

Vinod Texworld IPO

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- The company is engaged in the manufacturing and trading of textile products including processing, dyeing and printing.
- It also trades in third party products to meet the customer's needs.
- It is operating in a highly competitive and fragmented segment.
- Based on its recent average financial data, the issue appears fully priced.
- Only well-informed/risk seekers/cash surplus investors may park moderate funds for long term.

About the Company

Vinod Texworld Ltd. (VTL) is engaged in the business of manufacturing, processing, supplying textile products and trading of textile products. The company operates in India and caters to both domestic and international markets. Its core operations include dyeing and printing of greige fabric, which is subsequently marketed and sold. The company's product portfolio includes cotton, polyester, and blended fabrics.

The Company is engaged in the production of fabrics for fast fashion by combining modern technology, creative design, and traditional skills. It manages the entire process—from Greige Fabric to Dyed fabric and Printed fabric ensuring quality and the ability to quickly adapt to evolving market demands. VTL's key focus areas include fostering innovation, adopting a customer-centric approach, and driving research and development along with technological advancements. The Company has also undertaken certain initiatives aimed at incorporating sustainable practices, including steps towards the use of renewable energy across its operations.

In addition to its manufacturing operations, the Company is also engaged in trading of textile products, which involves procurement of finished goods from third-party suppliers and sale of such goods to customers. The trading activity complements the Company's manufacturing business by enabling it to offer a wider range of products and cater to diverse customer requirements. The company's focus is on Innovation, Customer Orientation, R & D, Technology Up Gradation, Continuous Improvement and Moving towards Green Energy. The Company manufactures and sells its products like Dyed Fabric and Printed Fabric. With a domestic network, the Company serves various locations across India, including states such as Gujrat, Punjab, Haryana, Delhi, Rajasthan, Uttar Pradesh, and West Bengal, among others. As of July 31, 2026, it had 92 employees on its payroll. It also hires contract workers as and when required.

Issue Details / Capital History

The company is coming out with its maiden IPO of 4556400 equity shares of Rs. 10 each at a fixed price of Rs. 94 per share to mobilize Rs 42.83 cr. The minimum application to be made is for 2400 shares and in multiples of 1200 shares thereon, thereafter. The IPO opens for subscription on September 09, 2026, and will close on September 11, 2026. The IPO constitute 28.2% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. The company is spending Rs. 2.97 cr. for the IPO process, and from the net proceeds, it will utilize Rs. 6.39 cr. for expansion of existing plant, Rs. 7.15 cr. for repayment/pre-payment of loans, Rs. 20.35 cr. for working capital, and Rs. 5.97 cr. for general corporate purposes.

The IPO is solely lead managed by Novus Capital Advisors Pvt. Ltd., while KFin Technologies Ltd., is the registrar to the issue. Giriraj Stock Broking Pvt. Ltd., is the market maker.

The company has issued initial equity capital at par value, and issued further equity shares in the price range of /Rs. 42 – Rs. 80 per share between March 2023, and March 2024. The average cost of acquisition of shares by the promoters is Rs. 8.73, Rs. 8.86, and Rs. 14.34 per share.

Post-IPO, company's current paid-up equity capital of Rs. 11.60 cr. (11601200 equity shares) will stand enhanced to Rs. 16.16 cr. (16157600 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 151.88 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has reported a total income/net profit of Rs. 271.65 cr. / Rs. 5.49 cr. (FY24), Rs. 335.74 cr. / Rs. 9.23 cr. (FY25), and Rs. 342.96 cr. / Rs. 10.41 cr. (FY26). It marked growth in its top and bottom lines for the reported periods. Its contingent liability stood at Rs. 18.55 cr. as of March 31, 2026, and rising trade receivables on a year-on-year raises alarm.

For the last three fiscals, the company has reported an average EPS of Rs. 7.94, and an average RoNW of 25.60%. The issue is priced at a P/BV of 2.55 based on its NAV of Rs. 36.90 per share as of March 31, 2026, and at a P/BV of 1.77 based on its post-IPO NAV of Rs. 53.00 per share.

If we attribute FY26 super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 14.60, and based on FY25 earnings, the P/E stands at 16.46. The issue appears fully priced, based on its average earnings .

For the reported periods, the company has posted PAT margins of 2.02% (FY24), 2.75% (FY25), 3.04% (FY26), and RoCE margins of 22.35%, 34.99%, 31.80%, 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 Jakharia Fabrics, Borana Weaves, as its listed peers. They are currently trading at a P/E of 22.1, and 12.4 (as of September 08, 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 11th mandate from Novus Ltd., in the last three fiscals (including the ongoing fiscal. Out of the last 10 listings, 4 at discount, 1 opened at par, and the rest with premium ranging from 2.09% to 31.25% on the date of listing.

Conclusion / Investment Strategy

VTL is engaged in the manufacturing and trading of textile products including processing, dyeing and printing. It also trades in third party products to meet the customer's needs. It is operating in a highly competitive and fragmented segment. Based on its recent average financial data, the issue appears fully priced. Only well-informed/risk seekers/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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