

Rating: Neutral

Issue Offer

Fresh Issue of 6,708,000 equity shares amounting to INR 1,448.93 Mn.

#### Issue Summary

Price Band INR	205-216
Face Value INR	10
Implied Market Cap INR Mn.	5755.4
Market Lot	69
Issue Opens on	May 20, 2025
Issue Close on	May 22, 2025
No. of share pre-issue	19,937,295
No. of share post issue	26,645,295
Listing	NSE, BSE

#### Issue Break-up %

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

#### Registrar

KFin Technologies Limited

#### Book Running Lead Managers

Beeline Capital Advisors Private Limited

#### Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	87.19%	65.24%
Public & Others	12.81%	34.76%

#### Objects of the issue

- Proposing to finance the cost of establishing a new manufacturing Unit to expand its production capabilities to produce grey fabric at Surat, Gujarat, India.
- Funding incremental working capital requirements.
- General Corporate Purposes.

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Borana Weaves Limited incorporated in 2020 is a Surat-based manufacturer of unbleached synthetic grey fabric and polyester textured yarn (PTY), primarily used in fashion, traditional, and technical textiles, and home decor. The company operates three manufacturing units in Surat equipped with modern textile technologies, including texturizing, warping, water jet looms, and folding. As of September 30, 2024, it had 15 texturizing machines, 6 warping machines, 700 water jet looms, and 10 folding machines in operation.

#### Investment Rationale:

**Robust Growth in Synthetic Textile Market:** Borana Weaves capitalizes on the surging demand for synthetic textiles, driven by affordability and versatility. current demand for polyester in India stands at approximately 4 million tonnes and is projected to rise to 6.7 million tonnes by 2025, the company's focus on unbleached grey fabric positions it for strong market share gains. Its strategic expansion plans, including a new manufacturing unit, enhance production capacity. This aligns with the industry's 3.7% global growth forecast by 2025.

**Advanced Manufacturing Capabilities:** The company leverages cutting-edge water jet loom technology, operating 700 looms across three units for superior fabric quality. Its planned fourth unit, the proposed unit will have an installed production capacity of 11,27,52,000 meter per annum which will boost capacity to 34,60,32,000 meters annually, meeting rising demand. The company's integrated units in Surat ensure supply chain efficiency. This technological edge drives cost savings and competitive positioning.

**Experienced Leadership and Strategic Expansion:** The company benefits from promoters with over 24 years of textile industry expertise, fostering strong supplier and customer relationships. The company actively expands its customer base, serving 204 clients in 2024, and targets new markets like Bharuch and Vapi. Its innovative product offerings, such as RPU-coated jacketing fabric, enhance growth prospects.

**Strong Financial Performance:** The company delivers impressive financial metrics, with revenue growing at a 116.84% CAGR from INR 4,23.3 Mn in 2022 to INR 19,90.6 Mn in 2024. Its profit after tax margin improved to 13.85% in the nine months ending December 2024. High RoCE (27.11%) and RoE (38.16%) reflect efficient capital utilization.

#### Valuation and View:

Borana Weaves is poised for growth in the synthetic textile market, with India's polyester demand projected to reach 6.7M tonnes by 2025. Its capacity expansion to 34,60,32,000 meters, advanced water jet looms, and 204 customers in 2024 drive market share gains, Expect 20-30% revenue growth with stable margins. **At the upper band of INR 216, the issue is valued at a P/E ratio of 14.73x, based on annualized PAT of 9MFY25 EPS of INR 14.66. We are recommending a "Neutral" for this issue.**

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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