IPO REVIEW

Riyaasat Lifestyle IPO

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- The company is an ethnic wear company currently operating in Gujarat only.
- It has planned four additional new stores from IPO funding.
- It marked growth in its top and bottom lines for the reported periods.
- The sudden boost in its bottom lines from FY24 onwards raises eyebrows.
- Higher debt and trade receivables as of January 31, 2026 raise alarm.
- Based on its recent financial data, the issue appears aggressively priced.
- Only well-informed/cash surplus investors may park funds for medium term.

About the Company

Riyaasat Lifestyle Ltd. (RLL) is an ethnic wear Company. It blends traditional craftsmanship with contemporary design majorly for men's and women's collections. One of its unique advantages lies in customization—where not just sizes, but style, design, and embroidery can be tailored to each customer’s preference, ensuring a perfect fit for every occasion.

RLL is a one-stop destination for family attire, embracing the latest trend of matching outfits for all members, including kids. As trendsetters, it crafts clothing that resonates with customers' desires and exceeds their expectations. Every piece in its collection is meticulously crafted from the finest fabrics, ensuring a perfect balance of comfort and elegance. Its dedication to quality and precision has made the Company a favored choice for those who seek to make a distinctive style statement. True to its name, ‘Riyaasat’ embodies heritage, luxury, and cultural richness, aligning with its vision of delivering grandeur and exclusivity to discerning clientele.

The company maintains its presence at high street fashion in both offline and online mode of selling. Presently, its exclusive Stores (“Showrooms’) are strategically located in Ahmedabad and Vadodara, with four such Stores across Ahmedabad and one in Vadodara. It is committed to expanding reach throughout India, with the aim of providing the finest and most stylish Indian ethnic wear. RLL’s collections are designed to celebrate and resonate with the rich tapestry of Indian culture.

The company offers a wide range of Indian ethnic wear, along with fusion and Indo-Western styles. Its product categories for men’s wear include ‘Sherwani’, ‘Kurta Pyjama’, ‘Jodhpuri’s’, and Koti- sets, among others. Its womenswear collection includes Sarees, Lehengas, Gown, Indo-Western, Suits among others. Its collection embodies the richness of Indian tradition while seamlessly blending contemporary fashion trends. As of January 31, 2026, it had approximated 177 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 2848800 equity shares of Rs. 10 each to mobilize Rs. 30.77 cr. RLL has announced the price band of Rs. 102 – Rs. 108 per share. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The issue opens for subscription on June 18, 2026 and will close on June 25, 2026. The shares will be listed on BSE SME. The IPO constitute 26.51% of the post-IPO paid-up capital of the company. The company is spending Rs. 4.20 cr. for this IPO process and from the net proceeds of the issue, it will utilize Rs. 12.47cr. for capex on opening of 4 new stores, Rs. 9.50 cr. for working capital, and the rest for general corporate purposes. Heavy spending for issue process indicates fully structured mode for the IPO.

The IPO is solely lead managed by Mark Corporate Advisors Pvt. Ltd., and Skyline Financial Services Pvt. Ltd. is the registrar to the issue. Nikunj Stock Brokers Ltd., is the market maker. Mark Corporate Advisor is also a syndicate member.

After issuing initial equity capital at par value, the company issued further equity shares at a fixed price of Rs. 985 per share in August 2024. It has also issued bonus shares in the ratio of 37 for 4 in September 2024.The average cost of acquisition of shares by the promoters is Rs. 0.98, and Rs. 4.58 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 7.90 cr. will stand enhanced to Rs. 10.74 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 116.04 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total revenue/ net profit, of Rs. 20.94 cr. / Rs. 1.32 cr. (FY23), Rs. 23.34 cr. / Rs. 4.08 cr. (FY24), Rs. 25.19 cr. / Rs. 4.87 cr. (FY25). For 10M of FY26 ended on January 31, 2026, it earned a net profit of Rs. 4.29 cr. on a total revenue of Rs. 28.13 cr. Though the company posted growth in its top and bottom lines for the reported periods, quantum jump in bottom lines from FY24 onwards raise eyebrows and concern over its sustainability as it is operating in a highly competitive and fragmented segment.

For the last three fiscals, the company has reported an average EPS of Rs. 5.17 and an average RoNW of 50.66%. The issue is priced at a P/BV of 4.90 based on its NAV of Rs. 22.03 per share as of January 31, 2026, 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 22.55, and based on FY25 earnings, the P/E stands at 23.84. The issue appears aggressively priced based on its recent earnings. Increase in its trade receivables, as well as in debt for 10M-FY26 raise alarm.

The company has posted PAT Margins of 6.31% (FY23), 17.86% (FY24), 19.62% (FY25), 15.40% (10M-FY26), and ROCE margins of 96.38%, 71.29%, 37.09%, 17.34%, 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 Bizotic Commercial, Vedant Fashions, as its listed peers. They are trading at a P/E of 37.9 and 26.6 (as pf June 15, 2026). However, they are not truly comparable on an apple-to-apple basis. This compare appears as an eyewash.

Merchant Banker's Track Record

This is the 6th mandate from Mark Corporate in the last four fiscals (including the ongoing one). Out of the last 5 listings, 1 listed at discount, 1 at par, and the rest with premium ranging from 1.64% to 90.00% on the listing date. It marked average performance so far except for the exceptional case of C2C Advance Systems.

Conclusion / Investment Strategy

RLL is an ethnic wear company currently operating in Gujarat only. It has planned four additional new stores from IPO funding. It marked growth in its top and bottom lines for the reported periods. The sudden boost in its bottom lines from FY24 onwards raises eyebrows. Higher debt and trade receivables as of January 31, 2026 raise alarm. Based on its recent financial data, the issue appears aggressively priced. Only well-informed/cash surplus investors may park funds for medium 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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