solvency Ratios			
Debt / Equity	0.72	1.17	1.06
Current Ratio	3.15	1.24	2.84
Quick Ratio	2.91	0.89	1.87
Asset Turnover	0.85	0.97	0.77
Interest Coverage Ratio	19.13	9.55	13.96



Financial Charts



Key Risk Factors

1. Company, Company's Promoters, Group Company and its Directors are involved in certain litigations including tax related litigations amounting to Rs. 2,440.29 Lacs, which if determined against the company, can affect financial conditions of the company.
2. Company have had fiscal 2023 negative cash flow from operating activity amounting to Rs. (759.79) Lacs.
3. Company has a contingent liability amounting to Rs. 265.67 Lacs.
4. Business of the company is dependent on few numbers of customers i.e., their top five customers Contributes 94.08%, 94.09% and 89.05% of total sales for the year ended March 31, 2023, March 31, 2022, and 2021 respectively. Loss of any of these large customers may affect company's revenues and profitability.
5. The Company is dependent on few numbers of suppliers for purchase of product i.e., top five suppliers contributed 69.69%, 97.93% and 100% of total purchase of year ended on March 31, 2023, March 31, 2022 and March 31, 2021 respectively. Loss of any of this large supplier may affect company's business operations.



Track Record of Lead Manager

The lead manager to the issue is Beeline Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Fedex Securities Private Limited

Sr. No	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP* (INR)
1.	Ahasolar Technologies Limited	12.85	157.00	Jul 21, 2023	213.15
2.	Pentagon Rubber Limited	16.17	70.00	Jul 07, 2023	129.00
3.	Remus Pharmaceuticals Limited	47.69	1,229.00	May 29, 2023	3,201.65
4.	Sotac Pharmaceuticals Limited	33.30	111.00	Apr 13, 2023	115.10
5.	Dev Labtech Venture Limited	11.22	51.00	Mar 29, 2023	55.66
6.	Vertexplus Technologies Limited	14.20	96.00	Mar 15, 2023	136.10
7.	Viaz Tyres Limited	20.00	62.00	Mar 01, 2023	48.50
8.	Transvoy Logistics India Limited	5.11	71.00	Feb 02, 2023	70.00
9.	Aristo Bio-Tech and Lifescience Limited	13.05	72.00	Jan 30, 2023	60.70
10.	RBM Infracon Limited	8.37	36.00	Jan 04, 2023	53.75

As per the offer document Beeline Capital Advisors Private Limited have had 14 mandates in the last 2 fiscals. For Beeline Capital Advisors out of the 10 mentioned above, 1 opened at par and 9 opened at premiums i.e., premium ranging from 85.71% to 0.004%.

*CMP for all the above-mentioned companies is taken as on 24th July 2023.



Recommendation

The company have experienced sustained growth with respect to the various financial indicators as well as a consistent improvement in the balance sheet position in the last three Fiscals, i.e., company have seen an increase in its net worth. The Company have organically grown its operations over the years. Whereas, they have shown decline in net profit and its margin.

The management outlook of the company is good, but they have not given proper bifurcation of the roles and responsibilities of its top management.

The P/E on an annualised and Post IPO basis is around 16.39 times which seems to be fairly priced looking at the performance and size of the company.

The company has shown a good growth in revenue, with expansion plan the company is expected to increase its revenue further and at the given P/E company is fairly priced. Whereas, the business segment in which company operates is highly competitive and has fragmented markets, and also company has seen a decline in net profit and its margin, making this risky bet therefore can **Risk Averse Investors should wait and Risk Seekers should apply.** for the IPO.



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