



IPO Note

Spunweb Nonwoven Limited

Recommendation: **NEUTRAL!**

Company Background: Spunweb Nonwoven Limited is engaged in the business of manufacturing of polypropylene spunbond nonwoven fabrics primarily used in industries such as hygiene, healthcare, packaging, agriculture and others (including roofing & construction, industrial and home furnishing).

Objects of the Issue -

Particulars	Amt. in Lakhs
Investment in wholly owned subsidiary, SIPL, for funding its working capital requirements	1,000.00
To meet the working capital requirements	2,900.00
Repayment in full or in part, of outstanding borrowings	800.00
General Corporate Purposes	-

Promoters Name -

Jay Dilipbhai Kagathara and Kishan Dilipbhai Kagathara

Promoter Share Holding Pattern	
Pre Issue	Post Issue
88.50%	65.18%

Rationale for recommendation -

Spunweb Nonwoven Limited, established in 2015, has good industry experience and the IPO is slightly highly priced at a post-issue P/E of 21.44. The management is not satisfactory as none of them have relevant education and all of them have limited experience. Dual chairmanship can also be observed. The company saw consistent increase in top line, but EBITDA and bottom line saw a little inconsistency which should not be a major concern. However, the DE ratio has remained high over the years. The company's supplier concentration and subsidiary's (SIPL) customer as well as supplier concentration add business risk. However, the company is one of the largest manufacturers in spunbond nonwoven fabric industry in India and has good client base with international presence. The company is also environmentally conscious and focuses on sustainability. Thus, we have a **NEUTRAL** opinion on this IPO.

IPO Details

Opening Date	Jul 14, 2025
Closing Date	Jul 16, 2025
Allotment Date	Jul 17, 2025
Listing Date	Jul 21, 2025
Stock Exchange	NSE SME
Lot Size	1,200 Shares
Issue Price Per Share	₹96
Issue Size	60.98 Cr.
Fresh Issue	60.98 Cr.
Offer for Sale	-
Application Amt	₹ 2,30,400 (2,400 shares)

KPIs (In lakhs)

KPI's	FY 23	FY 24	FY 25
Revenue	11,591.82	14,861.14	22,635.03
EBITDA	1,080.18	1,500.52	3,122.59
Net Profit	112.70	544.18	1,079.23
RoCE	7.92%	11.35%	27.29%
ROE	5.54%	21.12%	23.96%
P/E	145.45	30.00	15.29

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	6.28	4.48
BVPS	25.38	18.69
P/E	15.29	21.44
P/BV	3.78	5.14
Mkt Cap (In Cr)	170.42	231.39

*Annualized

Lead Managers -

Vivro Financial Services Private Limited

Registrar -

MUFG Intime India Private Limited

Business Overview -

The company was established on Aug 06, 2015. It is engaged in the business of manufacturing of polypropylene spunbond nonwoven fabrics primarily used in industries such as hygiene, healthcare, packaging, agriculture and others (including roofing & construction, industrial and home furnishing). They are also engaged in supply of various types of nonwoven fabric bags. The company's wholly owned subsidiary, Spunweb India Private Limited, is also engaged in the same business.

Client base: RGI Meditech Private Limited, Millenium Babycare Limited, Sekhani Industries Private Limited, Myra Hygiene Products Private Limited, Rotech Healthcare Private Limited, Poligof Micro Hygiene (India) Private Limited, Salus Products Private Limited, Kwalitex Healthcare Private Limited, JDS Nonwoven, Vyom Nonwoven etc.

Product Portfolio: The product portfolio consists of hydrophobic nonwoven fabric, hydrophilic nonwoven fabric, super soft nonwoven fabric, UV treated fabric, antistatic nonwoven fabric and FR treated fabric in the width of 1.6m, 2.6m and 3.2m with the range of 7 to 150 grams per square metre. The products are available in more than 20 colours with value-added services such as varied coatings, slitting, printing, sheet cutting and wider width fabrics.

Product-wise Bifurcation:**(In lakhs)**

Particulars	FY 23	%	FY 24	%	FY 25	%
Hydrophobic nonwoven fabric	4,887.61	42.60%	6,457.99	43.64%	12,673.74	56.39%
Hydrophilic nonwoven fabric	754.03	6.57%	1,147.80	7.76%	559.50	2.49%
Super soft nonwoven fabric	3,188.51	27.79%	4,524.27	30.57%	7,933.86	35.30%
UV treated fabric	294.35	2.57%	415.27	2.81%	790.37	3.52%
Antistatic nonwoven fabric	416.59	3.63%	234.77	1.59%	519.41	2.31%
FR treated fabric	1,933.09	16.85%	2,017.90	13.64%	-	-
Total	11,474.18	100.00%	14,798.00	100.00%	22,476.88	100.00%

Geographic Presence: The company caters both domestic and international markets with more than 485 customers and 20 customers as of FY25 respectively. International market includes United States of America, United Arab Emirates, Italy, Egypt, Saudi Arabia, Sri Lanka, Nepal, Kenya and Nigeria.

Manufacturing Unit: The company has two manufacturing units situated at Rajkot, Gujarat, one operating under the company with aggregate installed capacity of 20,400 MTPA and the other operating under the subsidiary (SIPL) with aggregate installed capacity of 12,240 MTPA.

The capacity utilization details are given below:

Particulars	FY 23	FY 24	FY 25
Factory I (20,400 MTPA)	34.37%	52.83%	73.24%
Factory II (12,240 MTPA)	37.14%	27.20%	67.21%

Business Strategies -

1. The company intends to expand its product portfolio in the agricultural industry.
2. The company intends to increase its participation in global trade exhibitions, particularly in high-growth markets such as Asia Pacific and the United States of America.

Risk Factors -

- The company is highly dependent on top 10 suppliers constituting to 95.36%, 89.67% and 80.09% in FY23, FY24 and FY25 respectively.
- The subsidiary company is highly dependent on top 10 suppliers constituting to 98.33%, 99.06% and 96.31% in FY23, FY24 and FY25 respectively.
- The subsidiary company is highly dependent on top 10 customers constituting to 48.21%, 80.06% and 74.73% in FY23, FY24 and FY25 respectively.

Key Management

- The management consists of **Jay Dilipbhai Kagathara (Chairman & Managing Director)**, **Kishan Dilipbhai Kagathara (Whole-Time Director)** and **Charulata Jay Kagathara (Non-Executive Independent Director)**. They were associated with the company since 2015, 2019 and 2018 respectively. They have an average experience of 7 years and don't have relevant education.
- **Amul Kantibhai Kotadia** and **Chetankumar Jayantilal Kamani** are the **Independent Directors**. They have good experience in the industry with relevant education in their respective fields.
- **Abhaykumar Narshibhai Fadadu (CFO)** holds B. Com degree and MBA degree with 9 years of experience.
- **Romit Ajaykumar Shah (CS & Compliance Officer)** holds B. Com degree and has 2+ years of experience.
- **Yashpalsinh Ghanshyamsinh Dasondi (GM - Operations)** holds B. Sc. Degree and has 18 years of experience.

Outlook: Overall, the management is not satisfactory with the management having limited experience in the industry and dual chairmanship.

Industry Overview –

The **global non-woven fabric market**, valued at **USD 42.5 billion in 2023**, is projected to reach **USD 68.1 billion by 2032**, growing at a **CAGR of 5.4%**. Growth is driven by rising demand in hygiene, medical, agriculture, automotive, and construction sectors. **Spunbond and meltblown technologies** dominate due to their cost-efficiency and wide application, particularly post-COVID, with Asia-Pacific (especially China and India) holding over 40% market share. In parallel, the **Indian non-woven fabric market**, valued at **INR 14,300 crore (USD 1.72 billion)** in FY23, is expected to reach **INR 28,000 crore (USD 3.36 billion)** by FY30 at a **CAGR of 8.1%**. Key growth drivers include increased hygiene awareness, expanding healthcare infrastructure, and government initiatives such as **PLI for Textiles** and **Swachh Bharat Mission**. Polypropylene-based spunbond non-wovens lead usage, especially in diapers, sanitary pads, PPE kits, and crop covers. States like Gujarat, Maharashtra, and Tamil Nadu are emerging as key manufacturing hubs. The shift toward **sustainable and biodegradable materials**, such as PLA and recycled PET, is gaining traction, supported by R&D and industry incentives.

Outlook & Analysis of the industry:

The global non-woven market will expand steadily, led by product innovation, sustainability trends, and rising demand from emerging markets. India, supported by government policy, rising consumption, and growing export potential, is well-positioned to become a global leader in technical non-wovens by 2030. High-growth segments include **medical textiles, filtration, automotive interiors, and geotextiles**, with increasing private investment and import substitution strategies reinforcing industry momentum.

Peer Analysis

As per the RHP, there is no comparable listed peer.

Lead Manager

Vivro Financial Services Private Limited is the lead manager. In the last three years, they have handled 5 mandates and one of them has opened at a discount.

FINANCIAL SNAPSHOT

Key Performance Indicators (In Lakhs)			
Particulars	FY 23	FY 24	FY 25
P&L Statement			
Total Income	11,768.01	15,424.12	22,713.95
Total Expenses	11,597.16	14,679.40	21,139.31
EBITDA	1,080.18	1,500.52	3,122.59
EBIT	429.85	620.82	2248.92
PBT	170.85	744.72	1,574.64
Tax Expenses	58.15	200.54	495.41
Net Profit	112.70	544.18	1,079.23
Balance Sheet			
Total Equity	2,032.49	2,576.67	4,504.94
Assets			
Non-Current Assets	5,287.18	4,843.05	6,176.57
Current Assets	4,027.52	5,814.99	12,099.23
Total Assets	9,314.70	10,658.04	18,275.80
Liabilities			
Non-Current Liabilities	3,393.00	2,895.14	3,735.92
Current Liabilities	3,889.24	5,186.23	10,034.95
Total Liabilities	7,282.24	8,081.37	13,770.87
Cash Flow Statement			
CFO	1,710.91	994.26	294.93
CFI	-645.80	-439.07	-863.83
CFF	-1,067.52	-547.78	602.15

Key Ratios			
Particulars	FY 23	FY 24	FY 25
Per Share Data			
Diluted EPS	0.66	3.20	6.28
BV per share*	20.33	25.77	25.38
Operating Ratios			
EBITDA Margins	9.32%	10.10%	13.80%
PAT Margins	0.97%	3.66%	4.77%
Inventory days	31.11	58.83	81.46
Debtor days	69.24	74.73	97.80
Creditor days	90.84	84.33	77.63
Return Ratios			
RoCE	7.92%	11.35%	27.29%
RoE	5.54%	21.12%	23.96%
Valuation Ratios (x)			
EV/EBITDA	6.46	4.93	4.34
Market Cap / Sales	0.83	0.65	0.75
P/E	145.45	30.00	15.29
Price to Book Value	4.72	3.73	3.78
Solvency Ratios			
Debt / Equity	2.44	1.88	2.02
Current Ratio	1.04	1.12	1.21
Quick Ratio	0.78	0.66	0.70
Asset Turnover	1.24	1.39	1.24
Interest Coverage Ratio	0.99	1.41	2.99

*Annualized

FINANCIAL ANALYSIS –

1. The top line has increased over the years. It increased in FY24 by 28.20% and in FY25 it increased by 52.31% which is due to increase in customers and increased production. Also on Dec 27, 2024, SIPL became a wholly owned subsidiary which led to the consolidation of the financial statements.
2. The EBITDA also increased by 38.91% in FY24 and it increased by 108.10% in FY25. The sudden increase in FY25 was contributed by reduced other income compared to PY. The EBITDA also saw a similar trend.
3. The net profit saw a sudden increase in FY24 by 382.86% which was majorly due to overall reduction in expenses in relation to revenue and increase in other income contributed as well. The PAT margin also saw a sudden increase in FY24.
4. The company had positive cash flow from operations over the years.
5. The return ratios increased over the years.
6. The DE ratio has remained slightly high over the years.

Overall, the financials of the company look slightly unsustainable in the long run.

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