



IPO Details	
Opening Date	Oct 23, 2023
Closing Date	Oct 27, 2023
Stock Exchange	NSE SME
Lot Size	600 Shares
Issue Price	₹ 208 per share
Issue Size	Aggregating up to 31.18 Cr.
Fresh Issue	Aggregating up to 31.18 Cr.
Offer for Sale Application	-
Amount	₹ 1,24,800

IPO Objective	
To Meet Working Capital Expenditure	
To Meet General Corporate Purpose.	

Pre-Issue Shareholding		
Category	No. of Shares	% of Total Shares
Promoter & Promoter Group	21,54,599	51.92%
Public	19,95,213	48.08%

Promoter of the Company	
1	Narendra Singh Bapna
2	Pramod Ramdas Ingle
3	Vaishali Pramod Ingle
4	Swati Bapna
5	NSB BPO Solutions Private Limited

Competitive Strengths	
1	Ondoor's E-tailing Business
2	Franchisee Model

Company Background	
○	On Door Concepts Limited was originally incorporated in the year 2014 and has its registered office in Madhya Pradesh.
○	The Company is a regional omni-channel retailer of groceries and household essentials.
○	The company is one of the early entrants in the supermarket industry to offer the convenience of both the colony stores as well as hyperlocal home delivery through online orders, most of its stores in the respective areas fulfill the online orders from their respective shelves.
○	As of March 31, 2023, the company operates 55 stores in the cities of Madhya Pradesh.
○	As of 31 st August 2023, the Company has 123 Employees on its payroll.

Market Capitalization (In Cr.)	
Pre-Issue	Post-Issue
₹ 86	₹ 117

Financial Summary (In Lacs)			
For the Period Ended	Mar-21	Mar-22	Mar-23
Total Assets	6,563.49	7,782.37	9,009.46
Net Assets	-6,008.40	-6,625.38	5,120.78
Total Borrowings	11,189.98	11,189.62	117.50
Total Revenue	18,306.01	17,333.09	18,015.02
Profit After Tax	-523.44	-536.98	6.17

Tentative Timeline	
Opening Date	Oct 23, 2023
Closing Date	Oct 27, 2023
Basis of Allotment	Nov 01, 2023
Initiation of Refunds	Nov 02, 2023
Credit of Shares to Demat	Nov 03, 2023
Listing Date	Nov 06, 2023



Company Background and Analysis

The Company was originally incorporated in the year 2014. The company is a regional omni-channel retailer of groceries and household essentials. The company is one of the early entrants in the supermarket industry to offer the convenience of both the colony stores as well as hyperlocal home delivery through online orders, most of its stores in the respective areas fulfill the online orders from their respective shelves. The company opened its first store in Bhopal, Madhya Pradesh in the year 2015. As of March 31, 2023, the company operates 55 stores in the cities of Madhya Pradesh. Out of the 55 stores, the company-owned, and company-operated (COCO) stores are 17 and the rest are operated through the franchisee model.

The company believes its endeavour is to facilitate one-stop-shop convenience for the customer's everyday shopping needs, along with its competitive pricing due to the local market knowledge, careful product assortment, and supply chain efficiencies.

On average, the company's stores are in the format of colony convenience stores ranging from size 200 sq. ft. to 3500 sq. ft. depending upon the sales potential in the respective area, availability & and layout of retail space of the area, number of online orders to be fulfilled from that store and assortment required for the catchment area of the store. The online orders that get allocated to the store get fulfilled completely by the store inventory. This is controlled using technology that has real-time visibility of the store inventory. The products shown to the consumers on the company's website(www.ondoor.com) and mobile app (On door – Online Grocery Shopping) are only those products, that are available in the store mapped to their delivery location.

The company classifies its products under the following categories –

1. Foods – This category includes staples, groceries, fruits and vegetables, snacks and processed foods, dairy and frozen products, beverages, and confectionery.
2. Non-Foods (FMCG) – This category includes home care products, personal care and toiletries, and other over-the-counter products.
3. General Merchandise – This category includes crockery, utensils, plastics, goods, pooja items and etc.

Revenue bifurcation for online and offline sales for the FY ended 2021, 2022, 2023, and as of August 31, 2023, are as follows –

(Amount in Lakhs)

Particulars	Fiscal 2021		Fiscal 2022		Fiscal 2023		As of August 31, 2023	
	Amount	%	Amount	%	Amount	%	Amount	%
Food	14,422.58	78.96	14,004.62	80.89	13,166.92	73.09	5156.69	73.39
Non-Food	2,384.25	13.05	1,830.22	10.57	3,994.99	22.18	1582.74	22.53
General Merchandise	1,458.35	7.98	1,479.25	8.54	852.61	4.73	286.56	4.08
Total	18,265.18	100.00	17,314.09	100.00	18,014.52	100.00	7025.99	100.00

To conclude, the company was incorporated in the year 2014. The company is a regional omni-channel retailer of groceries and household essentials. The company generates most of its revenue from the food category and the least from the general merchandise category. The company is raising total gross proceeds of Rs. 31.18 Cr.



Business Strategies

The company's business strategy and approach are as follows –

1. To bring modern trade benefits to the rural and small-town customers – The company believes that the consumers in small towns and neighbouring rural areas have a strong and unfulfilled demand for modern retail products and offerings. Since the modern retail stores and the e-tailers are all confined to relatively larger cities, there is a latency of demand in the small towns. The company believes it can fulfill this gap with stores in these towns through its franchisee program.
2. Omni-channel and convenient purchase experience for urban consumers – The company's strategy for larger towns is slightly different. The company offers an omnichannel and convenient shopping experience to these consumers. The company operates a fully developed and comprehensive tech stack (web portal, IOS, and Android mobile apps, telephone orders and operates convenience stores.

Competitive Scenario and Peer Mapping

Competition

The Indian retail industry has become very competitive in the recent years. The industry in which the company operates faces competition from various players in the market. The barrier to entry in such a sector is low. The bargaining power with the suppliers is low and the bargaining power with the customers is also low in the sector in which the company operates.

Peer Analysis

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

Particulars	On Door Concepts Limited	Osia Hyper Retail Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	0.03%	1.37%
EBITDA Margin	2.24%	5.33%
Return on Capital Employed	1.31%	7.13%
Return on Equity	0.12%	8.85%
EPS (INR)	56.77	0.92

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

Particulars	On Door Concepts Limited	Osia Hyper Retail Limited
	31st Mar 2022	31st Mar 2022
Net Profit Margin	-3.10%	1.53%
EBITDA Margin	0.80%	4.24%
Return on Capital Employed	-5.65%	4.99%
Return on Equity	8.10%	9.89%
EPS (INR)	-28.47	0.95

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Particulars	On Door Concepts Limited	Osia Hyper Retail Limited
	31st Mar 2021	31st Mar 2021
Net Profit Margin	-2.87%	1.58%
EBITDA Margin	0.40%	5.06%
Return on Capital Employed	-4.57%	4.58%
Return on Equity	8.60%	6.10%
EPS (INR)	-27.75	0.57

Based on the above analysis, the company took a hit in the Financial Years 2021 and 2022 with negative margin, RoCE, and EPS. The EBITDA margins for the year 2021, and 2022 were positive but lower when compared to its peer company Osia Hyper Retail Limited. The ROE was also lower when compared with the peer company for the financial year ended 2022. The company has performed slightly better when compared to its two previous years but when compared with its peer company Osia Hyper Retail Limited for the financial year ended 2023 the company has performed lower in terms of Profitability margins, RoCE, and ROE. The EPS of the company was higher than its peer company for the Financial Year ended 2023.



Industry Overview

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

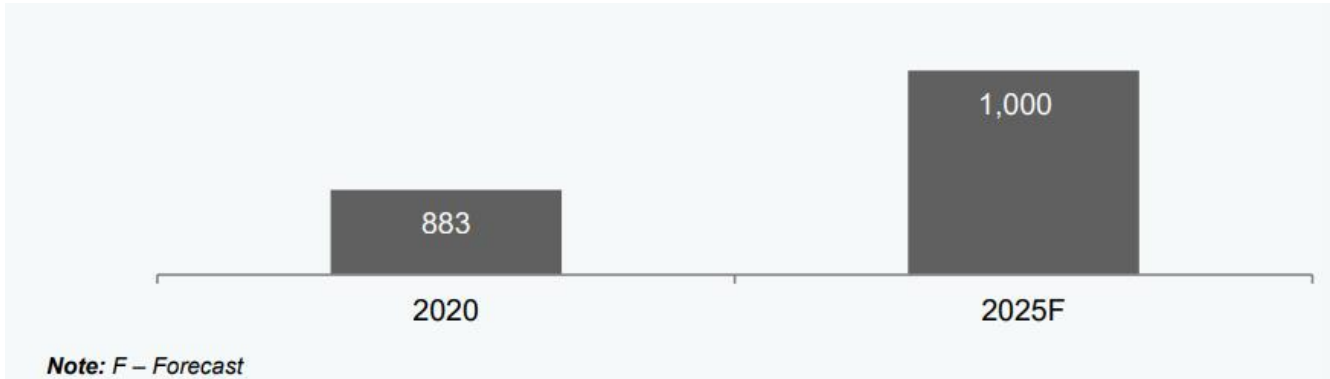


Exhibit 2: Indian E-Commerce Market (US\$ billion)

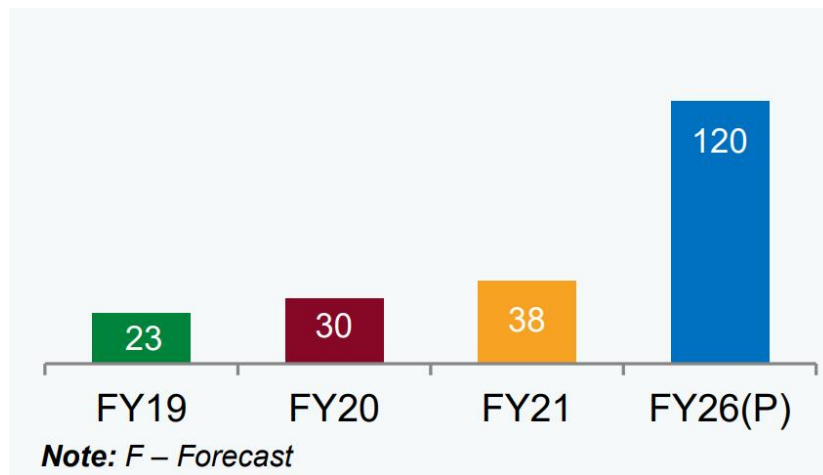
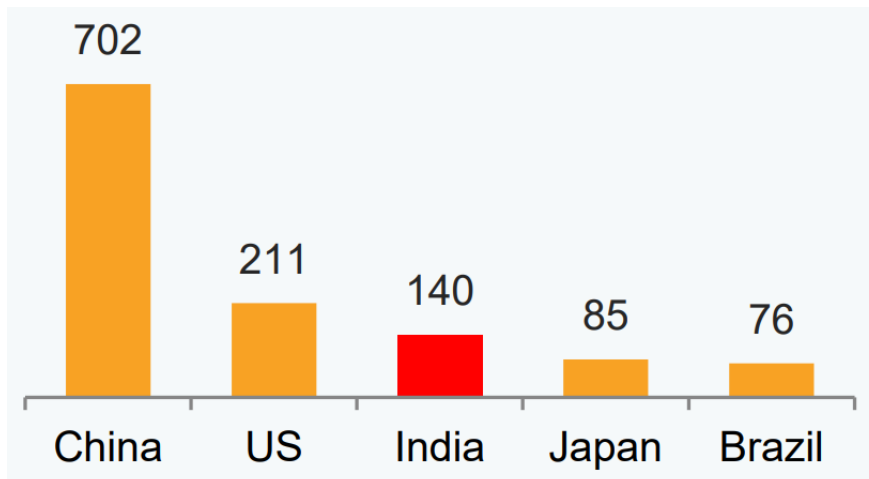


Exhibit 3: E-retail shoppers (million – by country) (2020)



(Source: ibef.org)

**Retail Industry -**

Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country's gross domestic product (GDP) and around 8% of employment. India is the world's fifth-largest global destination in the retail space. India ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is the world's fifth-largest global destination in the retail space and ranked 63 in the World Bank's Doing Business 2020.

The sizeable middle class and nearly unexplored retail market in India are the main enticing factors for international retail behemoths seeking to move into newer markets, which will help the Indian retail business grow more quickly. The urban Indian consumer's purchasing power is increasing, and branded goods in categories like apparel, cosmetics, footwear, watches, beverages, food, and even jewellery are gradually evolving into business and leisure that are well-liked by the urban Indian consumer. The retail sector in India is expected to reach a whopping US\$ 2 trillion in value by 2032, according to a recent analysis by the Boston Consulting Group (BCG). India is the world's fifth-largest global destination in the retail space. In the FDI Confidence Index, India ranked 16 (after the US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

Market Size -

As per Kearney Research, India's retail industry is projected to grow at 9% over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$ 1.8 trillion by 2030. Revenue of India's offline retailers, also known as brick-and-mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20. India's direct selling industry is expected to be valued at US\$ 2.14 billion by the end of 2021. E-retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart 'How India Shops Online 2021' the e-retail market is expected to grow to US\$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years. Despite unprecedented challenges, the Indian consumption story is still robust. Driven by affluence, accessibility, awareness, and attitude, household consumption stood at Rs. 130-140 trillion (US\$ 1.63-1.75 trillion) in 2021.

Road Ahead -

The COVID-19 pandemic has caused changes in consumer preferences, habits, and attitudes over the past two years. This has a significant impact on how people buy and consume goods and services. Global retailers are now using cutting-edge business strategies to take advantage of new retail opportunities. Consumers no longer distinguish between offline and online consumption channels.

E-commerce is expanding steadily in the country. Customers have an ever-increasing choice of products at the lowest rates. E-commerce is probably creating the biggest revolution in the retail industry, and this trend is likely to continue in the years to come. Retailers should leverage digital retail channels (E-commerce), which would enable them to spend less money on real estate while reaching out to more customers in tier II and tier III cities. The online retail market in India is projected to reach US\$ 350 billion by 2030 from an estimated US\$ 55 billion in 2021, due to rising online shoppers in the country.

(Source: prospectus)

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Key Managerial Personnel

Narendra Singh Bapna, aged 55, is one of the Promoters and Managing Director of the company. He has completed his Bachelor of Commerce. He is a Chartered Accountant from ICAI. He has over 18 years of experience running an NSB BPO Solutions Pvt. Ltd. In 2014, he founded Ondoor to venture into the Retail Sector. He looks after the overall business development, quality control, E-Commerce, and sourcing of material for the company.

Pramod Ramdas Ingle, aged 54, is one of the Promoters, and Whole-Time Director of the company. He has completed his Bachelor of Commerce. He is a Chartered Accountant and admitted as an associate member of ICAI. He has more than 18 years of experience as a promoter and managing business of NSB BPO Solutions Pvt. Ltd. He has been serving Ondoor since May 2015. He is a key person involved in strategic decision-making catering to further business opportunities and also looks after Investor relations.

Vaishali Pramod Ingle, aged 47, is one of the Promoters, and Executive Director of the company. She has completed her B. Ed and M. Sc. She has over 10 years of experience in the field of HR and administration.

Swati Bapna, aged 49, is one of the Promoters of the company. She has completed her graduation in Commerce. She has over 12 years of experience in the field of finance and accounts.

Ratnakar Venkappa Rai, aged 55, is the Non-Executive and Independent Director of the company. He has completed his B. Com and one-year Diploma program in Business Management. He has extensive experience of over 2 decades in the field of liaison, accounts, and finance. He has been appointed as an independent director on the Board since May 08, 2023.

Shivani Shivshankar Tiwari, aged 34, is the Non-Executive and Independent Director of the company. She has completed her B. Com and M.Com. She is also a qualified company secretary. She has over 5 years of experience in the field of secretarial and legal compliance. She has been appointed as independent director w.e.f. May 08, 2023, to comply with corporate governance requirements.

Sangita Bhamesh Kamble, aged 52, is the Non-Executive and Independent Director of the company. She has completed her B. Com and passed the CA Intermediate Examinations held by ICAI. She has over 2 decades of experience in the field of Finance, Accounts, and financial reporting. She has been appointed as independent director w.e.f. May 08, 2023, to comply with corporate governance requirements.

To conclude, the company has 5 promoters, with one promoter being a corporate promoter NSB BPO Solutions Private Limited. The promoters of the company have vast experience and knowledge in the fields in which the company operates. The Directors of the company have good knowledge and experience in the fields which is not directly linked to the main operation of the business but in the fields which help in the overall growth of the business.

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Profit and Loss Statements				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Aug-23
Revenue from Operations	18,265.18	17,314.09	18,014.52	7,025.99
Other Income	40.83	19.00	0.50	-
Total Income	18,306.01	17,333.09	18,015.02	7,025.99
Expenses				
Purchases	15,950.45	14,836.47	15,186.83	6,065.39
Changes in Inventories	(904.63)	(661.79)	545.00	(15.52)
Employee benefits expense	1,301.91	1,203.91	626.14	245.94
Finance costs	351.82	348.41	66.14	-
Depreciation and Amortization expense	304.89	394.01	335.63	166.99
Other expenses	1,843.58	1,796.40	1,253.90	507.39
Total Expenses	18,848.02	17,917.41	18,013.64	6,970.19
Earnings Before Interest, Taxes, Depreciation & Amortization	73.87	139.10	402.65	222.79
EBITDA Margin	0.40%	0.80%	2.24%	3.17%
Profit/(Loss) before tax	(542.01)	(584.32)	1.38	55.80
Tax Expense				
Provision for Deferred Tax	(18.57)	(47.34)	(4.79)	-
Profit/(Loss) for the year	(523.44)	(536.98)	6.17	55.80
Net Profit Margin	-2.86%	-3.10%	0.03%	0.79%

Balance Sheet				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Aug-23
EQUITY AND LIABILITIES				
Equity				
Share Capital	202.51	202.51	386.46	414.98
Reserves and Surplus	(6,290.91)	(6,827.89)	4,734.32	5,500.26
Total Equity	(6,088.40)	(6,625.38)	5,120.78	5,915.24
Minority Interest	-	-	(1.08)	(1.08)
Liabilities				
Non-current liabilities				
Long Term Borrowings	11,140.00	11,140.00	-	-
Total Non-current liabilities	11,140.00	11,140.00	-	-
Current liabilities				
Short Term Borrowings	49.98	49.62	117.50	87.70
Trade Payables	1,281.90	1,823.98	2,654.69	1,940.12
Other Current Liabilities	54.64	1,204.07	884.77	838.15
Short-term provisions	125.37	190.08	231.72	191.28
Total Current liabilities	1,511.89	3,267.75	3,888.68	3,057.25
Total Liabilities	12,651.89	14,407.75	3,888.68	3,057.25
Total Equity and Liabilities	6,563.49	7,782.37	9,009.46	8,972.49
ASSETS				
Non-Current Assets				
Tangible Assets	1,394.99	1,292.88	2,208.06	2,041.07
Intangible Assets	1,728.05	2,314.98	2,552.78	2,552.78
Long term Loans and Advances	304.98	290.29	161.91	161.91
Deferred Tax Assets	51.74	99.08	103.87	103.87
Total Non-Current assets	3,479.76	3,997.23	5,026.62	4,859.63
Current Assets				
Inventories	2,343.03	3,004.82	2,459.82	2,475.34
Investments	-	-	-	-
Trade Receivables	114.89	203.43	1,110.99	1,057.96
Cash and Cash Balances	19.60	41.76	53.69	32.19
Short-term loans and advances	392.27	395.21	338.49	517.29
Other Current Assets	213.94	139.92	19.85	30.08

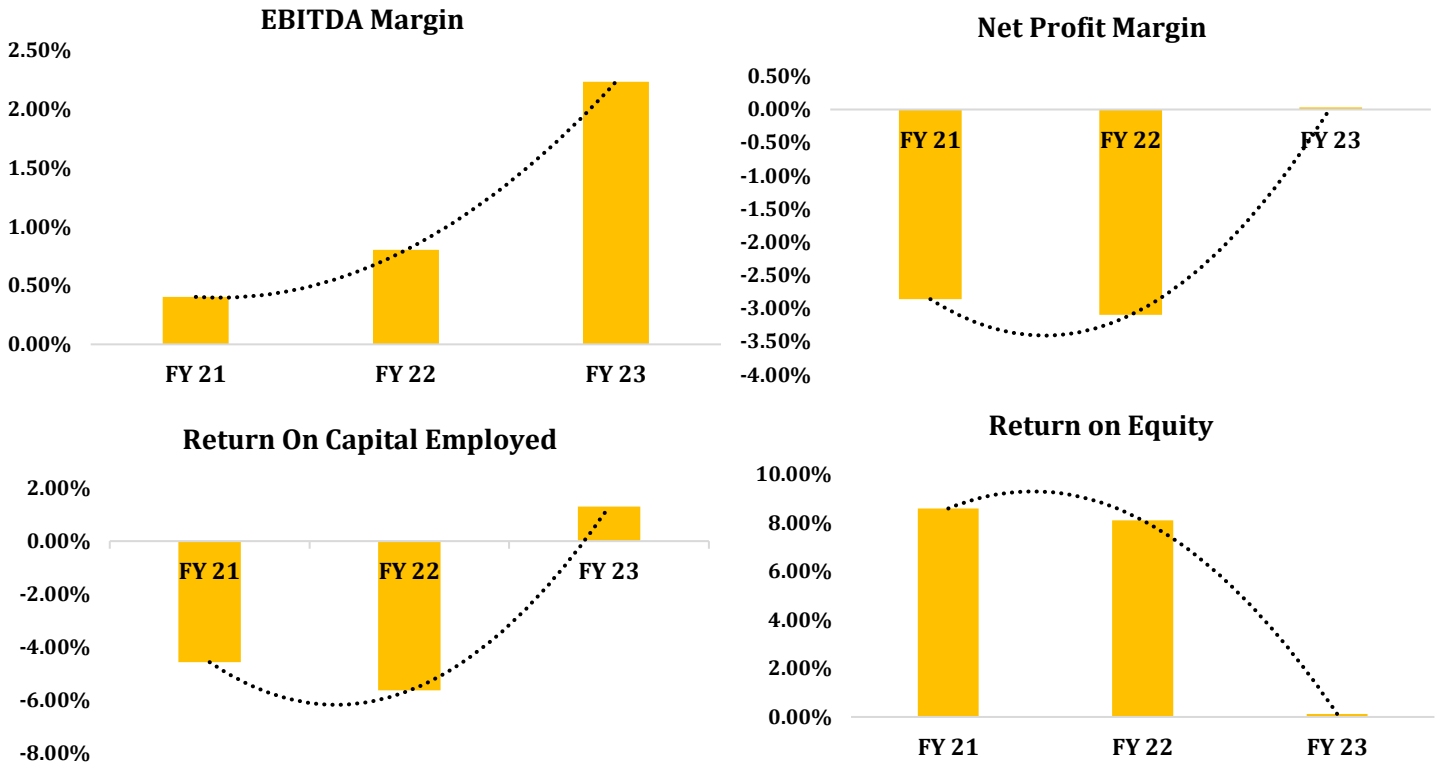


Balance Sheet				(In Lacs)
Total Current assets	3,083.73	3,785.14	3,982.84	4,112.86
Total Assets	6,563.49	7,782.37	9,009.46	8,972.49

Cash Flow Statement				(In Lacs)
Particulars	FY 21	FY 22	FY 23	Aug-23
Net Cash Flow from Operating Activities	(383.68)	1,216.07	2,068.92	(730.37)
Net Cash Flow from Investing Activities	(700.89)	(845.14)	(1,359.73)	-
Net Cash Flow from Financing Activities	948.16	(348.77)	(698.26)	708.87

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Aug-23
Per Share Data				
Diluted EPS	-27.75	-28.47	56.77	1.77
BV per share	-107.79	-117.29	90.66	148.13
Operating Ratios (%)				
EBITDA Margins	0%	1%	2%	3%
PAT Margins	-3%	-3%	0%	1%
Inventory days	46.82	63.34	49.84	53.90
Debtor days	2.30	4.29	22.51	23.04
Creditor days	29.33	44.87	63.80	48.94
Return Ratios (%)				
RoCE	-4.57%	-5.65%	1.31%	1.19%
RoE	8.60%	8.10%	0.12%	1%
Valuation Ratios (x)				
EV/EBITDA	68.80	32.51	12.88	15.75
Market Cap / Sales	0.64	0.68	0.65	1.67
P/E	-7.50	-7.31	3.66	117.24
Price to Book Value	-1.93	-1.77	2.29	1.40
Solvency Ratios				
Debt / Equity	-1.84	-1.69	0.02	0.01
Current Ratio	2.04	1.16	1.02	1.35
Quick Ratio	0.49	0.24	0.39	0.54
Asset Turnover	2.78	2.22	2.00	0.78
Interest Coverage Ratio	-0.66	-0.73	1.01	-

*Ratios sheet for Aug-23 are annualized.

**Financial Charts****Key Risk Factors**

1. The company, Promoters, and Directors are involved in certain legal proceedings and potential litigations amounting to Rs. 2,925.26 Lakhs, and any adverse decision in such proceedings may adversely affect the business, financial condition, and results of operations.
2. The company has a history of net losses and may continue in the future. The company had negative profit for the financial year ended 2021, and 2022 respectively.
3. The Company had negative operating cash flows in the past specifically for the financial year ended 2021, and the Period Ended Aug-2023. Any such negative cashflows in the future could adversely affect the business, results of operations, and prospects.
4. The Company has contingent liabilities amounting to Rs. 356.13 lakhs as of August 31, 2023. If any of these occur, they may adversely impact the profitability and may have a material adverse effect on the results of operations and financial condition.

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The lead manager to the issue is First Overseas Capital Limited. A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

First Overseas Capital Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Pyramid Technoplast Limited	153.05	166.00	August 29, 2023	208.00
2.	Synoptics Technologies Limited	54.03	237.00	July 13, 2023	128.00
3.	Cell Point (India) Limited	50.34	100.00	June 28, 2023	49.2
4.	Kore Digital Limited	18.00	180.00	June 14, 2023	335.00
5.	Nirman Agri Genetics Limited	20.30	99.00	March 28, 2023	243.00
6.	SVJ Enterprises Limited	6.12	36.00	March 09, 2023	67.5
7.	Amanaya Ventures Limited	2.76	23.00	March 09, 2023	13.2
8.	Ducol Organics and Colours Limited	31.51	78.00	January 19, 2023	169.00
9.	SVS Ventures Limited	11.24	20.00	January 12, 2023	8.40
10.	QMS Medical Allied Services Limited	56.87	121.00	October 11, 2022	164.00

*CMP for the above-mentioned companies is taken as of 17th October 2023.

As per the offer document, First Overseas Capital Limited has had 17 mandates in the last three years (including the current year). For First Overseas Capital Limited, 1 opened at par, 1 opened at discounts, and all the remaining mandates have opened at premiums on the listing date.



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Recommendation

The company has been in the industry since 2014 and has moderate experience in the industry. The company has seen net loss for the financial year ended 2021, and 2022 and has gradually increased its profit for the FY 2023. The company has seen a hike in profit for the period ended Aug-2023. The sustainability of the same cannot be assured.

The PE on an annualized and post-IPO basis is 117.24 times which is highly priced by looking at the performance of the company. The Sector P.E is 75.7 times.

The company operates in a very highly competitive segment. The company has experienced losses for the financial year ended 2021, and 2022. The company also saw a negative operating cash flow for the year ended 2021, and the period ended Aug-2023 which raises concerns about the sustainability of the company. The overall financial outlook of the company is not attractive with the D/E ratio being 0.02 and the quick ratio being 0.39 which also cannot guarantee sustainability. We believe we would require a few more financial results in the future to look at the performance and get to a conclusion as to whether they can sustain and increase the margins. Thus, we recommend **AVOID** to this IPO as of right now.



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