

IPO Details	
<b>Opening Date</b>	Sept 20, 2023
<b>Closing Date</b>	Sept 22, 2023
<b>Stock Exchange</b>	BSE, NSE
<b>Lot Size</b>	67 Shares
<b>Issue Price</b>	₹ 210 to ₹ 222 per share
<b>Issue Size</b>	Aggregating up to 1,201.00 Cr.
<b>Fresh Issue</b>	Aggregating up to 600.00 Cr.
<b>Offer for Sale</b>	Aggregating up to 601.00 Cr.
<b>Application Amount</b>	Min. Inv. - ₹ 14874 (67 shares) Max. Inv. - ₹ 1,93,362 (871 shares)

IPO Objective	
Capital Expenditure towards setting up 25 new stores, and two warehouses.	
Repayment/ pre-payment of certain borrowings.	
General Corporate Purposes.	
Working Capital Requirements.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	12,03,22,940	95.24%
Public	60,16,145	4.76%

Promoter of the Company	
1	Nagakanaka Durga Prasad Chalavadi
2	Jhansi Rani Chalavadi

Competitive Strengths	
1	Portfolio of established formats with focused sales and marketing strategy.
2	Leading apparel retail brand in India.
3	Strong presence in the offline and online marketplace.
4	Track record of growth, profitability, and unit economics.
5	Experienced promoter, management and in-house teams.

Company Background	
<ul style="list-style-type: none"> <li>Sai Silks (Kalamandir) Limited was originally formed as a partnership firm in the year 2005 and has its registered office in Andhra Pradesh.</li> <li>The Company offers products to various segments of the market including premium ethnic fashion, and ethnic fashion.</li> <li>The company offers products through four store formats, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir and KLM Fashion Mall.</li> <li>As of 31<sup>st</sup> July 2023, the Company has 4,873 employees on its payroll.</li> </ul>	

Market Capitalization	
(In Cr.)	
Pre-Issue	Post-Issue
₹ 2,805	₹ 3,405

Financial Summary			
(In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
<b>Total Assets</b>	84,343.60	1,05,665.70	1,22,045.00
<b>Net Assets</b>	26,163.80	31,604.10	39,733.40
<b>Total Borrowings</b>	29,103.00	28,276.00	34,549.80
<b>Total Revenue</b>	68,145.90	1,14,018.00	1,35,892.00
<b>Profit After Tax</b>	593.70	5,441.00	9,758.80

Tentative Timeline	
<b>Opening Date</b>	Sept 20, 2023
<b>Closing Date</b>	Sept 22, 2023
<b>Basis of Allotment</b>	Sept 27, 2023
<b>Initiation of Refunds</b>	Sept 29, 2023
<b>Credit of Shares to Demat</b>	Oct 03, 2023
<b>Listing Date</b>	Oct 04, 2023

## Company Background and Analysis

The Company was originally formed as a partnership firm in the year 2005. The company offers products to various segments of the market including premium ethnic fashion, ethnic fashion for middle income and value-fashion, with a variety of products across different price points, thereby catering to customers across all market segments. The company has four store formats, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir and KLM Fashion Mall. The company has a network of 54 stores. The company offers a diverse range of products which includes various types of ultra-premium and premium sarees suitable for weddings, party wear, as well as occasional and daily wear; lehengas, men's ethnic wear, children's ethnic wear and value fashion products comprising fusion wear and western wear for women, men and children.

The company's ethnic wear and value-fashion products are available through the stores under four different format stores, i.e., Kalamandir, VaraMahalakshmi Silks, Mandir, and KLM Fashion Mall, as well as through e-commerce channels comprising their own website and other online e-commerce marketplaces.

The company manages inventory and logistics as well as the entire supply chain for all the channels from four of the warehouses in Karnataka, Andhra Pradesh, Telangana and Tamil Nadu with an aggregate area of approximately 164,000 square feet and a designated storage space located at one the stores in Chennai, Tamil Nadu.

The details regarding the four formats are as follows –

1. Kalamandir - established in 2005 with the first store opening in Ameerpet, Hyderabad in Telangana. The Kalamandir format stores provide contemporary sarees and other ethnic wear in certain of the stores targeting middle-class and upper-middle-class customers.
2. Mandir - established in 2011 with the first store opening in Banjara Hills, Hyderabad. The Mandir brand is the one-stop destination for ultra-premium designer high-end sarees, including party wear, festive wear, occasional wear sarees, and lehengas which can be customized as per the requirements of customers.
3. VaraMahalakshmi - established in 2011 with the first store opening in Chickpet, Bengaluru, providing customers with the famous Kanchipuram silk sarees and other handloom and occasion wear sarees under one roof. The VaraMahalakshmi format stores offer authentic premium silk sarees and each of the Kanchipuram sarees inculcate contemporariness, making it one of its kind.
4. KLM Fashion Mall - established in 2017, with the first one opening in Ameerpet, Hyderabad providing value-fashion catering to the youth and the masses with new-age fashion choices at an affordable, value-for-money price point. It offers a variety of products for each segment, including men's wear, women's wear and kid's wear.

State-wise revenue break-up for the fiscal year ended 2021, 2022, and 2023 are given below-

(Amount in Lakhs)

Particulars	Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023	
	Amount	%	Amount	%	Amount	%
Telangana	28,453.10	42.02	51,159.00	45.30	60,643.50	44.87
Andhra Pradesh	26,111.50	38.56	41,534.40	36.78	44,293.80	32.77
Tamil Nadu	4,448.40	6.57	7,658.00	6.78	12,187.00	9.02
Karnataka	8,701.60	12.85	12,580.90	11.14	18,022.60	13.34
Total	67,714.60	100.00	1,12,932.30	100.00	1,35,146.90	100.00

Sales channel-wise revenue break-up for the fiscal years ended 2021, 202, and 2023 are given below -

(Amount in Lakhs)

Category	Fiscal Year 2021		Fiscal Year 2022		Fiscal Year 2023	
	Amount	%	Amount	%	Amount	%
Physical	67,165.50	99.19	1,11,216.80	98.48	1,33,299.60	98.63
E-commerce	549.20	0.81	1,715.50	1.52	1,847.30	1.37
Total	67,714.70	100.00	1,12,932.30	100.00	1,35,146.90	100.00

To conclude, the company was originally incorporated in the year 2005. The company offers products to various segments of the market including premium ethnic fashion, ethnic fashion and through four store formats. The company opened 3 new stores in the fiscal year 2023 and total has 15 stores. Most of the revenue is generated through the state of Telangana, and the second would be Andhra Pradesh. The company is raising total gross proceeds of Rs. 1,201.00 Cr.

## **Business Strategies**

### **1. Expand the footprint within India through owned stores and franchise networks by leveraging the brand appeal.**

The company intends to leverage the experience to expand its operations by opening new stores, hybrids and derivatives thereof in key cities across India. The company intends to open approximately 30 additional stores, and these are planned over the course of the next two Fiscals with more focus on expanding the VaraMahalakshmi Silks store formats. The company also intends to focus on expanding the KLM Fashion Mall to tap the growing potential of the value fashion brand and proposes to open 5 additional stores through a franchisee model. The company anticipates that such expansion will further increase the market share in the value-fashion brand segment and increase the profitability and revenue from operations.

### **2. Increase focus on the sale of products through e-commerce.**

The Company intends to continue to focus on further strengthening the online sales channels to benefit from evolving customer trends. The company further intends to make investments in digital channels to build an omnichannel engagement experience for the customers and have a dedicated team for e-commerce operations. The company also intends to leverage its existing capabilities to increase its online presence by improving and upgrading the website. The company anticipates that such investments will further increase the profitability and revenue from operations and diversify the revenue-generating channels.

### **3. Leveraging technology to bring cost efficiency and enhance customer experience.**

The company intends to expand and upgrade the existing warehouses to optimize inventory and supply management. The company intends to strategically expand the warehouse operations as well as implement new technologies to further expand and improve customer deliveries and enhance customer buying experience with faster dispatches. The company intends to also undertake data analytics that will allow them to better understand customer preferences, improve sales and help scale the operations.

## **Competitive Scenario and Peer Mapping**

### **Competition**

The company operates in a competitive market and faces competition from both organized and unorganized elements of the industry. The company operates in a very fragmented market. The barrier to entry in such an industry is low. The bargaining power with the suppliers is moderate and the bargaining power with the customers is relatively high in such sectors. The company considers its main competitors to be Nalli, Pothys, The Chennai Silk, Kankatala, Rangoli, Neeru and VRK Retail.

## Peer Analysis

**The comparison of the key performance indicators of the listed peers as of Mar-23 is given below –**

Particulars	Sai Silks (Kalamandir) Limited	Vedant Fashions Limited	TCNS Clothing Co. Limited	Go Fashion (India) Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	7.22%	31.94%	-2.60%	12.48%
EBITDA Margin	15.73%	49.68%	10.45%	32.00%
Return on Capital Employed	25.79%	31.75%	0.45%	15.65%
Return on Equity	12.66%	30.31%	-5.10%	15.91%
EPS (INR)	8.11	17.42	-2.75	15.33

Particulars	Aditya Birla Fashion and Retail	Shoppers Stop Limited	Trent Limited
	31st Mar 2023	31st Mar 2023	31st Mar 2023
Net Profit Margin	1.13%	3.22%	6.75%
EBITDA Margin	13.59%	0.84%	13.63%
Return on Capital Employed	5.38%	-15.73%	9.02%
Return on Equity	3.50%	54.47%	18.01%
EPS (INR)	1.40	10.88	15.60

**The comparison of the key performance indicators of the listed peers as of Mar-22 is given below –**

Particulars	Sai Silks (Kalamandir) Limited	Vedant Fashions Limited	TCNS Clothing Co. Limited	Go Fashion (India) Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	4.79%	30.61%	-0.81%	8.90%
EBITDA Margin	12.50%	52.50%	10.00%	29.77%
Return on Capital Employed	22.07%	31.11%	-0.48%	8.14%
Return on Equity	9.23%	28.44%	-1.31%	8.12%
EPS (INR)	4.79	12.63	-0.90	6.74

Particulars	Aditya Birla Fashion and Retail	Shoppers Stop Limited	Trent Limited
	31st Mar 2022	31st Mar 2022	31st Mar 2022
Net Profit Margin	-1.04%	-3.70%	6.05%
EBITDA Margin	13.87%	11.42%	15.35%
Return on Capital Employed	2.21%	-4.53%	4.83%
Return on Equity	-2.86%	-90.12%	9.18%
EPS (INR)	0.87	-7.92	7.02

**The comparison of the key performance indicators of the listed peers as of Mar-21 is given below –**

Particulars	Sai Silks (Kalamandir) Limited	Vedant Fashions Limited	TCNS Clothing Co. Limited	Go Fashion (India) Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	0.87%	26.78%	1.11%	-1.42%
EBITDA Margin	11.04%	43.48%	10.50%	18.54%
Return on Capital Employed	9.50%	27.35%	8.00%	-2.81%
Return on Equity	1.24%	29.38%	21.26%	-1.51%
EPS (INR)	0.43	19.57	-8.85	-0.68

Particulars	Aditya Birla Fashion and Retail	Shoppers Stop Limited	Trent Limited
	31st Mar 2021	31st Mar 2021	31st Mar 2021
Net Profit Margin	-12.62%	-16.93%	-2.35%
EBITDA Margin	11.55%	42.86%	9.38%
Return on Capital Employed	-6.21%	15.84%	-0.64%
Return on Equity	-24.64%	-152.44%	-2.03%
EPS (INR)	-7.95	29.24	-1.44

Based on the above analysis, the company's profitability margins are low when compared to its peers for three consecutive years. The RoCE of the company is high when compared to its peer companies for FY 2023. The company's ROE is relatively low when compared to its peers. And the EPS is low when compared to its peer companies for FY 2023.

**Industry Overview**

Exhibit 1: Retail Market in India (US\$ billion)

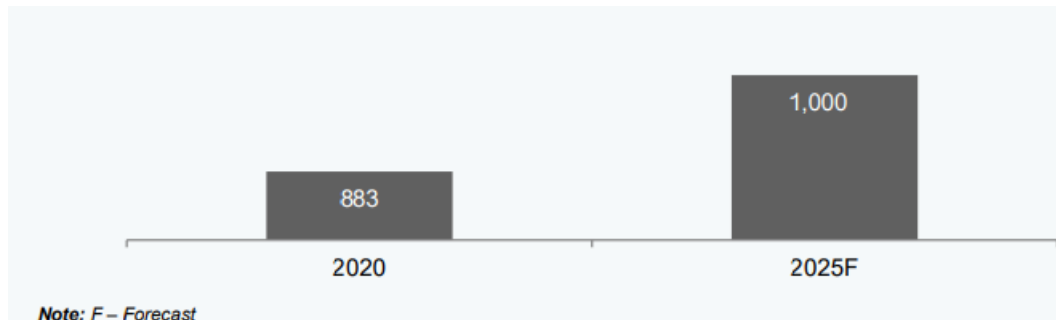


Exhibit 2: Indian E-commerce Market (US\$ billion)

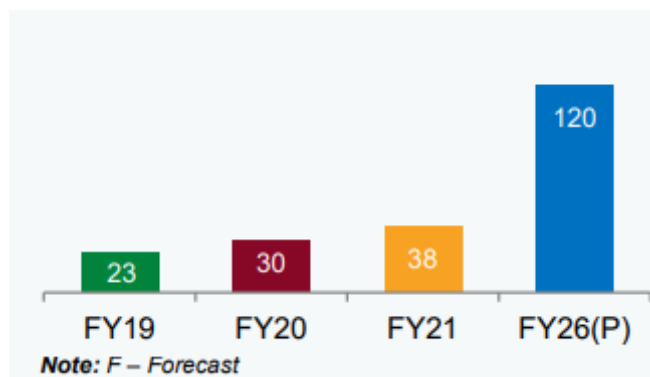
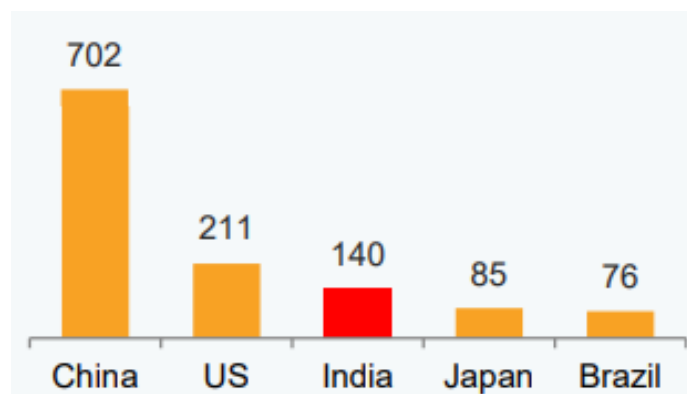


Exhibit 3: E-retail shoppers (million – by country) (2020)



(Source: prospectus)

### **Retail Market in India -**

Retail Market in India was valued at US\$ 492 billion in Fiscal 2015 and reached a value of US\$ 746 billion in Fiscal 2020, growing at 8.7% CAGR over this period. Currently, the Retail Market in India was valued at US\$ 951 billion (₹ 76,06,572 crore) in Fiscal 2023 and is expected to grow at a CAGR of 13.8% to reach US\$ 1,417 billion (₹ 1,13,39,918 crore) by Fiscal 2027. In Fiscal 2022, India's retail basket was approximately 48% of its private consumption and it is expected to maintain roughly this share in private consumption for the next five years. The food and grocery ("F&G") segment form the major share of India's merchandise retail expenditure (approximately 68%), followed by apparel and apparel accessories, consumer electronics and jewellery at approximately 6% to 7% each. The apparel market in India was estimated at approximately US\$ 51 billion as of Fiscal 2021 and is one of the larger segments of the Indian retail sector.

Apparel and Accessories, Jewellery and Watches and Consumer Electronics are the other three key categories which accounted for 6.1%, 6.61% and 6.26% of retail respectively in 2022. The share of Apparel and Accessories is expected to grow to reach 9.42% in Fiscal 2027, growing at a CAGR of 21% from Fiscal 2022 to Fiscal 2027. The share of organized is expected to increase further to 49% by Fiscal 2027 and that will continue to support branded apparel as well. The e-commerce market in India has witnessed accelerated growth and is expected to reach 11% (US\$ 156 Billion) of the total retail market by Fiscal 2027 from its share of 4.6% in Fiscal 2020 (US\$ 36.6 billion) at a growth rate of approximately 23% CAGR.

Organized retailing share of Apparel has increased from 14% in Fiscal 2007 to 39% in Fiscal 2022. In other words, in the last thirteen years, organized retail not only captured the new incremental demand, but it has also succeeded in shifting the demand away from unorganized apparel retail in its favour. Given the fact that organized retail sells branded apparel, the growth of organized retail is poised to be a key growth enabler for the growth of branded apparel. Apart from the demographic and urbanization (that were the reasons for the growth of branded apparel) that aided the growth of organized retail, the rapid evolution of organized retailing models for apparel is a key reason that has also enabled this growth. The share of organized is expected to increase further to 49% by Fiscal 2027 and that will continue to support branded apparel as well.

### **Indian Apparel Market -**

The apparel market size in Fiscal 2022 was ₹ 4,11,750 crore (US\$ 51.5 billion) and expected to grow at a CAGR of approximately 21% between Fiscal 2022 and Fiscal 2027 to reach ₹ 10,68,250 crore (US\$ 133.5 billion) by Fiscal 2027 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization. While the apparel market witnessed a de-growth by approximately 4.1% from a value of ₹ 4,47,750 crore (US\$ 56 Billion) in Fiscal 2020 due to the negative impact of the COVID-19 pandemic, the market is expected to recover at a higher pace of 18.2% between Fiscal 2023 and Fiscal 2027. While the CAGR of the total apparel market between Fiscal 2020 and Fiscal 2027 is expected to be approximately 13.2%, branded and organized apparel retail are expected to grow at CAGR of approximately 18% and approximately 20% respectively in the same period. In other words, the growth of both branded apparel share and organized apparel retail share in the apparel category will outpace the overall category growth. COVID-19 gave impetus to the growth of e-commerce which is expected to become a significant growth driver for the organised market. The pace of adoption of online purchases has, hence, further accelerated and has emerged as an important channel for apparel and lifestyle retail.

(Source: prospectus)



## Key Managerial Personnel

**Ravindra Vikram Mamidipudi**, aged 67, is the Chairman, and Independent Director of the company. He is a fellow member of the Institute of Chartered Accountants of India. He has approximately four decades of experience in the finance sector.

**Nagakanaka Durga Prasad Chalavadi**, aged 55, is one of the Promoters, and Managing Director of the company. He holds a bachelor's degree in commerce, and a master's degree in business administration, and also holds a graduate diploma in computer applications. He has more than 16 years of experience in the retail sector. He is responsible for the overall management, finance, internal controls and security systems of the Company.

**Jhansi Rani Chalavadi**, aged 54, is one of the Promoters of the company. She holds a bachelor's degree in commerce. She has 16 years of experience and is responsible for the business operations of the Company including retail, marketing and sales, administration and human resources.

**Kalyan Srinivas Annam**, aged 49, is the Whole-Time Director of the company. He holds a bachelor's degree in law and a postgraduate diploma in business management. He has approximately 15 years of experience in the retail business. He is responsible for projects, strategic planning, brand building and business development of the Company. He is also responsible for the legal administration activities of the Company.

**Doodeswara Kanaka Durgarao Chalavadi**, aged 53, is the Whole-Time Director of the company. He holds a bachelor's degree in commerce and a master's degree in computing. He has approximately 12 years of experience in the field of retail business. He is responsible for the procurement and marketing activities of the Company.

**Pramod Kasat**, aged 54, is the Independent Director of the Company. He holds a bachelor's degree in engineering and a master's degree in management studies. He has extensive experience in investment banking and has been associated with companies in infrastructure, real estate, pharma, industrials and logistics amongst others. He is a Managing Director of Investment Banking at Intellectap, an investment banking arm of Aavishkaar Group, etc.

**Sirisha Chintapalli**, aged 43, is the Independent Director of the company. She holds a bachelor's degree in commerce, also an associate member of the Institute of Cost Accountants of India and the Institute of Company Secretaries of India. She has extensive experience in finance and secretarial work.

**Kunishetty Venkata Ramakrishna**, aged 53, is the Independent Director of the company. He holds a Bachelor of Technology degree in computer sciences and engineering and, a post-graduate diploma in management. He has over 25 years of experience in private equity/venture fund management, having worked in organisations like ICICI Venture Funds Management Company Limited.

To conclude, the company has 2 promoters, and due to the promoters having joined the company in the year 2012, we believe they have vast experience in the industry. The remaining directors also have decent experience in the fields which help in the growth of the business. The roles and responsibilities of the directors/ management are not disclosed accurately.

## Financial Snapshot

\*FY 21 and FY 22 are taken as of the Pro Forma Financial Statement.

<b>Profit and Loss Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Revenue from Operations	67,882.80	1,13,612.00	1,35,146.90
Other Income	263.10	406.00	745.10
<b>Total Income</b>	<b>68,145.90</b>	<b>1,14,018.00</b>	<b>1,35,892.00</b>
<b>Expenses</b>			
Purchases of stock-in-trade	41,643.00	85,107.00	1,03,560.50
Changes in inventories	417.80	-13,897.20	-21,298.40
Employee benefit expense	9,678.70	11,738.20	14,084.90
Finance costs	3,661.20	3,719.90	4,540.60
Depreciation and amortization expense	3,263.50	3,419.40	4,100.70
Impairment losses	-	509.40	-
Other expenses	8,648.80	15,954.80	17,546.80
<b>Total Expenses</b>	<b>67,313.00</b>	<b>1,06,551.50</b>	<b>1,22,535.10</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>7,494.50</b>	<b>14,199.80</b>	<b>21,253.10</b>
<b>EBITDA Margin</b>	<b>11%</b>	<b>12%</b>	<b>16%</b>
<b>Profit before exceptional and extraordinary items and tax</b>	<b>832.90</b>	<b>7,466.50</b>	<b>13,356.90</b>
<b>Exceptional items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Profit/(Loss) before tax</b>	<b>832.90</b>	<b>7,466.50</b>	<b>13,356.90</b>
Tax Expense			
Current Tax	246.80	2,217.10	3,681.90
Deferred tax (net)	-6.40	-194.90	-97.80
Short/ (Excess) provision of earlier years	-1.20	3.30	14.00
Total Tax Expense	239.20	2,025.50	3,598.10
<b>Profit/(Loss) for the year</b>	<b>593.70</b>	<b>5,441.00</b>	<b>9,758.80</b>
<b>Net Profit Margin</b>	<b>1%</b>	<b>5%</b>	<b>7%</b>

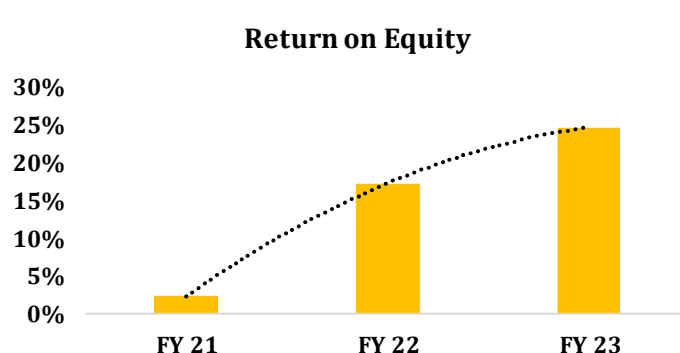
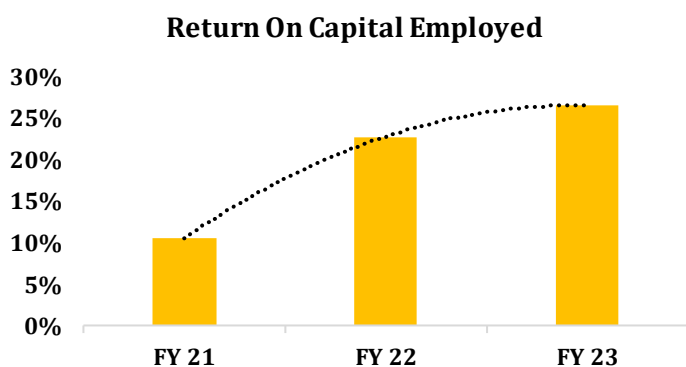
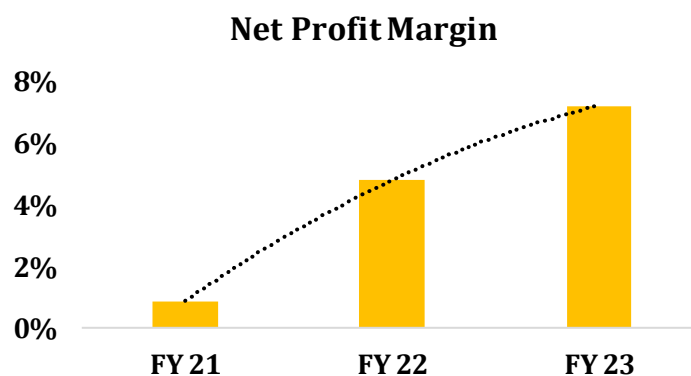
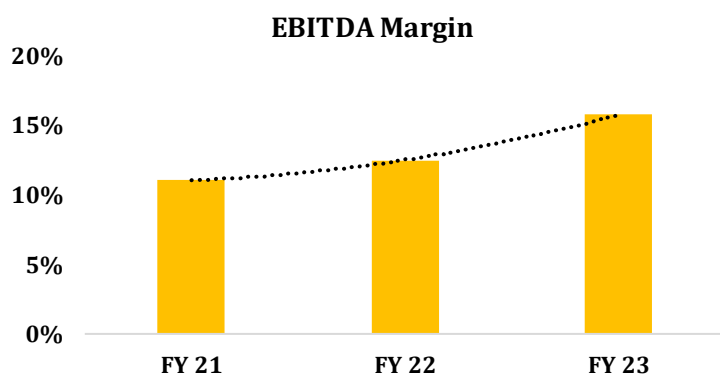
<b>Balance Sheet</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	16,529.70	16,984.10	20,470.50
Capital work-in-progress	211.90	-	-
Other Intangible assets	975.90	761.00	546.50
Right-of-use assets	7,116.80	9,933.80	16,929.30
Financial Assets	-	-	-
Other financial assets	2,596.20	2,549.30	2,764.80
Other Non-Current Assets	541.50	874.50	861.30
<b>Total Non-Current assets</b>	<b>27,972.00</b>	<b>31,102.70</b>	<b>41,572.40</b>
<b>Current Assets</b>			
Inventories	51,414.70	65,311.10	68,974.90
Financial Assets	-	-	-
Trade Receivables	239.50	216.30	288.40
Cash and Cash Equivalents	621.10	916.10	461.50
Other Bank Balances	1,958.80	3,947.60	4,508.90
Loans	698.80	1,895.60	3,440.40
Others financial assets	11.20	32.80	88.50
Other current assets	1,427.50	2,243.50	2,710.00
<b>Total Current assets</b>	<b>56,371.60</b>	<b>74,563.00</b>	<b>80,472.60</b>

<b>Balance Sheet</b>			<b>(In Lacs)</b>
<b>Total Assets</b>	84,343.60	1,05,665.70	1,22,045.00
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share Capital	4,262.00	4,262.00	2,406.50
Other Equity	21,901.80	27,342.10	37,326.90
<b>Total Equity</b>	26,163.80	31,604.10	39,733.40
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial Liabilities			
Borrowings	6,457.00	5,397.10	6,538.20
Lease liabilities	5,929.70	8,871.30	16,638.40
Trade Payables	-	-	-
Other financial liabilities	55.10	111.50	269.80
Provisions	328.70	286.80	463.70
Deferred tax liability (Net)	1,403.70	1,208.50	1,148.50
<b>Total Non-current liabilities</b>	14,174.20	15,875.20	25,058.60
<b>Current liabilities</b>			
Financial Liabilities			
(i) Borrowings	22,646.00	22,878.90	28,011.60
(ii) Trade Payables	-	-	-
total outstanding dues of micro-enterprises and small enterprises	-	-	340.40
total outstanding dues of creditors other than micro-enterprises and small enterprises	17,291.70	28,206.60	22,661.80
(iii) Lease Liabilities	1,891.40	2,108.70	1,403.30
(iv) Other financial liabilities	1,578.50	2,558.30	3,180.80
Other Current Liabilities	362.30	280.90	380.80
Short-Term Provisions	22.10	29.60	53.90
Current tax liabilities (Net)	213.80	2,123.30	1,220.40
<b>Total Current liabilities</b>	44,005.80	58,186.30	57,253.00
<b>Total Liabilities</b>	58,180.00	74,061.50	82,311.60
<b>Total Equity and Liabilities</b>	84,343.80	1,05,665.60	1,22,045.00

<b>Cash Flow Statement</b>			<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
Net Cash Flow from Operating Activities	-843.50	10,838.30	4,123.10
Net Cash Flow from Investing Activities	-1,774.50	-4,249.00	-6,013.90
Net Cash Flow from Financing Activities	1,387.00	-6,294.30	1,489.90

<b>Ratio Sheet</b>			
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>
<b>Per Share Data</b>			
Diluted EPS	0.43	4.79	8.11
BV per share	17.06	20.61	25.91
<b>Operating Ratios</b>			
EBITDA Margins	11%	12%	16%
PAT Margins	1%	5%	7%
Debtor days	3.34	2.94	1.25
Creditor days	151.56	120.97	81.07
<b>Return Ratios</b>			
RoCE	10%	23%	26%
RoE	2%	17%	25%
<b>Valuation Ratios (x)</b>			
EV/EBITDA	7.03	3.87	3.26
Market Cap / Sales	5.02	3.00	2.52
P/E	516.28	46.35	27.37
Price to Book Value	13.01	10.77	8.57
<b>Solvency Ratios</b>			
Debt / Equity	0.87	0.73	0.71
Current Ratio	1.28	1.28	1.41
Quick Ratio	0.11	0.16	0.20
Asset Turnover	0.80	1.08	1.11
Interest Coverage Ratio	1.16	2.90	3.78

## Financial Charts



### **Key Risk Factors**

1. The Company Directors, Promoters and Group Companies are or may be involved in certain legal and regulatory proceedings. Any adverse decision in such proceedings may have a material adverse effect on the business, financial condition, cash flows and results of operations. 1 criminal proceeding case by the company Amounting to Rs. 300.00 lakhs, 5 tax proceedings, 3 statutory proceedings, and 2 material civil litigations against the company amounting to Rs. 603.80 lakhs. 1 criminal proceeding by the directors. 2 criminal proceedings, 2 statutory proceedings, and 3 material civil litigations against the directors amounting to Rs. 50.05 lakhs. 2 statutory proceedings, and 2 material civil litigations against the promoters amounting to Rs. 501.00 lakhs.
2. The company had contingent liabilities amounting to Rs. 103.8 lakhs as of March 31, 2023.
3. The company has been under search and seizure of operations on the premises, which was conducted in May 2023, by the Income Tax Department. Scrutiny proceedings are in progress and as of date neither income tax demand determined nor levied consequent to such operations.

### Track Record of Lead Manager

The lead manager to the issue is Motilal Oswal Investment Advisors Limited, HDFC Bank Limited, and Nuvama Wealth Management Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Managers in recent times –

#### Motilal Oswal Investment Advisors Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Rishab Instruments Limited	490.78	441.00	September 11, 2023	448
2.	IKIO Lighting Limited	606.50	285.00	June 16, 2023	361
3.	Radiant Cash Management Services Limited	256.64	94.00	January 04, 2023	94.4

Motilal Oswal Investments Advisors Limited has had 9 mandates in the last three fiscal years.

#### HDFC Bank Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Aether Industries Limited	808.04	642.00	June 03, 2022	982
2.	Adani Wilmar Limited	3,600.00	230.00	February 08, 2022	352
3.	AGS Transact Technologies Limited	680.00	175.00	January 31, 2022	62

HDFC Bank Limited has had 8 mandates in the last three fiscal years.

#### Nuvama Wealth Management Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	TVS Supply Chain Solutions Limited	880.00	197.00	August 23, 2023	222
2.	Inox Green Energy Services Limited	740.00	65.00	November 23, 2022	69
3.	Five Star Business Finance Limited	1,593.449	474.00	November 21, 2022	688

Nuvama Wealth Management Limited has had 13 mandates in the last three fiscal years.

\*CMP for all the above-mentioned companies is taken as of 15<sup>th</sup> September 2023.

As per the offer document, 3 mandates opened at a discount and the rest all the mandates have opened at premiums on the listing date.

### **Recommendation**

The company has been in the industry since 2005 and has good experience in the industry. The company has seen a consistent increase in its top-line financials.

The PE on an annualised and post-IPO basis is around 34.89 times which seems to be overvalued by looking at the performance of the company and its peers. The average PE of its peers is 76.68 times.

The management outlook of the company is good. The company has seen consistency in its increase in revenues. The overall financial outlook of the company is decent. The company has opened 3 new stores in FY 2023 and can be looking at a decent growth continued forward and with the plans of expansion and expanding through online sales the company can look at a good growth. Thus, we recommend **APPLY** for this IPO.

### **Disclaimer**

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