

R.K.Fashion Accessories IPO

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- The company is engaged in the business of retailing imitation jewellery and personal care products.
- It is doing the business on third party manufacturing contract on a B2B and B2C models.
- The company is operating in a highly competitive and fragmented segment.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed/cash surplus investors may park moderate funds for long term

About the Company

R K Fashion Accessories Ltd. (RFAL) is a Kolkata-based company involved in the manufacturing through contract manufacturers and wholesale distribution of imitation jewellery, along with the trading of branded cosmetics. The company produces and distributes a variety of handcrafted jewellery items that incorporate elements of traditional design alongside contemporary styles. Its operations focus on supplying products to various market segments through both wholesale channels and direct sales, supporting a diversified business model within the fashion and personal care sectors.

It has purchased a property on Rash Behari Avenue, Kolkata which is under construction, with an increased focus on catering to B2C customers. The property has been established to strengthen its retail presence and expand reach among individual consumers in Kolkata. It is placing greater emphasis on the B2C segment in regions where the concentration of its existing B2B customers is comparatively lower, thereby enabling itself to diversify customer base and enhance market presence within the city.

RFAL procures cosmetics in bulk and distributes them to other sellers. It sources these products from other participants in the cosmetics industry. Through these associations, it deals in products that are already present in the market. It does not incur expenditure on product development or testing. The procurement decisions are based on factors such as regional demand patterns, seasonal variations, and price considerations, aligning its inventory with prevailing customer preferences in its operating markets. The company also procures artificial jewellery from other participants which is being sold through its Shop-in-Shop (SIS) model. Whereas, under contract manufacturing jewellery is gold plated. Its contract manufacturing activities scaled up at the cost of its trading activities as per data on page no. 198 of the offer document. Its imitation jewellery business has the lion share in its revenue.

RFSL's B2B offering extends beyond jewellery to include a wide range of branded cosmetics, which forms an integral and strategic part of their business model. Jewellery, by its very nature, is largely an impulse purchase. Retailers therefore require complementary product categories to draw customers into their stores and build consistent footfall. Cosmetics and daily-use products serve precisely this purpose where they attract regular customers, who are then also exposed to, and frequently purchase, jewellery. By stocking these fast-moving product lines alongside jewellery, the retail customers are able to strengthen the footfall and commercial appeal of their own stores.

The company designs, manufactured by its contract manufacturers and sells a wide range of gold, stone studded and other jewellery products across various price points ranging from jewellery for special occasions, such as weddings to daily-wear jewellery. It operates within the fashion jewellery sector in Kolkata which correspond to the roles of dealer, retailer, and distributor of imitation jewellery along with trading of cosmetics. Starting from the 2024-25 financial year, it began leasing its hotels to third parties, which has allowed it to generate rental income. Prior to this change, it was directly responsible for the management and operation of the hotels in Kolkata, handling all aspects of their upkeep and service delivery ourselves. As of June 30, 2026, it had 12 distributors and 556 dealers. As of the said date, it had 50 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4267200 equity shares of Rs. 10 each to mobilize Rs 34.99 cr. at the upper cap. The company has announced a price band of Rs. 77 – Rs. 82 per share. The minimum application to be made is for 3200 shares and in multiples of 1600 shares thereon, thereafter. The IPO opens for subscription on October 05, 2026, and will close on October 07 2026. The IPO constitute 27.50% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds, it will utilize Rs. XX cr. for investment in its subsidiary, Rs. 5.21 cr. for working capital, Rs. 8.80 cr. for new plating facility, Rs. 5.37 cr. for proposed new B2B showroom in Kolkata, Rs. 2.48 cr. for completion of B2C store in Kolkata, Rs. 5.60 cr. for inventory cost for proposed new showroom and stores, and the rest for general corporate purposes.

The IPO is solely lead managed by Affinity Global Capital Market Pvt. Ltd., while Cameo Corporate Services Ltd., is the registrar to the issue. Anant Securities, is the market maker. The IPO is underwritten to the tune of 15% by Affinity Global Capital, and 85% by Wealth Mine Networks Ltd.

The company has issued initial equity capital at par value, and issued further equity shares in the price range of Rs.100.00 – Rs. 272 per share, between March 2010 and May 2025. It has also issued bonus shares in the ratio of 16 for 1 in March 2026, and 8 for 1 in March 2026. The average cost of acquisition of shares by the promoters is Rs. 0.00, Rs. 0.37, and Rs. 0.65 per share.

Post-IPO, company's current paid-up equity capital of Rs. 8.95 cr. (11249563 equity shares) will stand enhanced to Rs. 15.52 cr. (15516763 equity shares). Based on the upper band of the IPO pricing, the

company is looking for a market cap of Rs. 127.24 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 14.46 cr. / Rs. 0.95 cr. (FY24), Rs. 17.82 cr. / Rs. 2.00 cr. (FY25), and Rs. 31.54 cr. / Rs. 6.29 cr. (FY26). For Q1 of FY27 ended on June 30, 2026, it earned a net profit of Rs. 1.83 cr. on a total income of Rs. 7.49 cr. The company has posted growth in its top and bottom lines for the last three fiscals. Rising trade receivables year-on-year remains concern.

For the last three fiscals, the company has reported an average EPS of Rs. 3.53, and an average RoNW of 28.25%. The issue is priced at a P/BV of 5.13 based on its NAV of Rs. 15.99 per share as of JUNE 30, 2026, and at a P/BV of 2.40 based on its post-IPO NAV of Rs. 34.14 per share at the upper cap.

If we attribute FY27 super annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 17.41, and based on FY26 earnings, the P/E stands at 20.25. The issue appears fully priced, based on its average earnings.

For the reported periods, the company has posted PAT margins of 7.13% (FY24), 11.24% (FY25), 20.71% (FY26), 24.40% (Q1-FY27), and RoCE margins of 13.32%, 29.13%, 57.74%, 12.56%, respectively, for referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has shown Banaras Beads, as its listed peer. It is currently trading at a P/E of 40.7 (as of October 01, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 9th mandate from Affinity Global Capital, in the last four fiscals (including the ongoing one). Out of the last 8 listings, 2 opened at discount, 2 at par, and the rest with a premium ranging from 5.88% to 51.79% on the listing date. The merchant banker has an average track record so far.

Conclusion / Investment Strategy

RFAL is engaged in the business of retailing imitation jewellery and personal care products. It is doing the business on third party manufacturing contract on a B2B and B2C models. The company is operating in a highly competitive and fragmented segment. Based on its recent average financial data, the issue appears fully priced. Third party contract manufacturing poses a big risk for its business. Well-informed/cash surplus investors may park moderate funds for 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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