

IPO Details		Company Background				
Opening Date	Oct 16, 2023	<ul style="list-style-type: none"> ○ WomanCart Limited was originally incorporated in the year 2018 and has its registered office in New Delhi. ○ The Company is primarily a digital consumer-centric retail platform, providing a wide range of classic and emerging branded beauty and wellness products for skin care, body care, hair care, and fragrance for both men and women. ○ The Company also sells lifestyle brands for make-up, imitation jewellery, and lingerie. ○ As of 31st May 2023, the Company had 27 Employees on its payroll. 				
Closing Date	Oct 18, 2023					
Stock Exchange	NSE SME					
Lot Size	1,600 Shares					
Issue Price	₹ 86 per share					
Issue Size	Aggregating up to 9.56 Cr.					
Fresh Issue	Aggregating up to 9.56 Cr.					
Offer for Sale	-					
Application Amount	₹ 1,37,600					
IPO Objective		Market Capitalization (In Cr.)				
To Meet Working Capital Expenditure		Pre-Issue		Post-Issue		
To Meet Expenses of Branding, App Development, and Marketing.		₹ 27		₹ 36		
To Meet General Corporate Purpose.						
To Meet Issue Expenses.		Financial Summary (In Lacs)				
Pre-Issue Shareholding			For the Period Ended	Mar-21	Mar-22	Mar-23
Category	No. of Shares	% of Total Shares	Total Assets	134.96	385.41	551.49
Promoter & Promoter Group	24,15,261	78.01%	Net Assets	16.38	264.12	314.74
Public	6,80,739	21.99%	Total Borrowings	92.28	79.11	123.68
Promoter of the Company			Total Revenue	135.15	425.67	965.17
1	Veena Pahwa		Profit After Tax	-17.94	20.74	50.94
Competitive Strengths			Tentative Timeline			
1	Range Authority in its product segments.		Opening Date	Oct 16, 2023		
2	Omni channel approach-selling both offline and online.		Closing Date	Oct 18, 2023		
3	Focus on customer service		Basis of Allotment	Oct 23, 2023		
4	Owned brands with unique and exclusive products.		Initiation of Refunds	Oct 25, 2023		
			Credit of Shares to Demat	Oct 26, 2023		
			Listing Date	Oct 27, 2023		

Company Background and Analysis

The Company was originally incorporated in the year 2018. The company is primarily a digital consumer-centric retail platform, providing a wide range of classic and emerging branded beauty and wellness products for skin care, body care, hair care, and fragrance for both men and women. The company also sells lifestyle brands for make-up, imitation jewellery, and lingerie. The company also runs brick-and-mortar stores where customers can visit, make purchases, and interact with the brand.

The company has both online and offline presence –

Online – The company has its own websites called www.womancart.in, and saydajewels.com which offer a wide range of products approximately 10,000 SKUs (Products) from various brands. Womancart is a registered online seller on Amazon and Meesho. The company has another upcoming website called faezah.com which will be selling comfortable clothing.

Offline – The company has 2 stores 2 Warehouses and 1 kiosk in Delhi. The physical channels offer a limited range of products.

Top Categories and Brands the company offers are as follows –

1. Makeup – Maybelline, Colorbar, Sugar, Renee
2. Fragrance – Yardley, Fogg, Old Spice, One8
3. Skincare and Haircare – Olay, Neutrogena, Lakme, Ponds
4. Health and Wellness – Stayfree, Whisper, Durex, Kamasutra
5. Imitation Jewellery – Sayda Jewels
6. Lingeries and Accessories – Wondercurve, Enamor, Zivame, Trylo

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	%
Online Sales	0.52	0.38	1.53	0.36	100.82	10.46	693.05	81.81
Offline Sales	13,4.58	99.62	421.83	99.64	863.48	89.54	154.05	18.19
Total	135.10	100.00	423.36	100.00	964.30	100.00	847.10	100.00

Revenue bifurcation for owned and other brand 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	%
Owned Brand	-	-	-	-	118.37	12.28	118.14	13.95
Other Brand	135.11	100.01	423.37	100.00	845.93	87.73	728.96	86.05
Total	135.11	100.01	423.37	100.00	964.31	100.00	847.10	100.00

Category-wise consolidated 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	%
Makeup	24.60	18.21	99.35	23.47	187.44	19.44	154.55	16.03
Fragrance	55.35	40.96	205.88	48.63	378.46	39.25	265.24	27.51
Skin Care and Haircare	12.30	9.10	49.67	11.73	167.79	17.40	155.51	16.13
Health and Wellness	33.53	24.82	41.90	9.90	94.41	9.79	119.65	12.41
Imitation Jewellery	-	0.00	8.27	1.95	99.81	10.35	73.42	7.61
Lingerie's and Accessories	9.34	6.91	18.30	4.32	36.39	3.77	57.04	5.92
Clothing	-	0.00	-	0.00	-	0.00	21.68	2.25
Total	135.11	100.00	423.37	100.00	964.31	100.00	847.11	100.00

Details of Orders, Customers, and Average Revenue per Order for the FY ended 2021, 2022, 2023, and as of August 31, 2023, are as follows -

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023	As on August 31, 2023
Number of Orders	2,067	1,081	49,678	1,66,688
Number of Customers Served	1,883	930	39,737	1,48,349
Revenue from operations (In Lakhs)	24.07	2.15	195.10	759.54
Average Revenue per order (In Rs)	1,165	200	392	456

The company has seen a sudden hike in the number of orders received for FY 2023 and a sudden jump as of August 2023. The company has a decrease in the category-wise revenue for Makeup and Fragrance for FY 2023. The company does a majority of its business through online sales, and the sales are majorly also made through other brands when compared to its own brand products.

To conclude, the company was incorporated in the year 2018. The company is primarily a digital consumer-centric retail platform. The company is raising total gross proceeds of Rs. 9.56Cr. Out of which 14% will be utilized for Branding and Marketing, 1.48% will be used for app development, 59.61% for Working Capital Requirements, 13.37% for general corporate purposes and the remaining 11.37% will be used for Issue Expenses by the company.

Business Strategies

WomanCart mainly focuses on the growth strategy which is fixed on two pillars –

- Growing the Core Business** – This includes strategies such as Omnichannel approach, Building Strong Relationships with Brands, Incorporate User-Generated Content and Reviews, More and more focus on customer service and satisfaction, Embracing social media and influencer partnerships, Quick delivery, Portfolio of owned brands, Virtual try on, personalization and recommendation, Development of Mobile App Features, Embrace Sustainability, Offer Subscription services, and Collaboration with Beauty Professionals.
- Expanding into new markets and adjacent categories** – The strategy under this includes Private Label, Category and market adjacencies, International Expansion, and Own Sanitary Napkin Brand.

Competitive Scenario and Peer Mapping

Competition

The industry in which the company operates is highly fragmented and highly competitive. The company is competing with organized multi-brand and exclusive retailers, unorganized merchants, and horizontal online platforms like Amazon, Flipkart, Myntra, Purplle, etc. The barrier to entry in such a sector is very low. The bargaining power with the suppliers is high and the bargaining power with the customers is slightly higher 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	WomenCart Limited	FSN E-Commerce Ventures Limited (Nykaa)
	31st Mar 2023	31st Mar 2023
Net Profit Margin	5.28%	0.41%
EBITDA Margin	8.68%	5.00%
Return on Capital Employed	18.97%	2.85%
Return on Equity	16.19%	1.52%
EPS (INR)	1.83	0.07

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

Particulars	WomenCart Limited	FSN E-Commerce Ventures Limited (Nykaa)
	31st Mar 2022	31st Mar 2022
Net Profit Margin	4.90%	1.09%
EBITDA Margin	7.10%	4.35%
Return on Capital Employed	10.55%	2.57%
Return on Equity	7.85%	3.06%
EPS (INR)	1.00	0.14

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

Particulars	WomenCart Limited	FSN E-Commerce Ventures Limited (Nykaa)
	31st Mar 2021	31st Mar 2021
Net Profit Margin	-13.28%	2.54%
EBITDA Margin	-7.91%	6.47%
Return on Capital Employed	-42.58%	6.61%
Return on Equity	-109.55%	12.65%
EPS (INR)	-2.69	6.82

Based on the above analysis, the company took a hit in the Financial Year 2021 with negative margins, ROCE, and ROE, including EPS, and has performed better for two consecutive years from FY 2022 when compared to its peer company FSN E-Commerce Ventures Limited.

Industry Overview

Exhibit 1: Indian E-Commerce Market (US\$ billion)

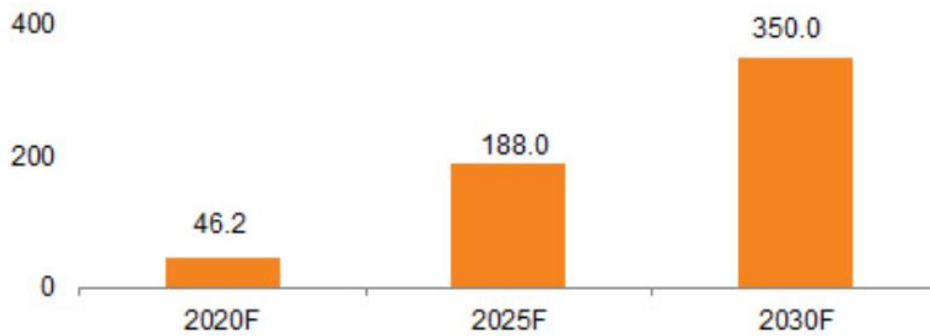


Exhibit 2: Gross Value Added by E-Commerce Sectors (US\$ billion)

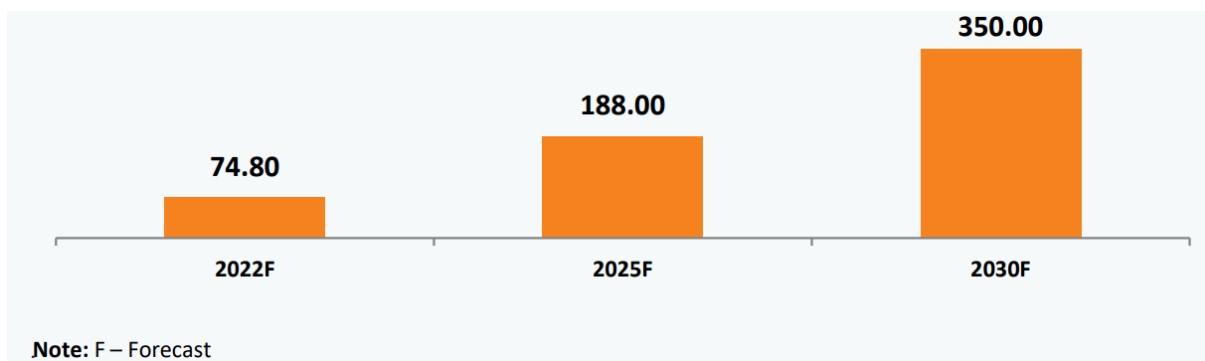
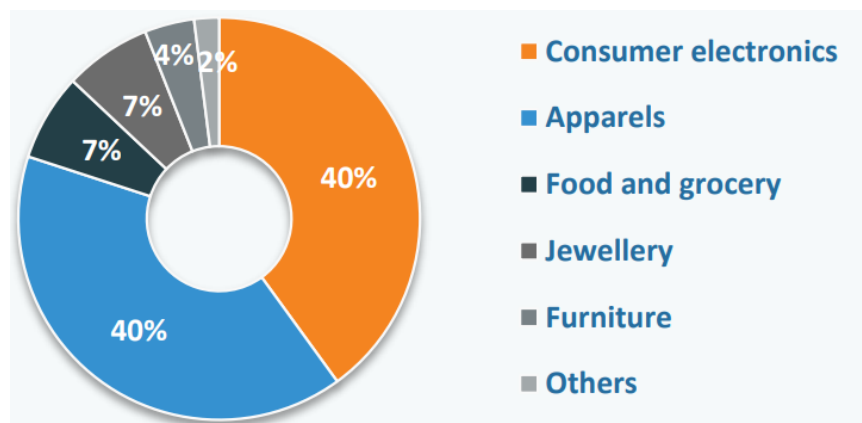


Exhibit 3: Shares of Various Segments in E-commerce Retail by Value (2020)



(Source: ibef.org)

Indian Beauty and Personal Care Sector -

The Indian beauty and personal care market size reached US\$ 26.3 Billion in 2022. Looking forward, IMARC Group expects the market to reach US\$ 38.0 Billion by 2028, exhibiting a growth rate (CAGR) of 6.45% during 2023-2028. The availability of a diversified product range, increasing demand for natural and organic products, and the growing penetration of e-commerce platforms represent some of the key factors driving the market.

Indian E-Commerce Industry -

In recent years India has experienced a boom in internet and smartphone penetration. The number of internet connections in 2021 increased significantly to 830 million, driven by the 'Digital India' programme. Out of the total internet connections, ~55% of connections were in urban areas, of which 97% of connections were wireless. The smartphone base has also increased significantly and is expected to reach 1 billion by 2026. This has helped India's digital sector and it is expected to reach US\$ 1 trillion by 2030.

This rapid rise in internet users and smartphone penetration coupled with rising incomes has assisted the growth of India's e-commerce sector. India's e-commerce sector has transformed the way business is done in India and has opened various segments of commerce ranging from business-to-business (B2B), direct-to-consumer (D2C), consumer-to-consumer (C2C) and consumer-to-business (C2B). Major segments such as D2C and B2B have experienced immense growth in recent years. India's D2C market is expected to reach US\$ 60 billion by FY27. The overall e-commerce market is also expected to reach US\$ 350 billion by 2030 and will experience 21.5% growth in 2022 and reach US\$ 74.8 billion.

The E-commerce industry has been directly impacting micro, small & medium enterprises (MSME) in India by providing means of financing, technology and training and has a favourable cascading effect on other industries as well. The Indian E-commerce industry has been on an upward growth trajectory and is expected to surpass the US to become the second-largest E-commerce market in the world by 2034. Technology-enabled innovations like digital payments, hyper-local logistics, analytics-driven customer engagement and digital advertisements will likely support the growth in the sector.

The Indian e-commerce sector is likely to expand in different markets. India's e-retail market is expected to continue its strong growth - it registered a CAGR of over 35% to reach Rs. 1.8 trillion (US\$ 25.75 billion) in FY20. Over the next five years, the Indian e-retail industry is projected to exceed ~300-350 million shoppers, propelling the online Gross Merchandise Value (GMV) to US\$ 100-120 billion by 2025.

Indian Fashion Industry -

In the Fashion segment, the global online share of revenues already reached 23% in 2020, but the segment's growth will continue in the next years, driven by East and Southeast Asia regions with their growing middle class and lagging offline shopping infrastructure. One of the leading trends is the direct integration of shopping functionality into the content display on social media, enabling high-speed, "inspire and sell" customer conversion (e.g., Instagram Checkout). The audience is increasingly shifting from desktop to mobile, and improving the mobile browsing and checkout experience is becoming crucial.

(Source: prospectus)

Key Managerial Personnel

Madhu Sudan Pahwa, aged 53, is the CFO and Managing Director of the company. He is a Chartered Accountant by profession. He has also done a Bachelor of Commerce (Honours). He has an experience in the profession for 28 years. He has experience in saving costs in the areas of logistics, purchasing, inventory management, etc. He is responsible for managing operations relating to third-party brands for the company.

Veena Pahwa, aged 50, is the Promoter and Whole-Time Director of the company. She is a graduate in Bachelor of Arts. She has more than 8 years of experience in the retail, e-commerce, and fashion business. She was working as a Client Account Coordinator – Electronic Media, immediately after graduation.

Peerna Pahwa, aged 24, is the Non-Executive Director of the company. She is a Chartered Accountant by profession. She has done Bachelor of Commerce (Honours). She studied affiliate marketing, social media advertising, and online advertising. She guides the IT team by giving the team knowledgeable feedback on technicalities and digital marketing. She has an experience of around one year in the same field.

Hari Krishan Babbar, aged 70, is the Non-Executive Director of the company. He is a graduate of English Honours. He has six years of job experience with logistics and shipping firms. Later, he transitioned to his own firm in import, export, and overseas trade, where he has approximately 35 years of expertise.

Sandeep Pawah, aged 56, is the Non-Executive Director of the company. He is a civil engineer by qualification and a successful businessman by profession. He is the owner of a poly-tech industry.

Palakh Jain, aged 40, is the Independent Director of the company. She has a Ph.D. in Economics. She is an Associate Professor at Bennett University.

Megh Vinayak, aged 44, is the Independent Director of the company. He is a Fitness Enthusiast and a Digital Marketing Expert with experience of 22 years in the industry. He is an MBA (Banking & Finance) graduate.

Ankita Bhatnagar, aged 39, is the Independent Director of the company. She is a commercially focused business consultant with 17 years of experience in the Hotel industry. She is an MBA (Banking & Finance) graduate.

To conclude, the company has 1 promoter, and she has decent experience in the industry in which the company operates. The Directors of the company have vast knowledge and experience in the fields which is not directly linked to the main operation of the business but in the fields which may help in the overall growth of the business.

Financial Snapshot

Profit and Loss Statements			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
Revenue from Operations	135.11	423.37	964.31
Other Income	0.04	2.30	0.86
Total Income	135.15	425.67	965.17
Expenses			
Cost of Goods Sold	120.24	333.52	715.15
Employee benefits expense	8.02	24.45	44.49
Finance costs	6.61	9.53	6.65
Depreciation and Amortization expense	0.58	1.40	10.21
Other expenses	17.53	35.34	120.98
Total Expenses	152.98	404.24	897.48
Earnings Before Interest, Taxes, Depreciation & Amortization	(10.69)	30.06	83.69
EBITDA Margin	-7.91%	7.10%	8.68%
Profit before exceptional and extraordinary items and tax	(17.83)	21.42	67.69
Exceptional Items	0	0	0
Profit/(Loss) before tax	(17.83)	21.42	67.69
Tax Expense			
Current Tax	-	0.38	16.91
Deferred tax (net)	0.11	0.30	(0.17)
Last year's excess provision Written Back	-	-	-
Total Tax Expense	0.11	0.68	16.74
Profit/(Loss) for the year	(17.94)	20.74	50.94
Net Profit Margin	-13.28%	4.87%	5.28%

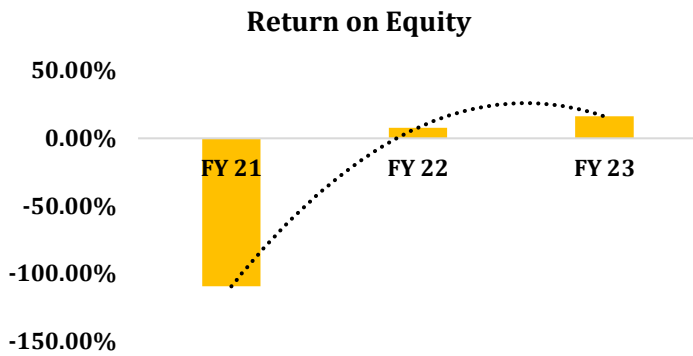
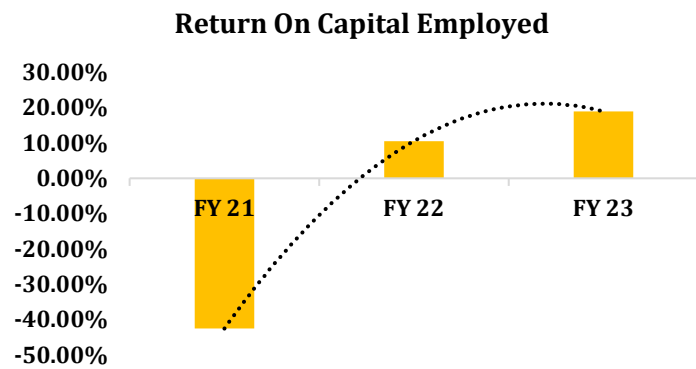
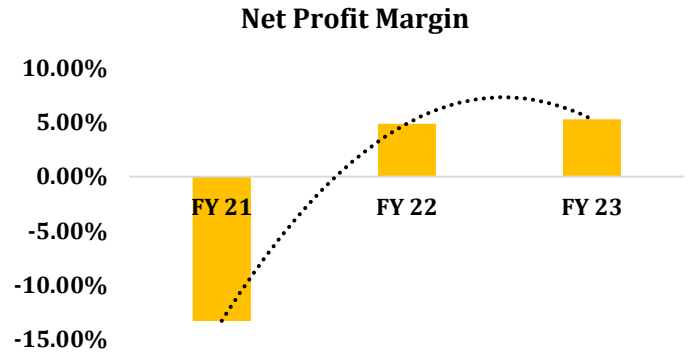
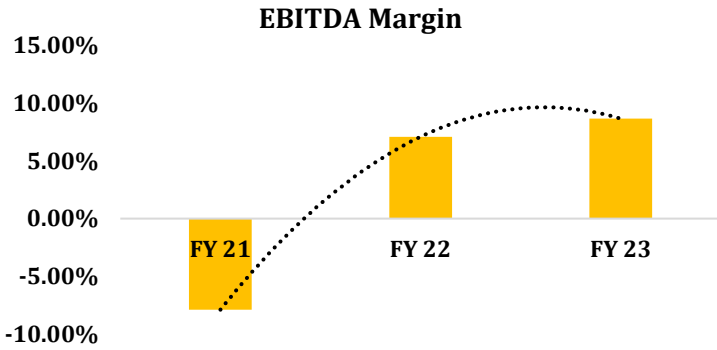
Balance Sheet			
	(In Lacs)		
Particulars	FY 21	FY 22	FY 23
EQUITY AND LIABILITIES			
Equity			
Share Capital	35.00	110.80	110.80
Reserves and Surplus	(18.62)	153.32	203.94
Total Equity	16.38	264.12	314.74
Minority Interest	-	-	(1.08)
Liabilities			
Non-current liabilities			
Borrowings	10.00	7.18	72.15
Deferred Tax Liabilities (Net)	0.08	0.38	0.55
Other Long-term liabilities	-	-	-
Long Term Provisions	-	-	-
Total Non-current liabilities	10.08	7.56	72.70
Current liabilities			
Short Term Borrowings	82.28	71.93	51.53
Trade Payables	-	-	-
i) Due to micro and small enterprises	-	-	-
ii) Due to other than micro and small enterprises	24.06	37.43	68.60
Other Current Liabilities	2.18	4.00	27.03
Short-term provisions	-	0.38	16.91
Total Current liabilities	108.51	113.74	164.07
Total Liabilities	118.59	121.29	236.76
Total Equity and Liabilities	134.96	385.41	551.50
ASSETS			
Non-Current Assets			
Tangible Assets	5.00	19.98	69.81
Intangible Assets	-	2.02	9.07

Balance Sheet			(In Lacs)
Goodwill on Consolidation	-	-	0.40
Non-Current Investments	0.10	0.10	0.10
Deferred Tax Assets (Net)	-	-	-
Total Non-Current assets	5.10	22.10	79.38
Current Assets			
Inventories	57.80	156.88	308.61
Investments	-	-	-
Trade Receivables	38.81	142.16	34.24
Cash and Cash Balances	11.31	44.63	75.94
Short-term loans and advances	-	2.79	10.95
Other Current Assets	21.94	16.86	42.37
Total Current assets	129.86	363.31	472.12
Total Assets	134.96	385.41	551.49

Cash Flow Statement			(In Lacs)
Particulars	FY 21	FY 22	FY 23
Net Cash Flow from Operating Activities	(94.34)	1.59	48.17
Net Cash Flow from Investing Activities	(3.88)	(21.37)	(67.03)
Net Cash Flow from Financing Activities	109.33	53.10	47.10

Ratio Sheet			
Particulars	FY 21	FY 22	FY 23
Per Share Data			
Diluted EPS	-2.69	1.00	1.83
BV per share	0.39	6.28	7.48
Operating Ratios (%)			
EBITDA Margins	-8%	7%	9%
PAT Margins	-13%	5%	5%
Inventory days	156.16	135.25	116.81
Debtor days	104.85	122.56	12.96
Creditor days	50.35	31.58	28.88
Return Ratios (%)			
RoCE	-42.58%	10.55%	18.97%
RoE	-109.55%	7.85%	16.19%
Valuation Ratios (x)			
EV/EBITDA	-9.11	9.93	4.33
Market Cap / Sales	26.78	8.55	3.75
P/E	-31.97	86.00	46.99
Price to Book Value	220.97	13.70	11.50
Solvency Ratios			
Debt / Equity	5.63	0.30	0.39
Current Ratio	1.20	3.19	2.88
Quick Ratio	0.66	1.82	1.00
Asset Turnover	1.00	1.10	1.75
Interest Coverage Ratio	-1.70	3.01	11.05

Financial Charts



Key Risk Factors

1. The company has incurred a loss in one of the three previous financial years specifically for FY 2021.
2. The company has negative operating cash flow for the period ended August 2023, and Year Ended 2021. Sustained negative cash flow could impact the growth and business.
3. There are certain legal proceedings against the Directors and Subsidiaries amounting to Rs. 32,19,158. Any adverse outcome of such proceedings may affect the business, financial condition, and reputation.

Track Record of Lead Manager

The lead manager to the issue is Narnolia Financial Services 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 –

Narnolia Financial Services Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Inspire Films Limited	21.23	59.00	October 05, 2023	72.1
2.	Cellecor Gadgets Limited	50.77	92.00	September 28, 2023	145.00
3.	Yudiz Solutions Limited	44.84	165.00	August 17, 2023	156.00
4.	Drone Destination Limited	44.20	65.00	July 21, 2023	130.00

*CMP for the above-mentioned companies is taken as of 12th October 2023.

As per the offer document, Narnolia Financial Services Limited has had 4 mandates in the current year. For Narnolia Financial Services Limited, all the mandates have opened at premiums on the listing date.

Recommendation

The company has been in the industry since 2018 and has relatively less experience in the industry. The company has seen a sudden surge in the top line and the bottom line of its financials. The margin has gone from negatives to positives in less than two years.

The PE on an annualized and post-IPO basis is 71.04 times which is fairly priced by looking at the performance of the company. The Sector P.E is 69.4 times.

The company operates in a very highly competitive segment and in a highly fragmented business. The management outlook of the company is not that satisfactory. The company started its business recently in the year 2018 has less experience in the industry and has seen a sudden surge in its financials which may not be sustained going forward. The ratio analysis of the company is not attractive. Based on the above-mentioned points we recommend **AVOID** to this IPO keeping in mind that it is for a long-term perspective.

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