

IPO Details

Opening Date	Sep 28, 2022
Closing Date	Sep 30, 2022
Stock Exchange	NSE SME
Lot Size	3000 Shares
Issue Price	₹ 40 per share
Issue Size	60,00,000 Equity Shares
Application Amount	₹ 1,20,000

IPO Objective

Financing the expenditure for opening new stores
 To repay of short term borrowings
 To meet Working Capital requirements
 To meet issue expenses
 General Corporate Purpose

Pre-Issue Shareholding

Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	1,64,99,997	100%
Public	3	Negligible

Promoter of the Company

- Mr. Shree Krishna Mukesh Gupta
- M/s Plutus Trade & Commodities LLP

Competitive Strengths

- Use of the established Brand name
- Wide Experience of the Promoter and strong management team
- Online Business E-commerce and Omni-channel
- Prime Location of the salon
- System Driven Approach

Company Background

- Company was incorporated in the year 2013 in Mumbai.
- Company is engaged in salon services and beauty products in India.
- Company owns exclusive franchisee of Truefitt & Hill, which is an international brand offering a wide range of beauty products and salon services for men through the luxury barbershops operating across many countries.
- Company operates 14 barber shops in 7 cities under the brand name "Truefitt & Hill" as of 31st March 2022.
- As of March 31, 2022, company also has assigned sub-franchisee of Truefitt & Hill to 12 barber stores operating in 11 cities of India.
- Company have also obtained exclusive franchise for MARY COHR in 2019 for 10 years".
- Company has 216 permanent employees as on 30th June 2022.

Financial Summary

	(In Lacs)		
For the Period Ended	Mar-22	Mar-21	Mar-20
Total Assets	2,645.10	2,524.96	2,561.49
Net Assets	1,351.02	-1,232.21	-929.13
Total Borrowings	802.00	3,308.06	2,834.72
Total Revenue	2,086.05	1,885.57	2,801.63
Profit After Tax	-916.78	-303.70	-323.80

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Company Overview

Company was incorporated in the year 2013 in Mumbai and is engaged in providing Salon and Beauty services by entering into franchisee agreement with Truefitt & Hill and MARY COHR. As on 31st March 2022, company has 14 barber stores in 7 cities under franchisee agreement and 12 barber stores in 11 cities under sub-franchisee agreement.

Analysis

The company has been operating in India since 2013 by entering into franchisee agreement. Company is actively targeting the luxurious services of Salon and Beautification by operating several barber shops in various cities of India. Company not only work by taking franchisee but also sub-franchises it. A list of number of franchisee stores and sub-franchisee stores of the company is given in tables below

Sr.No	Store Locations	No. of OwnedStores
Franchisee Stores of Truefitt and Hill		
1.	Mumbai	8
2.	Pune	1
3.	Delhi	1
4.	Gurugram	1
5.	Kolkata	1
6.	Hyderabad	1
7.	Bangalore	1
	Total	14
Franchisee Store of Mary Cohr		
1.	Mumbai	1
	Total	1
	Total Stores	15

Sr.No	Store Locations	No of Sub- Franchise Stores
Sub-franchisee Stores of Truefitt and Hill		
1.	Bangalore	2
2.	Pune	1
3.	Delhi	1
4.	Noida	1
5.	Kolkata	1
6.	Hyderabad	1
7.	Dehradun	1
8.	Surat	1
9.	Vadodara	1

10.	Ahmedabad	1
11.	Bhopal	1
12.	Dhaka, Bangladesh	1
	Total	13

From the tables above it is evident that the company has its main market in Mumbai. In recent times company has also started its operations in Bangladesh.

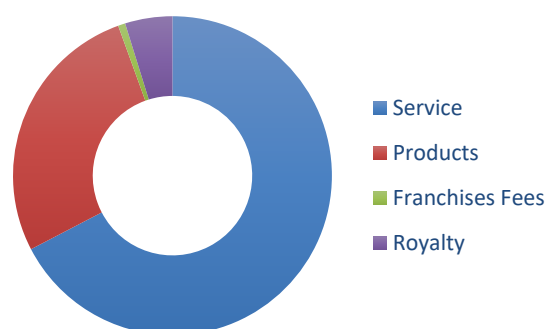
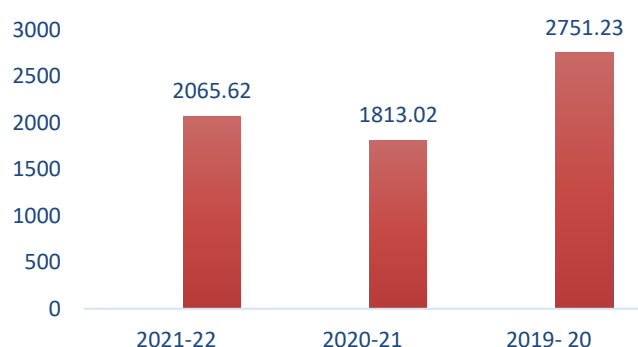
The revenue of the company has fallen over time. The company not only earns from Franchisee and Sub-Franchisee but also from its retail sales of personal care products.

A breakup of the same is given below –

(Amount in Lakh)

Particulars	Fiscal year ended					
	2021-22	% of Revenue	2020-21	% of Revenue	2019- 20	% of Revenue
Service	1391.71	67.37%	1022.91	56.42%	1835.83	66.73%
Products	559.85	27.10%	684.47	37.75%	436.4	15.86%
Franchises Fees	15	0.73%	15	0.83%	373.51	13.58%
Royalty	99.06	4.80%	90.64	5.00%	105.49	3.83%
Total Revenue	2065.62	100.00%	1813.02	100.00%	2751.23	100.00%

Revenue in lakh



To conclude the company has been operating in a stable growth segment but is filled with a lot of competitors. The company has not been able to generate increasing revenue and the profits are also negative which has been discussed later in the report.

Industry Charts

Exhibit 1: Indian Personal Care Market Revenue by Segment

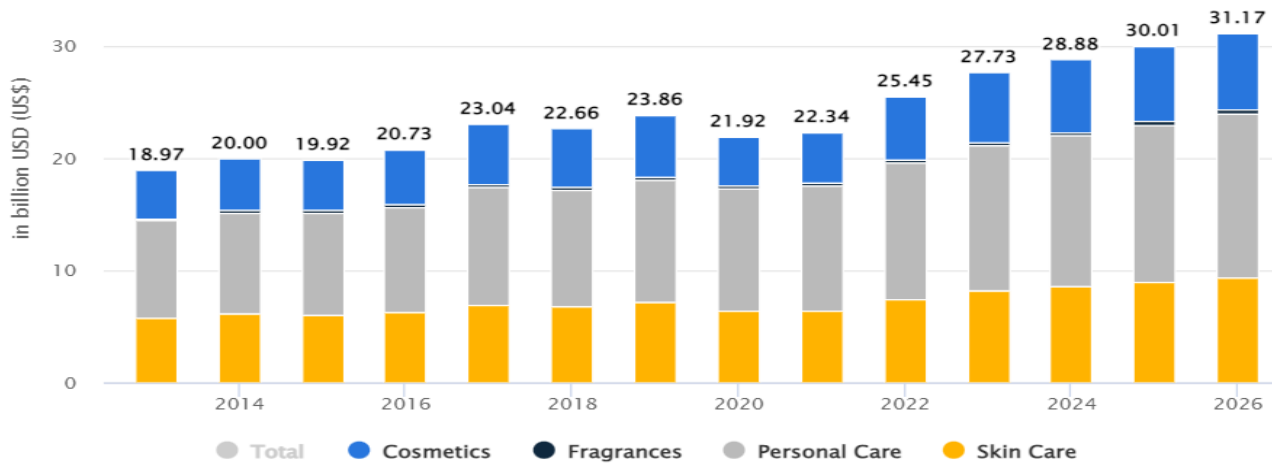


Exhibit 2: Change in Revenue Segment of India Personal Care Market

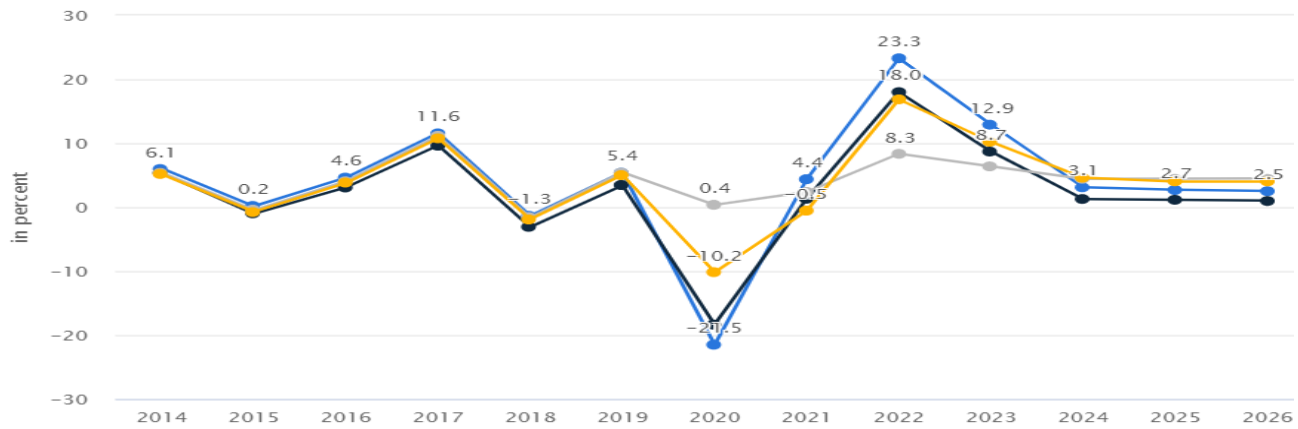
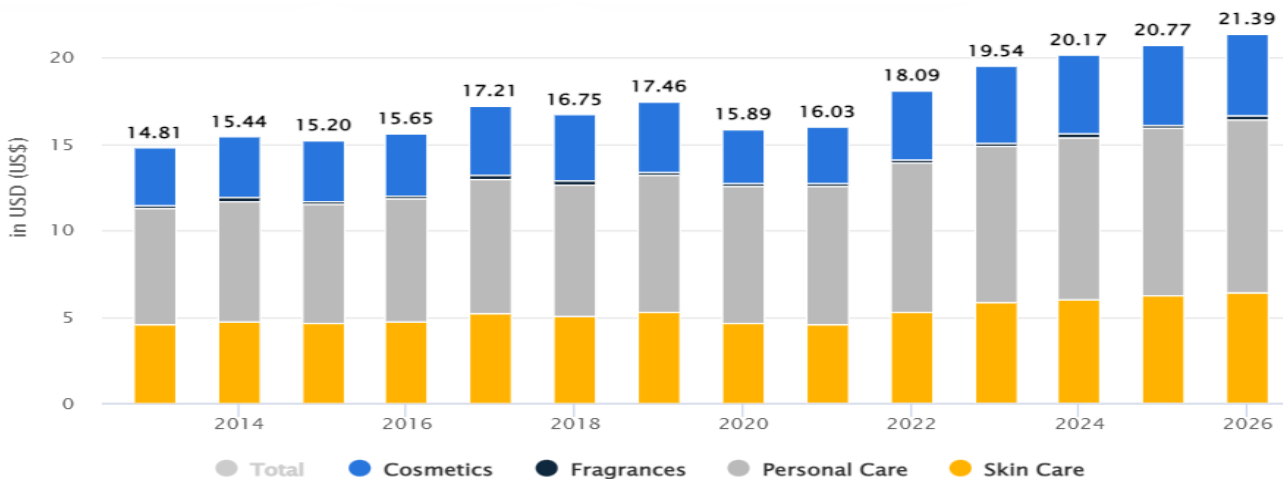


Exhibit 3: Average Revenue per Capita



(Source: statista)

Investment Overview

Pharma Industry

The India beauty and personal care market is expected to exhibit a CAGR of 6.5% during 2022-2027. Keeping in mind the uncertainties of COVID-19, we are continuously tracking and evaluating the direct as well as the indirect influence of the pandemic. These insights are included in the report as a major market contributor.

Beauty and personal care products are made using different chemical compounds derived from natural extracts or synthetic sources. They assist in protecting the skin, enhancing the physical appearance, and boosting the self-esteem of individuals. Some of the widely utilized beauty and personal care products are sun care, color makeup, fragrances and deodorants, serums, cleansers, colognes, toothpaste, hair dyes, and facial tissues. At present, several brands are offering a wide range of beauty and personal care products through e-commerce platforms. In addition, rapid urbanization, easy access to the internet, and the high penetration of smartphones are catalyzing the demand for these products across India.

The increasing focus on personal health and hygiene represents one of the major factors influencing the demand for beauty and personal care products in India. Moreover, the Government of India, along with private organizations, is undertaking several initiatives to spread awareness about the importance of feminine and personal hygiene. For instance, Ujjwala Sanitary Napkin was launched by the state government of Odisha in 2018 to improve access to basic hygiene products and create employment opportunities for women. These initiatives are positively influencing the sales of beauty and personal care products in the country. Furthermore, the rising beauty consciousness among individuals, the influence of social media, and inflating income levels are increasing the preference for customized, organic, and premium product variants, which is offering lucrative growth opportunities to leading market players operating in the country. In addition, physical store retailers are adopting innovative strategies, such as housing beauty studios with personalized beauty advisors, to drive customer's engagement and improve their shopping experience.

(Source: imarcgroup.com)

Addressable Market for Lloyd Luxuries Limited

Company is currently operating through franchise and sub-franchise in various cities of India. The main market in Mumbai and the company could try to target other Tier-I cities of India as well by opening more shops. The company has also opened in shop in Bangladesh and look to target other neighbouring countries as well.

Competition

Company operates in a highly competitive environment. There are many organized and unorganized players in the market. The entry to barriers is low which makes the threat of new entry high. Also with available of many suppliers, the bargaining power of the company is less.

Peer Analysis

As Mentioned in the prospectus, the company has no listed peers.

Promoters' Profile and Management Analysis

Mr. Shree Krishna Mukesh Gupta



- **Mr. Shree Krishna Mukesh Gupta** is the Promoter, Chairman and Non-Executive Director of the Company.
- He has completed his Bachelor of Science in International Business from Brunel University London, U.K in 2013.
- He has a work experience of over 7 years in the Salon and Beauty Industry.
- He has been associated with the company since its inception.

Plutus Trade & Commodities LLP

- **Plutus Trade & Commodities LLP** is the corporate promoter of the company.
- The company's individual promoter is also a designated partner in Plutus Trade & Commodities LLP

Analysis on the Company's Promoter and Board of Directors

Mr. Prannay Dokkania is the Managing Director of the Company. He has been associated with the Company since 2020. He has completed his Post Graduate Diploma in Management [PGDM] from Sadhana Centre for Management and Leadership Development, Pune, Maharashtra in 2006. He has a work experience of around 18 years in the Retail, Salon and Beauty Industry. He primarily looks after the overall business operations of the Company including strategic, operational, finance and formulation of policies for the business development.

Mr. Shree Krishna Mukesh Gupta is one of the Promoters and the Chairman and Non-Executive Director of the Company. He has been associated with the Company since 2013. He has completed his Bachelor of Science in International Business from Brunel University London, U.K in 2013. He has a work experience of over 7 years in the Salon and Beauty Industry. He is instrumental in formulating and implementing strategy and plays pivotal role in business development, sales, administration and finance functions of the Company.

Mrs. Vandini Gupta is the Non-Executive Director of the Company. She has completed her Master of Business Administration (M.B.A) from IESE Business School, University of Navarra, Barcelona, Spain in 2018 and is a Chartered Financial Analyst (CFA) from CFA Institute, Charlottesville, Virginia in 2022. She has over 6 years of experience in various industries such as Financial Services, Hospitality and Retail. She also looks after the strategic and brand marketing operations of Truefitt & Hill as well as Mary Cohr.

To conclude, the management is well educated and also has good experience in the industry and their respective field. The promoter is a non-executive director depicting that he does not take part in day-to-day operations of the business.

Financial Snapshot

(Amount in Lacs)

Particulars	As at 31st March, 2020	As at 31st March, 2021	As at 31st March, 2022
Profit and Loss			
Revenue from operation	2,751.23	1,813.02	2,065.62
Other income	50.40	42.55	20.43
Total Revenue	2,801.63	1,855.57	2,086.05
Expenses	2,746.85	1,756.50	2,570.37
Depreciation and Amortisation Cost	291.01	267.47	275.68
Finance Cost	114.67	146.57	180.46
Total Expenses	3,152.53	2,170.54	3,026.51
PBT	-350.90	-314.97	-940.46
PBT Margin	-12.75%	-17.37%	-45.53%
EBITDA	54.78	99.07	-484.32
EBITDA Margin	1.99%	5.46%	-23.45%
Net Profit	-323.80	-303.70	-916.78
Net Profit Margin	-11.77%	-16.75%	-44.38%
Balance Sheet			
Total Borrowings	2,834.72	3,308.06	802.00
Net Worth	-929.13	-1,232.21	1,351.02
Fixed Assets	1,714.82	1,721.54	1,659.59
Net Working Capital	-198.12	-14.19	-651.21
Financial Measures			
Inventory Turnover Ratio	1.63	1.24	1.46
Receivables Turnover Ratio	37.07	21.58	37.63
Payables Turnover Ratio	1.20	1.09	1.70
Fixed Assets Turnover Ratio	1.60	1.05	1.24
Return on Capital Employed	-12.64%	-8.21%	-54.88%
Return on Equity	0.00%	0.00%	-67.86%
Debt-Equity Ratio	-3.05	-2.68	0.59

(The data has been taken and calculated from the financials given in the prospectus)

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA)

The EBITDA of the company has fallen from Rs. 54.78 lacs in 2020 to Rs. -484.32 lacs in 2022. The EBITDA margin in 2020 was 1.99%, 5.46% in 2021 and -23.45% in 2022. The company has not been able to generate positive operating profit margin FY 22. Although the EBITDA was positive in FY 20 and FY 21, it was too low.

Net Profit

The net profit of the company has fallen from Rs. -323.80 lacs in 2020 to Rs. -916.78 lacs in 2022. The net profit margin in 2020 was -11.77%, -16.75% in 2021 and -44.38% in 2022. The company has been constantly posting negative profits and the same has been dipping down over the years.

Finance Cost.

The company has incurred financial cost mainly towards the intercorporate loans.

Financial Measures/Ratios

RoCE of the company in 2020 was -12.46% vs -8.21% in 2021 and -54.88% in 2022. The RoCE has been decreasing over the years as the company has not been able to generate positive EBIT over the years. With infusion of new capital through IPO, the same is expected to dip more.

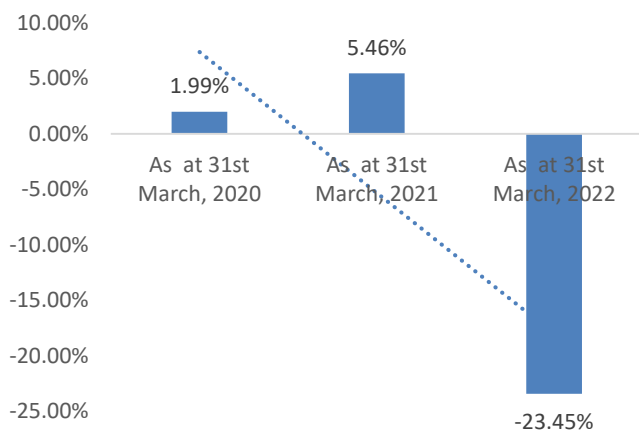
ROE of the company in 2022 was -67.86%, 0% in 2021 and 0% in 2020. As the company had negative net worth in FY 20 and FY 21, the ROE was not calculated for these years. The analysis and prediction of the same can be set forth as that of RoCE.

The company has been able to effectively maintain its Receivables and Inventory in these two years; however, it seems like the company has to pay more attention to its Payables.

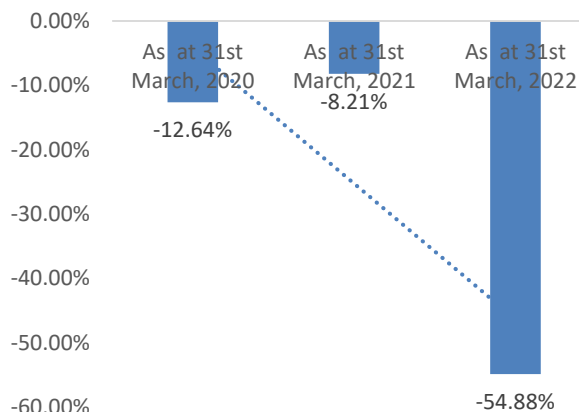
The company has a debt-equity ratio of 0.59 times in FY 22. The same is expected to decrease with the infusion of Equity Capital and repayment of loans.

Financial Charts

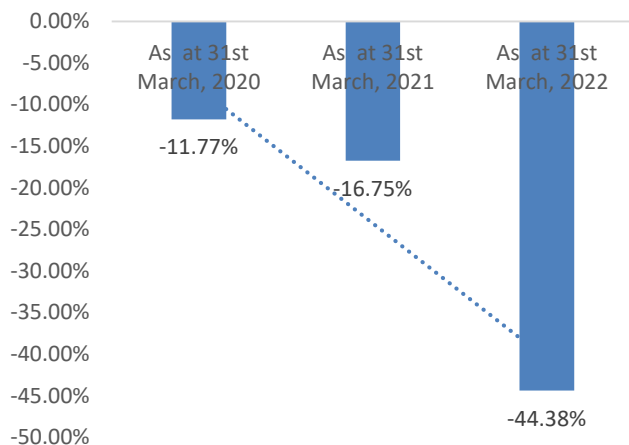
EBITDA Margin



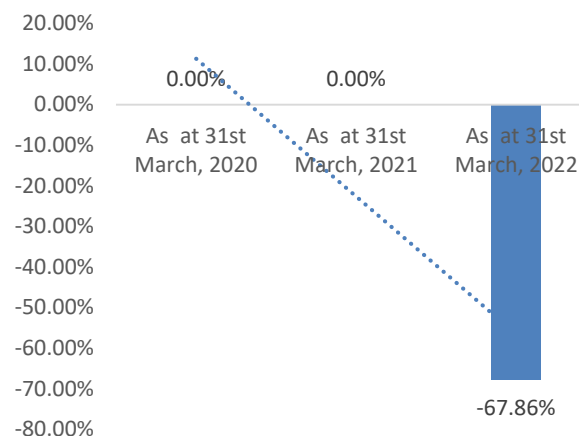
Return on Capital Employed



Net Profit Margin



Return on Equity



Key Risk Factors

1. Company and Group Company are involved in certain litigations including tax related litigations totalling to an amount of Rs. 1,601.47 lacs, which if determined against them, can affect financial conditions of the company. There are 5 proceeding whose amount in unascertainable.
2. Company has a contingent liability of Rs. 62.87 lacs as on 31.03.2022
3. Statutory Auditor has given following qualification –

Financial Years	Audit Qualifications
2019-20	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 384.37 Lakhs which has been accounted under the head Non- Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 “Intangible Assets” and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 384.37 Lakhs and would have resulted in Loss of Rs 339.22 Lakhs.
2020-21	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 272.07 Lakhs which has been accounted under the head Non- Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 “Intangible Assets” and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 272.07 Lakhs and would have resulted in Loss of Rs 259.04 Lakhs.
2021-22	The Statutory Auditors of the Company has issued qualified opinion on account of manner of accounting for Branding, marketing and initial set up costs incurred aggregating to Rs 938.01 Lakhs which has been accounted under the head Non- Current Assets in the Balance sheet. According to Auditors the manner of such accounting is not in accordance with the AS-26 “Intangible Assets” and further stated that had the correct accounting been followed by the Company, profit as declared in Audited financials would have been lower to the extent of Rs. 938.01 Lakhs and would have resulted in Loss of Rs 930.66 Lakhs.

4. Any degrade in its Franchiser reputation would hurt the company’s financial performance.

Track Record of Lead Manager

The lead manager to the issue is Hem Securities and this is the 15th mandate in the last three fiscals. A table has been set below highlighting the details of the IPO of some of the companies handled by the Lead Manager in recent times –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing date	CMP#
1.	Suratwwala Business Group Limited	6.90	15/-	13-08-2020	199.00
2.	Knowledge Marine & Engineering Works Limited	10.12	37/-	22-03-2021	658.50
3.	EKI Energy Services Limited	18.60	102/-	07-04-2021	1400.80
4.	DU Digital Technologies Limited	4.485	65/-	26-08-2021	203.50
5.	Prevest Denpro Limited	26.61	84/-	27-09-2021	400.00
6.	Jainam Ferro Alloys (I) Limited	19.61	70/-	08-10-2021	178.90
7.	Shri Venkatesh Refineries Ltd.	11.71	40/-	11-10-2021	178.00
8.	KN Agri Resources Limited	49.38	75/-	28-03-2022	158.45
9.	Krishna Defence and Allied Industries Limited	11.89	39/-	06-04-2022	81.00
10.	Eighty Jewellers Limited	11.07	41/-	13-04-2022	72.00
11.	Kesar India Limited	15.82	170/-	12-07-2022	200.00

#CMP is taken as on 29th September 2022

Out of the last 10 listings, 1 opened at discount and the rest with premiums ranging from 1.47% to 104.87% on the day of listing.

Recommendation

The company was established in the year established in the year 2013 and has a decent track record of existence but has been generating losses over the years.

The industry is highly competitive with many unorganised players in the industry. The company aims to target the luxurious part of the industry but the same has not been successful for the company over the years.

The management of the company are well experienced in their related fields but have not been able to use their expertise to earn profits for its shareholders.

To conclude, the company is deep in losses and have managed to show a positive net worth by showing a securities premium account through new issuance of equity capital. One **must avoid** this IPO.

Disclaimer

We are not SEBI registered and not a certified Research Analyst. The information provided here is for education purposes only. We will not be responsible for any of your profit/loss with these suggestions. Consult your financial advisor before taking any decisions.

We believe an SME company needs 2-3 years to show its true potential and therefore our recommendations are for Long-term investment and not for listing gains.