



IPO Note

Kaytex Fabrics Limited

Recommendation: **APPLY!**

Business - Kaytex Fabrics Limited is a fast-fashion fabric solutions and manufacturing company, combining technology, design and traditional craftsmanship to deliver textile and fashion products.

Objects of the Issue -

Particulars	Amount
Capital Expenditure towards construction of additional warehouse facility in Amritsar	Rs. 2.56 Cr.
Capital Expenditure towards construction of dedicated sales office in Amritsar	Rs. 3.73 Cr.
Capital Expenditure towards purchase of advanced fabric processing system for existing printing, dyeing and processing unit	Rs. 5.01 Cr.
Working Capital Requirement	Rs. 30.00 Cr.
General Corporate Purposes	

Promoters Name -

Sanjeev Kandhari, Amit Kandhari, Shelly Kandhari and Priti Kandhari

Promoter Share Holding Pattern	
Pre Issue	Post Issue
100.00%	73.61%

Rationale for recommendation -

Kaytex Fabrics Limited was incorporated on Jun-29, 1996 and has a significant operating history. The company derives over 83% of its revenue from product sales, largely driven by digital printing and jacquard segments. It is well-diversified across fabrics, ready-to-stitch garments and across brand enabler, own-brand and unbranded markets. Revenue is predominantly domestic with 95.65% in FY25 and regionally concentrated in Punjab and Haryana. Capacity utilization in FY25 stood at 58.90% for digital printing and over 79% in other segments. Revenue grew by 25.96% in FY24 and 22.29% in FY25, supported by increased fabric and garment sales. EBITDA and PAT margins improved to 19.68% and 11.06% respectively in FY25, driven by reduced material COGS. RoCE and RoE rose to 37.07% and 33.76%, reflecting strong return ratios. The company reported positive operating cash flows, though FY24 saw a dip due to inventory inefficiencies. The D/E ratio improved from 1.28 in FY23 to 0.76 in FY25. It has contingent liabilities of Rs. 26.32 Lakhs and ongoing legal proceedings amounting to Rs. 39.06 Lakhs. Management is considered satisfactory, though some key personnel have limited experience. With a post-issue P/E of 15.65, the IPO appears **fairly priced**. We recommend **APPLY** based on strong financial performance, integrated capabilities and a wide market presence.

IPO Details

Opening Date	Jul 29, 2025
Closing Date	Jul 31, 2025
Allotment Date	Aug 01, 2025
Listing Date	Aug 05, 2025
Stock Exchange	NSE SME
Lot Size	800 Shares
Issue Price Per Share	₹171 - ₹180
Issue Size	69.81 Cr.
Fresh Issue	57.59 Cr.
Offer for Sale	12.23 Cr.
Application Amt	₹ 2,88,000 (1,600 shares)

KPIs (In Lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	9,918.84	12,494.14	15,278.73
EBITDA	1,278.83	2,242.60	3,006.22
Net Profit	559.14	1,130.79	1,690.47
RoCE	27.52%	34.28%	37.07%
ROE	26.45%	33.71%	33.76%
P/E	37.04	18.31	12.24

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	14.70	11.50
BVPS	43.54	34.06
P/E	12.24	15.65
P/BV	4.13	5.28
Mkt Cap (In Cr)	207.00	264.59

*Annualized

Lead Managers -

Socradamus Capital Private Limited

Registrar -

Bigshare Services Private Limited

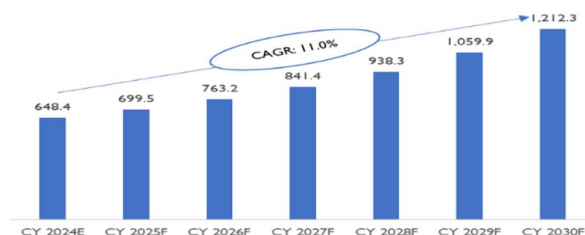
Industry Overview –

India is one of the world's largest producers of textiles and apparels. The country is world's largest producers of cotton and jute, second largest producer of silk, contributing to 95% of the world's hand-woven fabric. The domestic apparel and textile industry in India contributes to approximately 2.3% of the country's GDP, 13% to industrial production and 12% to exports. India's fabric production process is a comprehensive and multi-step procedure that transforms raw fibres into finished textiles. This industry is vital to the country's economy, leveraging both natural and synthetic fibres.

Digital textile printing referred to as direct-to-garment or digital garment printing, is a process of reproducing variety of digital images/prints on textiles and garments using specialized or modified inkjet technology. Once the design is ready, digital textile printing allows to print anything from the computer directly on the fabric, the way it is printed on paper. Using digital printing technology, anything can be printed on fabric with ease, perfection and required precision. Digital printing on fabric works perfect for printing photos, detailed patterns, graphically complex designs and tonal transitions.

Market Size - The Indian textile and apparel market size was estimated to be approximately USD 165 billion in CY 2023, with the domestic market accounting for USD 125 billion and exports contributing USD 40 billion. The market witnessed a 7-year CAGR of 2.7% between CY 2016 and CY 2023. The Indian textile printing market is a significant contributor to the country's economy, with revenues steadily increasing from USD 47.8 billion in 2020 to USD 56.9 billion in 2024, exhibiting a CAGR of 4.4%. The Indian digital textile printing market has been steadily growing, with revenues projected to reach USD 648.4 million in CY 2024E from USD 497.4 million in CY 2020 at a CAGR of 6.85%, demonstrating a consistent upward trajectory.

Indian Digital Fabric Printing Market Revenues, (USD Million)



Government Initiatives –

- Textile Policy 2024
- PM MITRA
- PLI Scheme
- National Technical Textiles Mission (NTTM)
- Samarth Initiative
- Make in India Investment Cell

Outlook - India's textile and fashion industry is poised for strong growth driven by rising domestic consumption, export demand and government initiatives like PLI and MITRA parks. The sector is projected to reach **USD 350 Bn by 2030**, with a focus on sustainability, digitalization and value-added manufacturing.

(source : RHP)

Business Overview -

Kaytex Fabrics Limited is a fast-fashion fabric solutions and manufacturing company, combining technology, design and traditional craftsmanship to deliver textile and fashion products. They manage the entire process—from yarn to finished fabric production—ensuring quality and the ability to quickly adapt to changing market demands. They specialize in creating fabrics from a variety of fibres, including cotton, viscose, modal, acrylic, nylon, linen and polyester. The company's focus on digital printing—allows company to create customizable designs suited to the fastpaced nature of the fashion industry. The company was originally incorporated as 'Kaytex Fabrics Private Limited' on Jun-29, 1996.

Company's three core pillars – Brand enabler for other apparel brands, own brands and non-branded segments

Technologies used by Company – Digital Printing, Weaving, Jacquard, Computerised Embroidery and Dyeing and Processing

Company's revenue streams – a) Product revenue, b) Service revenue (processing of fabrics under any job work arrangements for external clients and c) others

- The company's majority of revenue is contributed by product revenue, contributing 83.21%, 84.97% and 91.26% of total revenue in FY23, FY24 and FY25 respectively.
- The company's majority of product revenue is contributed by digital printing and jacquard segments.
- The company is well-diversified across revenue from fabrics and revenue from garments i.e., ready-to-stitch womenswear
- The company is well-diversified across brand enabler, own brands and non-branded market segments.
- The company revenue is majorly contributed from domestic sales, contributing 100% in in FY23 and FY24 and 95.65% in FY25.
- The company's revenue is concentrated in Punjab and Haryana, contributing 78.10%, 86.74% and 81.90% in FY23, FY24 and FY25 respectively.
- The company has less customer concentration, which reduces risk and ensures stability.
- The company has capacity utilisation of 58.90%, 79.12% and 89.42% across digital printing, jacquards and others respectively in FY25.

Business Strategies -

- The company plans to expand digital textile printing capabilities and enhance value addition in existing products and development of new products.
- The company aims to harness digitization and technology in production processes with a focus on energy efficiency and sustainable practices.

FINANCIAL SNAPSHOT

Key Performance Indicators (Amt in Lakhs)				Key Ratios			
Particulars	FY23	FY24	FY25	Particulars	FY23	FY24	FY25
P&L Statement				Per Share Data			
Total Income	9,934.40	12,503.32	15,321.50	Diluted EPS	4.86	9.83	14.70
Total Expenses	9,114.20	10,983.15	13,130.26	BV per share	422.73	670.95	43.54
EBITDA	1,278.83	2,242.60	3,006.22	Operating Ratios			
EBIT	1,086.75	1,903.92	2,583.67	EBITDA Margins	12.89%	17.95%	19.68%
PBT	820.20	1,520.17	2,191.24	PAT Margins	5.64%	9.05%	11.06%
Tax Expenses	261.06	389.38	500.77	Inventory days	57.26	91.42	96.31
Net Profit	559.14	1,130.79	1,690.47	Debtor days	94.80	83.10	84.94
Balance Sheet				Creditor days	128.32	89.62	118.76
Total Equity	2,113.65	3,354.73	5,007.20	Return Ratios			
Liabilities				RoCE	27.52%	34.28%	37.07%
Non-Current Liabilities	1,835.04	2,199.40	1,962.42	RoE	26.45%	33.71%	33.76%
Current Liabilities	3,349.26	4,037.45	5,557.02	Valuation Ratios (x)			
Total Liabilities	5,184.30	6,236.85	7,519.44	EV/EBITDA	3.67	3.07	2.91
Assets				Market Cap/Sales	0.09	0.07	1.35
Non-Current Assets	1,989.68	2,317.26	3,043.14	P/E	37.04	18.31	12.24
Current Assets	5,308.27	7,274.32	9,483.50	Price to Book Value	0.43	0.27	4.13
Total Assets	7,297.95	9,591.58	12,526.64	Solvency Ratios			
Cashflow Statement				Debt/Equity	1.28	1.06	0.76
Operating Cashflow	653.13	90.15	1,297.22	Current Ratio	1.58	1.80	1.71
Investing Cashflow	-973.89	-641.68	-1,064.88	Quick Ratio	1.12	1.03	0.98
Financing Cashflow	260.85	456.80	-171.22	Asset Turnover	1.36	1.30	1.22
				Interest Coverage Ratio	3.85	4.85	5.94

Financial Analysis -

- **Revenue from Operations** - The company's top line increased by 25.96% in FY24 and 22.29% in FY25, primarily from increase in sale of fabrics, services and other packaging materials.
- **EBITDA and PAT Margins** - The company's EBITDA margin has improved from 12.89% in FY23 to 19.68% in FY25 and PAT margin from 5.64% to 11.06% over the same period, primarily contributed by decrease in material COGS as a percentage of revenue.
- **RoCE and RoE** - The company's RoCE and RoE have improved from 27.52% to 37.07% and 26.45% to 33.76% respectively from FY23 to FY25.
- **Operating cashflow** - The company has maintained positive operating cashflow over the years, though there is a dip in FY24 due to lack of inventory management.
- **D/E ratio** - The company's D/E ratio has been decreasing from 1.28 in FY23 to 0.76 in FY25.
- **Net Profit** - The company's profit has significantly increased primarily driven by growth in revenue from fabric production, ready-to-stitch garments and third-party processing services, as well as strategic initiatives such as doubling digital printing capacity and enhancing brand-enabling services for apparel brands.

Outlook - The overall financials of the company appears stable and sustainable in the long run.

Lead Manager -

The lead manager of the issue is Socradamus Capital Private Limited. The lead manager has managed 1 IPO in last 3 years and it has opened in premium to its issue price on listing date.

Risk Factors -

- The company's majority of revenue is derived from Northern India, contributing 91.05%, 94.81% and 89.68% in FY23, FY24 and FY25 respectively.
- The company has moderate supplier concentration, top 10 suppliers contributing 71.07%, 62.26% and 68.55% of total purchases respectively in FY23, FY24 and FY25 respectively.
- The company has under capacity utilisation in digital printing segment, having capacity utilisation of 55.73%, 76.19% and 58.90% in FY23, FY24 and FY25 respectively.
- The company has contingent liabilities, amounting to Rs. 26.32 Lakhs as of Mar-2025.
- The company has 13 tax proceedings and 2 criminal proceedings, together amounting to Rs. 39.06 Lakhs.

Key Management

- Sanjeev Kandhari is the Chairman and Managing Director of the company. He has 30 years of experience in textile manufacturing industry. There is an evidence of dual chairmanship in the company.
- Amit Kandhari is the Wholetime Director and Chief Financial Officer of the company. He has over 30 years of experience in textile manufacturing industry.
- The Non-Executive and Independent Directors have significant experience and education in their respective fields.
- The Company Secretary and Compliance Officer brings 7 years of experience in secretarial and compliance.
- Some of key personnel of the company have moderate experience and others have significant experience in their respective fields.

Outlook – The overall management of the company is satisfactory with observation of limited experience of some key personnel.

Peer Analysis

Particulars	Kaytex Fabrics Limited			Veekayem Fashion and Apparels Limited			Banswara Syntex Limited			Donear Industries Limited		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
NP Margin	5.64%	9.05%	11.06%	0.77%	1.65%	2.38%	7.44%	2.77%	1.69%	4.34%	4.30%	3.46%
EBITDA Margin	12.89%	17.95%	19.68%	5.77%	6.76%	7.36%	14.11%	9.38%	9.06%	11.46%	12.06%	9.77%
RoCE	27.52%	34.28%	37.07%	24.53%	28.28%	31.87%	26.17%	10.78%	8.90%	37.33%	30.63%	27.85%
ROE	26.45%	33.71%	33.76%	4.89%	9.77%	13.64%	22.15%	6.64%	3.96%	21.19%	16.97%	13.58%
EPS (INR)	4.86	9.83	14.70	3.58	6.86	13.01	32.93	10.38	6.47	6.97	6.68	6.13
P/E	37.04	18.31	12.24	11.22	37.99	19.22	3.68	13.89	20.07	11.56	14.57	19.45

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