

Rajnandini Fashion India IPO

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- The company is engaged in the business of design, manufacturing, and marketing of ethnic and casual women's apparel.
- It operates on B2B as well as B2C segments with two manufacturing units.
- The company posted inconsistency in its top lines between FY23 – FY25.
- The sudden spurt in its bottom lines raise eyebrows as well as concern over its sustainability as it is operating in a highly competitive and fragmented segment.
- Based on its recent financial data, the issue appears fully priced.
- Well-informed/cash surplus investor may park moderate funds for medium to long term.

About the Company

Rajnandini Fashion India Ltd. (RFIL) is primarily engaged in the design, manufacturing and sale of women's apparel, catering to both ethnic and casual wear categories through online and offline channels. Its ethnic wear portfolio includes unstitched dress materials, sarees, Kurtis and kurta sets, while the casual wear portfolio comprises tops, tunics and maternity gowns made of poly-cotton, rayon, silk, cotton and other fabrics.

RFIL's sales operations are carried out under two segments – business-to-consumer (B2C) and business-to-business (B2B). In the B2C segment, sales are made directly to individual customers through various e-commerce platforms and its own website i.e., www.rajnandinifashion.com. In B2C segment, the Company processed 3,89,852 orders during Fiscal 2023, 2,55,856 orders during Fiscal 2024, 2,78,046 orders during Fiscal 2025 and 2,90,998 orders during the nine months period ended December'25.

In the B2B segment, the company supplies apparel products to wholesalers and retailers and undertake bulk trading of fabrics, including printed design fabrics and dyed plain fabrics, which cater to garment processors and bulk buyers. These trading operations enable it to address a broader segment of the textile value chain. During Fiscal 2023, Fiscal 2024, and Fiscal 2025 and for the nine months period ended Dec'25, the Company generated revenue of Rs. 113.22 lakhs, Rs. 408.25 lakhs, Rs. 1,170.31 lakhs and Rs.1,523.26 lakhs respectively, through B2B segment.

In 2023, the Company established its first manufacturing facility at Surat to undertake in-house production of women's apparel. In 2024, it expanded manufacturing operations by starting another facility at Jaipur. Currently, the Surat unit is equipped with 90 sewing machines and the Jaipur unit with 50 sewing machines. Prior to 2023, the Company was primarily engaged in outsourced

manufacturing of women's apparel and trading of fabrics. Under the business-to-consumer (B2C) segment, the Company manages sales through its own website as well as leading e-commerce platforms including Amazon, Flipkart, Myntra, Ajio, LimeRoad, Nykaa and others.

Its website sales and marketing team comprises ten employees responsible for catalogue listing, content creation, coordination for product photography and implementation of marketing activities such as seasonal offers and platform-specific campaigns. The Company's products are offered at various price levels, enabling them to serve a broad customer base and meet demand across different product categories. The Company markets its products under four brands, namely Merira, Monira, Roly Poly and Rajnandini. As of April 30, 2026, it had 146 employees on its payroll. (28 for Jaipur unit, and 118 for Surat unit).

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 2890000 equity shares of Rs. 10 each to mobilize Rs. 18.21 cr. The company has announced price band of Rs. 59 – Rs. 63 per share of Rs. 10 each. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on May 26, 2026 and will close on May 29, 2026. The shares will be listed on BSE SME. The IPO constitute 27.87% of the post-IPO paid-up capital of the company. From the net proceeds of the equity issue, it will utilize Rs. 1.35 cr. for capex on new manufacturing facility, Rs. 5.50 cr. for repayment/prepayment of certain borrowings, Rs. 7.00 cr. for working capital, and the rest for general corporate purposes.

The IPO is solely lead managed by Seren Capital Pvt. Ltd., and Bigshare Services Pvt. Ltd. is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker, and a syndicate member.

The company has issued initial equity capital at par value, it has issued fresh shares at a price of Rs. 80 per share in March 2023. The company also bonus shares in the ratio of 33 for 1 in August 2025. The average cost of acquisition of shares by the promoters/selling stakeholders is Rs. 0.00, and Rs. 0.29 per share.

Post-IPO, company's current paid-up equity capital of Rs. 7.48 cr. will stand enhanced to Rs. 10.37 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 65.33 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/net profit, of Rs. 28.02 cr. / Rs. 0.37 cr. (FY23), Rs. 23.60 cr. / Rs. 2.29 cr. (FY24), Rs. 31.27 cr. / Rs. 5.06 cr. (FY25). For 9M of FY26 ended on December 31, 2025, it earned a net profit of Rs. 5.14 cr. on a total income of Rs. 31.22 cr. The company marked quantum jump in its bottom lines from FY24 onwards. Sustainability of such margins going forward remains concern, as it is operating in a highly competitive and fragmented segment. From FY23 to FY25 it posted inconsistency in its top lines.

For the last three fiscals, the company has reported an average EPS of Rs. 4.57 and an average RoNW of 48.39%. The issue is priced at a P/BV of 3.27 based on its NAV of Rs. 19.28 per share as of December 31, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 9.53, and based on FY25 earnings, the P/E stands at 12.91. The issue appears fully priced based on its recent earnings.

The company has posted PAT Margins of 1.34% (FY23), 9.82% (FY24), 16.50% (FY25), 16.99% (9M-FY26), and ROCE margins of 12.25%, 31.78%, 40.00%, 24.39%, respectively for referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Nandani Creation, Libas Consumer, as its listed peers. They are trading at a P/E of 36.1, and 8.25 (as of May 22, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 7th mandate from Seren Capital in the last two fiscals (including the ongoing one). Out of the last 6 listings, all listed at a premium ranging from 16.42% to 48.73% on listing date.

Conclusion / Investment Strategy

RFIL is engaged in the business of design, manufacturing, and marketing of ethnic and casual women's apparel. It operates on B2B as well as B2C segments with two manufacturing units. The company posted inconsistency in its top lines between FY23 - FY25. The sudden spurt in its bottom lines raise eyebrows as well as concern over its sustainability as it is operating in a highly competitive and fragmented segment. Based on its recent financial data, the issue appears fully priced. Small equity base post-IPO indicates longer gestation period for migration. Well-informed/cash surplus investor may park moderate funds for medium to long term.

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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