

Aritas Vinyl IPO

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- The company is engaged in the manufacturing of technical textiles i.e., artificial leather, also known as PVC coated leather.
- The company posted growth in its top and bottom lines for the reported periods.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears aggressively priced.
- There is no harm in skipping this pricey bet.

About the Company

Aritas Vinyl Ltd. (AVL) is engaged in manufacturing of technical textile, such as “Artificial leather” also known as PU Synthetic leather and PVC-coated leather, using the latest technology known as Transfer Coating Technology. PVC leather, also known as polyvinyl chloride leather, is a type of synthetic leather made by coating a fabric typically polyester or cotton—with a layer of PVC (polyvinyl chloride) offering a soft, flexible, and alternative to genuine leather. It is designed to mimic the appearance and feel of genuine leather offering a range of additional benefits that make it ideal for various commercial and industrial applications.

The Key features of PVC Leather are Durability, Waterproof & Easy to Clean, Cost-Effective, Customizable, Eco-Conscious Options, etc. Mostly the applications of PVC Leather are Furniture & Upholstery, Automotive, Footwear, Fashion Accessories, Healthcare & Hospitality and Marine & Outdoor Uses. The company can produce PVC Coated Leather fabric customized to client specifications, including shade, embossing patterns, and prints, with fabric thickness ranging from 0.35 mm to 6 mm.

Its manufacturing facility is situated at Survey No 1134, Village Kubadthal, Taluka Daskroi, Ahmedabad – 382430 admeasuring approximately 6,067 square meters, with an installed production capacity of around 7.8 million meters per year, allowing it to effectively meet a wide range of client demands.

Additionally, its facility is equipped with an in-house testing laboratory, ensuring consistent monitoring and control over the quality of products. The company continuously engages in product development based on the samples or specifications received from existing and potential customers. Its quality control and quality assurance team carry out various technical and manual tests to finished products to ensure they do not suffer rejections, thereby ensuring defect free quality products for customers and generating value for it. Further, AVL also undertakes product testing especially,

durability testing in its in-house accredited lab. Its quality assurance and quality control department has enabled it to expand business in domestic and international market. As of December 26, 2025, it had 89 employees including 54 permanent employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route combo IPO of 7983000 equity shares of Rs. 10 each to mobilize Rs. 37.52 cr. The issue constitutes 6998600 fresh equity shares (worth Rs. 32.89 cr. at the upper cap), and an Offer for Sale (OFS) of 984400 equity shares (worth Rs. 4.63 cr. at the upper cap). The company has announced the price band of Rs. 40 – Rs. 47 per share of Rs. 10 each. The IPO opens for subscription on January 16, 2026, and will close on January 20, 2026. The minimum application to be made is for 6000 shares and in multiple of 3000 shares thereon, thereafter. Post allotment, shares will be listed on BSE SME. The issue constitutes 40.55% of post-IPO paid-up equity capital of the company. From the net proceeds of the issue, the company will utilize Rs. 4.26 cr. for capex on solar power project, Rs. 20.45 cr. for working capital, and the rest for general corporate purpose.

The IPO is solely lead managed by Interactive Financial Services Ltd., while Bigshare Services Pvt. Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market makers. Beeline Broking Ltd. is a syndicate member. The issue is underwritten to the tune of 85% by Giriraj Stock Broking and 15% by Interactive Financial.

The company has issued initial equity shares at par value, it has issued further equity capital at a fixed price of Rs. 43.50 per share in December 2024. It has also issued bonus equity shares in the ratio of 7 for 1 in January 2025. The average cost of acquisition of shares by the promoters is Rs. 3.85, Rs. 5.41, Rs. 7.88, Rs. 8.29, Rs. 8.59, Rs. 8.87, Rs. 9.17, Rs. 9.53, Rs. 10.13, Rs. 10.23, Rs. 10.29, Rs. 10.83, Rs. 11.26, Rs. 11.29, Rs. 12.59, Rs. 13.18, Rs. and Rs. 16.73 per share.

Post-IPO, company's current paid-up equity capital of Rs. 12.69 cr. will stand enhanced to Rs. 19.69 cr. Based on the upper price band of the IPO, the company is looking for a market cap of Rs. 92.54 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted a total revenue/net profit, of Rs. 51.42 cr. / Rs. 0.99 cr. (FY23), Rs. 69.25 cr. / Rs. 1.67 cr. (FY24), Rs. 98.02 cr. / Rs.4.13 cr. (FY25). For 5M - FY26 ended on August 31, 2025, it earned a net profit of Rs. 2.42 cr. on a total revenue of Rs. 40.58 cr. It posted growth in its top and bottom lines for the reported periods.

For the last three fiscals, the company has reported an average EPS of Rs. 2.59, and an average RoNW of 24.64%. The issue is priced at a P/BV of 2.62 based on its NAV of Rs. 17.95 as of August 31, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute its FY26 super annualized earnings on post-IPO expanded equity base, then the asking price is at a P/E of 15.93, and based on its FY25 earnings, the P/E stands at 22.38. Thus, the issue appears aggressively priced.

The company has posted PAT margins of 1.94% (FY23), 2.42% (FY24), 4.23% (FY25), 5.97% (5M-FY26), and RoCE Margins of 6.46 %, 6.60%, 21.99%, 11.14%, respectively for the referred periods.

Dividend Policy

The company not declared any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performances and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Mirza Intl., Amin Tannery, as its listed peers. They are currently trading at a P/E of NA, and 56.1 (as of January 13, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

MERCHANT BANKER'S TRACK RECORDS:

This is the 29th mandate from Interactive Financial in the last four fiscals. From the last 12 listings, 5 opened at discount, and the rest with premium ranging from 1.10% to 90.00% on the date of listing. Most of the IPOs opened at a small premium on the listing date. Thus, the lead manager has an average track record.

Conclusion / Investment Strategy

AVL is engaged in the manufacturing of technical textiles i.e., artificial leather, also known as PVC coated leather. The company posted growth in its top and bottom lines for the reported periods. It is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears aggressively priced. There is no harm in skipping this pricey bet.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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