

IPO Details			Company Background					
Opening Date	Mar 26, 2024		<ul style="list-style-type: none"> Aspire & Innovative Advertising Limited was originally incorporated in the year 2017 and has its registered office in Delhi, India. The company is engaged in the business of trading of wide range of consumer durables like kitchen appliances, home appliances, white goods, mobile phones and their accessories, solar products etc. of multiple renowned brands such as Bajaj, Prestige, Vivo, Samsung, Crompton, Whirlpool, Hindware, Havells and many more. The company's range of products is offered at different price points to meet diverse customer requirements across India along with delivery of products mainly in rural and semi-urban areas. As of November 30th, 2023, the Company had 49 employees on its payroll. 					
Closing Date	Mar 28, 2024							
Stock Exchange	BSE SME							
Lot Size	2000 Shares							
Issue Price	₹51 to ₹54 per share							
Issue Size	Aggregating up to 21.97 Cr.							
Fresh Issue	Aggregating up to 21.97 Cr.							
Offer for Sale	-							
Application Amount (Price at upper Band)	₹ 1,08,000							
IPO Objective								
1. To meet Working Capital requirements.								
2. To finance the cost of establishing new warehouses.								
3. General corporate purposes.								
Pre-Issue Shareholding			Market Capitalization (In Cr.)					
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue				
Promoter & Promoter Group	1,09,81,674	98.84%	₹ 60	₹ 82				
Public	1,28,326	1.16%						
Promoter of the Company			Financial Summary (In Lacs.)					
1. Nitesh Agarwalla			For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23	
2. Rinku Agarwalla			Total Assets	3,492.07	5,328.01	6,256.99	8,135.72	
			Net Assets	520.98	1,020.39	1,551.25	1,944.53	
			Total Borrowing	55.90	111.01	881.53	1,160.89	
			Total Revenue	10,833.4	25,558.3	34,620.10	17,710.29	
			Profit After Tax	227.75	437.36	530.85	393.28	
Competitive Strengths			Tentative Timeline					
1. Strong portfolio and diverse range of products across consumer preferences.			Opening Date		Mar 26, 2024			
2. Diversified revenue from multiple locations including rural and semi urban geographies of India.			Closing Date		Mar 28, 2024			
3. Quality Assurance ensuring standardized product quality.			Basis of Allotment		Apr 01, 2024			
4. Network of Warehousing and Transportation Facilities across various geographies.			Initiation of Refunds		Apr 02, 2024			
			Credit of Shares to Demat		Apr 02, 2024			
			Listing Date		Apr 03, 2024			

Company Background and Analysis

Aspire & Innovative Advertising Limited was incorporated on July 31, 2017. The company is engaged in the business of trading of wide range of consumer durables like kitchen appliances, home appliances, white goods, mobile phones and their accessories, solar products etc. of multiple renowned brands such as Bajaj, Prestige, Vivo, Samsung, Crompton, Whirlpool, Hindware, Havells and many more.

The company along with its sales team, sell the product majorly through intermediaries i.e. Non - Banking Financial Companies (NBFCs), Micro Finance Institutions (MFIs) and there is no other trading platform for selling products. The company have entered into commercial arrangements with a large number of intermediaries like Non-Banking Financial Companies (NBFCs), Non-Banking Financial Companies (NBFCs)- Micro Finance Institutions (MFIs) along with Warehousing and Transportation facilities in 16 states in India. The company have more than 15 intermediaries for marketing the various products at various locations.

The company operate an asset-light business model. The company have warehousing and transporting facilities in 16 states of India from where they deliver these products to the doorsteps of customers, mostly in the rural and semi-urban areas. The company's product portfolio comprises more than 50 products such as pressure cookers, induction cooktops, mixer grinders, Dinner Sets, sewing machines, ceiling fans, irons, inverter bulbs, electric heaters, mobile phones, televisions, fridges, washing machines, headphones, solar lanterns etc.

The company's product portfolio is as follows –

1. Kitchen Appliances – The company offers a wide array of products under this category which includes various products of multiple reputed brands like Prestige, Bajaj, Crompton, Rico, Phillips, Havells etc. Products which offered in this category include a Mixer Grinder, Pressure cooker, Induction Cooktop, Dinner set, Copper Bottle etc.
2. Home Appliances – The company offers various products including electronic items and other consumer durables like Table Fans, Ceiling Fans, Inverter Bulbs, Iron Immersion Rod, Room Heater, Water Heater, T.V, Fridge, Washing Machines etc.
3. Mobile and Accessories and other audio gadgets - This category includes mobile phones, smartwatches and related accessories like chargers, power-bank & Ear-pods for different brands like Samsung, Vivo, Zebronic, Zalmler, Boat etc. The company offer various other audio gadgets like Sound Bars, Headphones etc. of brands like Boat, Zalmler etc.
4. Solar Products - This category includes Solar Lantern, Solar Torch, Solar 2 Tube Home lighting system, Solar Torch, Solar 2T home lighting & with 2 Tube lights, Most of these products offer phone charging etc. option as well.

(Amt in lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Kitchen Appliances	4,991.09	52.52	12,967.27	57.30	13,324.78	42.45	6,476.40	38.11
Home Appliances	1,436.09	15.11	3,820.76	16.88	8,152.26	25.97	6,319.63	37.19
Mobile and Accessories	2,901.77	30.53	3,944.00	17.43	7,150.44	22.78	3,038.03	17.88
Solar Products	144.19	1.52	1,832.26	8.10	2,760.81	8.80	1,156.64	6.81
Other	30.00	0.32	64.99	0.29	0.10	0.00	3.93	0.02
Total	9,503.14	100.00	22,629.28	100.00	31,388.39	100.00	16,994.63	100.00

To conclude, the company has good experience in the industry in which the company operates. The company is engaging in the business of trading of wide range of consumer durables. The company is generating majority of its revenue from the top 2 products.

Business Strategies

1. Continue to expand Warehousing and Transportation facilities –

The company has a wide network of warehousing and transportation facilities and intends to increase such facilities by creating new touch-points to other regions of the country along with the existing ones, for the growth of the business.

2. Expand the domestic presence in existing and new markets –

The Company intends to cater to the increasing demand of the existing customers and also to increase the existing customer base by enhancing the reach of the products in different parts of the country.

3. Enhancing branding, promotional and marketing activities –

The Company seeks to continue to enhance brand awareness and customer loyalty through the promotional and marketing efforts which helps in substantially increasing the market base for consumer durable products. The company intends to continue the marketing initiatives through regular participation in annual conferences meant for NBFC's and through regular participation in regional and state Expos and Exhibitions. Such activities, gives a platform to exhibit and market the products.

4. Continue to strengthen the existing product portfolio and diversify into new product lines –

The company seeks to offer new products to cater to the evolving requirements of a large customer base and cover newer customer segments across various regions of the country.

Competitive Scenario and Peer Mapping

Competition

The company faces competition from organized and unorganized players in the Consumer Durable industry which have a presence across multiple regions in India. There are various companies offering products and services similar to them. The entry barrier to this industry is very low which intensifies the competition even further. The bargaining power with the suppliers is high and the bargaining power with the consumers is also high in the industry in which the company operates in.

Peer Analysis

As per the offer document, the company believes they do not have any listed peers for comparison.

Industry Overview

Exhibit 1: Indian Appliance and Consumer Electronics Industry (US\$ Billion).

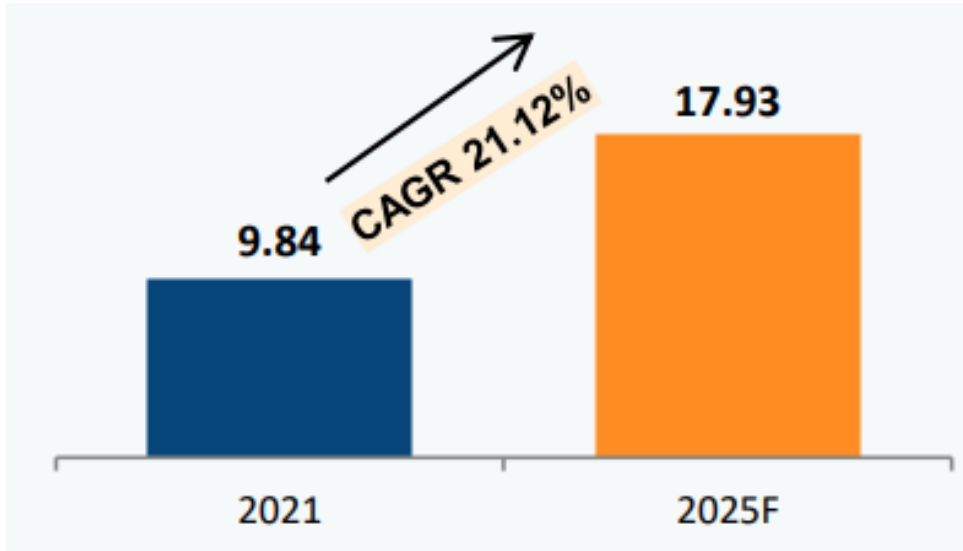
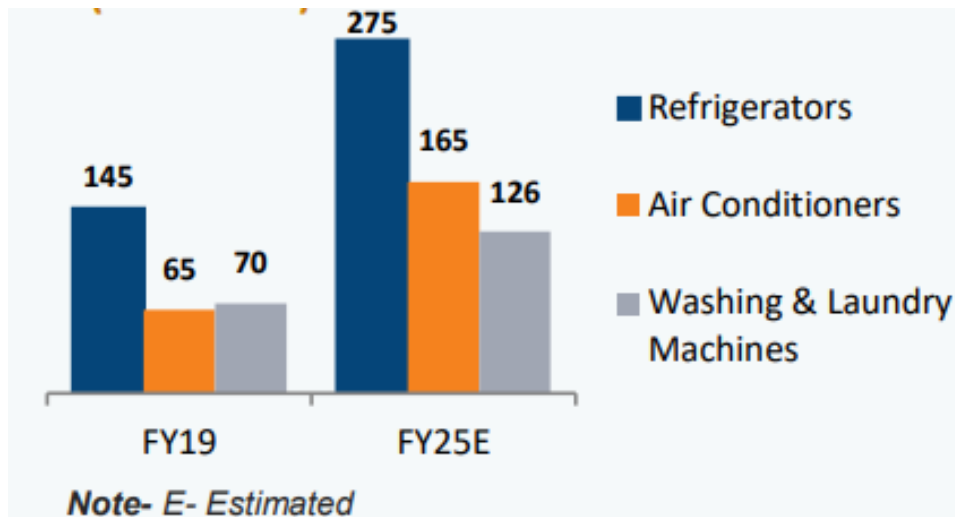


Exhibit 2: Production of Major White Goods (lakh units).



(Source: ibef.org)

Indian Consumer Durables Market -

The Indian consumer durables market is broadly segregated into urban and rural markets and is attracting marketers from across the world. The sector comprises a huge middle class, a relatively large affluent class and a small economically disadvantaged class. The sector includes consumer electricals such as fans, kitchen and cooking appliances, lighting devices, as well as white goods such as washing machines, televisions, refrigerators, and air conditioners. Market share in the consumer durables industry is moving from the unorganised to the organised sector.

According to estimates, 30% of the total market is still unorganised, which provides listed Indian players with a significant opportunity to further increase their market share going forward. Artificial intelligence and manufacturing automation will be important future trends as consumer awareness increases regarding technology advancements and their applications across multiple sectors. In order to increase the production efficiency of various consumer durables, Industry 4.0 will stimulate investments in R&D, technology infrastructure, and manufacturing processes. Global corporations view India as one of the key markets from where future growth is likely to emerge. The growth in India's consumer market would be primarily driven by a favourable population composition and increasing disposable income. In FY23 (April-November), electronics exports grew by 13.8%, the highest in the last 6 years. With robust growth, India aims to achieve electronics manufacturing worth US\$ 300 billion in electronics exports of US\$ 120 billion by FY26.

By 2025, India's Consumer Electronics and Appliances Industry is predicted to be the fifth-largest in the world. The Indian Appliances and Consumer Electronics (ACE) market is predicted to nearly double in the next 3 years, reaching approximately US\$ 17.93 billion (Rs. 1.48 lakh crore) by 2025. Indian appliances and consumer electronics industry stood at US\$ 9.84 billion in 2021, and is expected to more than double to reach Rs. 1.48 lakh crore (US\$ 21.18 billion) by 2025. Electronics hardware production in the country stood at US\$ 87 billion in 2022. India's consumer electronics and home appliances market is set to grow by US\$ 2.3 billion between 2022 and 2027, registering a CAGR of 1.31%. In FY21, the television production in India stood at US\$ 4.24 billion.

The total active DTH subscriber base stood at 65.25 million in March 2023. The recent tariff hike by India's direct-to-home (DTH) operators is likely to help them log a 6-8% growth in revenue to Rs. 19,500 crore (US\$ 2.34 billion) in fiscal 2024. As of 2021, the refrigerator, washing machines and air conditioner market in India were estimated at around US\$ 3.82 billion, US\$ 8.43 billion and US\$ 3.84 billion, respectively. The market size of air conditioners is expected to grow to 165 lakh units by 2025 from 65 lakh units in 2019, while refrigerators' market size is expected to grow to 275 lakh units by 2025 from 145 lakh units in 2019. India's smartphone shipments witnessed YoY growth of 11% in 2021, with 169 million units shipped. India's smartphone market revenue crossed US\$ 38 billion in 2021 with a 27% YoY growth, with the leader being Xiaomi with a 24% shipment share.

The smartphone market in India declined 9% YoY to reach shipments over 152 million units in 2022. India's Exports for Refrigerators, Air Conditioners, LEDs and Washing Machines amounted to US\$ 571 million (Rs. 4,732.54 crore) in FY21. Refrigerator Market in India to increase to US\$ 6.7 billion by FY26 from US\$ 3.8 billion in FY21 at a CAGR of 9.5%. India's Imports for Refrigerators, Air Conditioners, LEDs and Washing Machines amounted to US\$ 1.74 billion (Rs. 14,421.40 crore) in FY21. Air Conditioner Market in India to increase to US\$ 9.8 billion by FY26 from US\$ 3.8 billion in FY21 at a CAGR of 20.8%. The White Goods market is estimated to cross US\$ 21 billion by 2025 expanding at a CAGR of 11%. Domestic manufacturing contributes nearly US\$ 4.6 billion on average to this industry.

(Source: ibef.org)

Key Managerial Personnel

Nitesh Agarwalla, aged 45 years, is one of the Promoters, Chairman and Managing Director of the Company. He has completed his Post Graduate Diploma in Business Administration. He has an overall work experience of approx. 21 years in the field of sales and marketing. He looks after the overall business operations of the Company.

Rinku Agarwalla, aged 42 years, is one of the Promoters, a Whole-Time Director, and Chief Financial Officer of the Company. She has completed her Bachelor of Commerce. She has work experience of more than 9 years in the field of finance. She is responsible for the finance and accounting functions of the Company.

Ajit Kumar, aged 43 years, is a Non-executive Director of the Company. He has completed his Bachelor of Commerce (Honours). He has a work experience of 19 years in the field of marketing. He has looked after the marketing activities of the company since the incorporation of the company.

Gaurav Maheshwari, aged 34 years, is an Independent Director of the Company. He has been a qualified member of the Institute of Chartered Accountants of India since the year 2012. He holds a post-qualification work experience of 11 years in the field of Taxation, Auditing Financial Planning & Analysis, Risk Management, Financial & Statutory Reporting, Compliance, Handling Statutory, Internal & RBI Audits. He is currently engaged as a partner in a practising CA firm.

Ankit Rathi, aged 31 years, is an Independent Director of the Company. He has been a qualified member of the Institute of Chartered Accountants of India since the year 2014. He holds a post-qualification work experience of around 8 years in the audit field. He is currently engaged as a partner in a CA practising firm.

To conclude, the company has two promoters, one of the promoters has vast experience in the industry directly linked to the operations of the company. The other promoter has good experience in the fields which help in the growth of the business. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.

Financial Snapshot

Profit and Loss Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Revenue from Operations	10,811.96	25,537.66	34,571.78	17,657.84	
Other Income	21.48	20.64	48.32	52.45	
Total Income	10,833.44	25,558.30	34,620.10	17,710.29	
Expenses					
Cost of Goods Sold					
Purchases of Stock in Trade	8,235.09	18,355.84	23,221.79	10,825.18	
Changes in inventories of finished goods	-857.76	-1,540.55	47.81	682.78	
Employee benefits expense	168.12	358.75	363.13	457.55	
Finance costs	2.14	14.03	28.93	39.65	
Depreciation and Amortization expense	17.68	37.8	29.39	10.66	
Other expenses	2,947.37	7,719.09	10,209.02	5,156.67	
Total Expenses	10,512.64	24,944.96	33,900.07	17,172.49	
Earnings Before Interest, Taxes, Depreciation & Amortization	319.14	644.53	730.03	535.66	
EBITDA Margin	3%	3%	2%	3%	
Profit/(Loss) before tax	320.80	613.34	720.03	537.80	
Tax Expense					
Current Tax	95.96	181.84	190.43	145.83	
Deferred Tax	-2.92	-5.86	-1.24	-1.32	
Total Tax Expense	93.04	175.98	189.19	144.51	
Profit/(Loss) for the year	227.76	437.36	530.84	393.29	
Net Profit Margin	2%	2%	2%	2%	

Balance Sheet					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
EQUITY AND LIABILITIES					
1. Shareholders' funds					
Share Capital	1.00	111.10	111.10	1,111.00	
Reserves and surplus	519.98	909.29	1,440.15	833.53	
Total Equity	520.98	1,020.39	1,551.25	1,944.53	
2. Non-current liabilities					
Long Term Borrowings	35.07	47.21	454.01	587.48	
Long Term Provisions	9.34	13.39	18.42	22.7	
Total Non-current liabilities	44.41	60.60	472.43	610.18	
3. Current liabilities					
Short-term borrowings	20.83	63.8	427.52	573.41	
Trade payables					
(i) total outstanding dues of micro enterprises and small enterprises; and	59.53	187.18	67.96	47.47	
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises.	2,178.44	3,422.22	3,239.78	3,588.26	
Other current liabilities	257.33	313.78	133.65	336.91	
Short-term provisions	410.54	260.03	364.4	1,034.96	
Total Current liabilities	2,926.67	4,247.01	4,233.31	5,581.01	
Total Liabilities	2,971.08	4,307.61	4,705.74	6,191.19	
Total Equity and Liabilities	3,492.06	5,328.00	6,256.99	8,135.72	

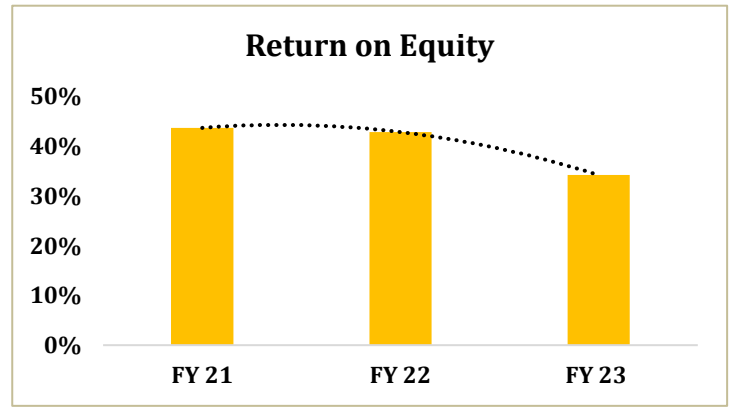
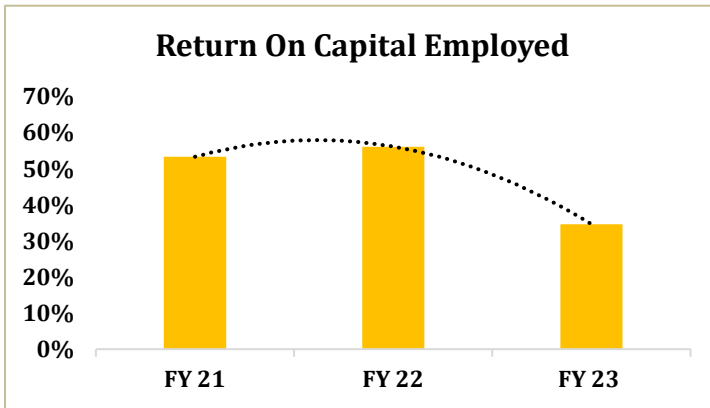
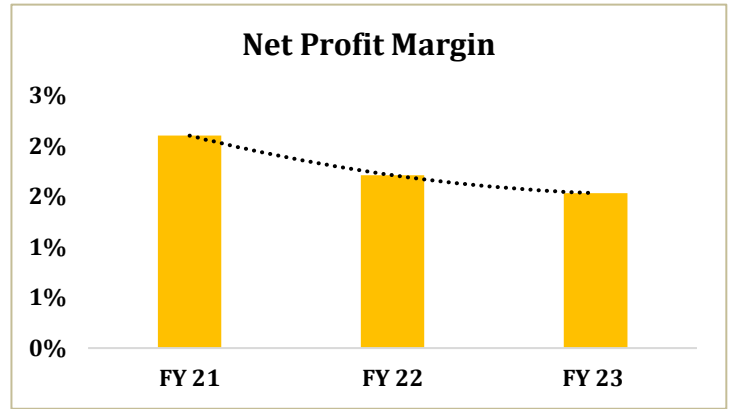
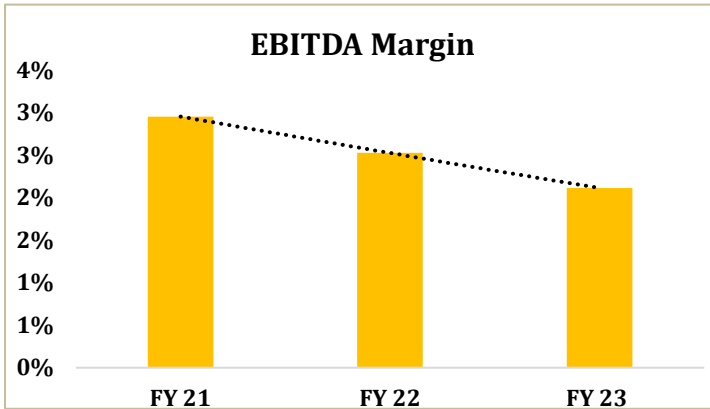
Balance Sheet					(In Lacs)
ASSETS					
1. Non-current assets					
Property, plant & equipment					
a) Tangible Assets	31.18	66.85	40.98	40.15	
b) Intangible Assets	23.77	4.65	0.87	0.87	
Non-Current Investment	-	-	10	10	
Deferred Tax Assets (Net)	5.65	11.51	12.76	14.07	
Long Term Loans and Advances	73.67	132.7	384.7	365.99	
Other Non-Current Assets	0.83	4.77	4.87	4.77	
Total Non-Current assets	135.10	220.48	454.18	435.85	
2. Current assets					
Current Investments	0.52	208.82	18.74	155.39	
Inventories	1,300.97	2,841.52	2,793.71	2,110.93	
Trade receivables	1,485.31	770.1	1,922.25	4,076.57	
Cash and cash equivalents	317.42	857.98	502.95	439.47	
Short-term loans and advances	250.04	426.59	407.47	764.25	
Other Current Assets	2.72	2.52	157.7	153.27	
Total Current assets	3,356.98	5,107.53	5,802.82	7,699.88	
Total Assets	3,492.08	5,328.01	6,257.00	8,135.73	

Cash Flow Statement					(In Lacs)
Particulars	FY 21	FY 22	FY 23	Sep-23	
Net Cash Flow from Operating Activities	-294.42	680.83	-1,305.20	-173.44	
Net Cash Flow from Investing Activities	464.76	-243.41	208.59	-129.75	
Net Cash Flow from Financing Activities	12.92	103.14	741.58	239.71	

Ratio Sheet				
Particulars	FY 21	FY 22	FY 23	Sep-23*
Per Share Data				
Diluted EPS	2.25	3.95	4.78	5.30
BV per share	3.43	6.72	10.22	30.00
Operating Ratios				
EBITDA Margins	2.95%	2.52%	2.11%	3.03%
PAT Margins	2.10%	1.71%	1.53%	2.27%
Inventory days	43.92	40.61	29.50	43.63
Debtor days	50.14	11.01	20.29	42.25
Creditor days	75.55	51.59	34.92	75.15
Return Ratios				
RoCE	53%	56%	35%	23%
RoE	44%	43%	34%	18%
Valuation Ratios (x)				
EV/EBITDA	0.81	0.42	2.64	4.16
Market Cap / Sales	0.76	0.32	0.24	0.23
P/E	24.00	13.67	11.30	10.18
Price to Book Value	15.73	8.03	5.28	1.80
Solvency Ratios				
Debt / Equity	0.11	0.11	0.57	0.60
Current Ratio	1.15	1.20	1.37	1.38
Quick Ratio	0.70	0.53	0.71	1.00
Asset Turnover	3.10	4.79	5.53	2.17
Interest Coverage Ratio	140.87	43.25	24.22	13.24

*Annualized Figures

Financial Charts



Key Risk Factors

1. The company is highly dependent on certain key intermediaries like NBFCs, NBFC-MFIs etc. for selling of the products to the customers and generate substantial portion of the revenues. The top 5 intermediaries accounted, cumulatively, for 91.22%, 83.03%, 73.87% and 81.52% of the revenue from operations for the six months' period ended on September 30, 2023, and in Fiscals 2023, 2022 and 2021 respectively. Loss of relationship with any of these intermediaries may have a material adverse effect on the profitability and results of operations.
2. A significant portion of the revenue is generated from sales of the top five products. The top five products categories accounted for a significant portion of the total revenue from sale of goods in the six-month period ending September 30, 2023, and fiscal year ending March 2023, 2022 & 2021 i.e. 74.66%, 72.68%, 77.42% and 82.31% respectively. The loss of customers who purchase these products, or a significant reduction in the production and sales may adversely affect the business, financial condition, results of operations and prospects.
3. The company have experienced negative operating cash flows during FY 2021, 2023, and September 2023. Any operating losses or negative cash flows in the future could adversely affect the results of operations and financial conditions.
4. The company has contingent liabilities amounting to Rs. 400 lakhs.

Track Record of Lead Manager

The lead manager to the issue is Hem Securities Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the Lead Manager in recent times –

Hem Securities Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Enfuse Solutions Limited	22.44	96.00	March 22, 2024	103.15
2.	Sona Machinery Limited	51.82	143.00	March 13, 2024	126.25
3.	Harshdeep Hortico Limited	19.09	45.00	February 05, 2024	46.78
4.	Megatherm Induction Limited	53.91	108.00	February 05, 2024	289.55
5.	New Swan Multitech Limited	33.11	66.00	January 18, 2024	73.28
6.	Shri Balaji Valve Components Limited	21.60	100.00	January 03, 2024	161.00
7.	Shanti Spintex Limited	31.25	70.00	December 27, 2023	54.87
8.	Siyaram Recycling Industries Limited	22.96	46.00	December 21, 2023	70.44
9.	S J Logistics (India) Limited	48.00	125.00	December 19, 2023	296.80
10.	Deepak Chemtex Limited	23.04	80.00	December 06, 2023	79.29

The company has had 42 mandates in the past three years including the current Year.

*CMP for the above-mentioned companies is taken as of 1st April 2023.

As per the offer document, from the above-mentioned mandates, 1 mandate has opened at a discount and the remaining mandates have opened at a premium on the listing date.

Recommendation

The company has been in the industry since 2017 and thus has good experience in the industry. The company has had good growth in its top line and bottom line of its financials. The company faces high competition. The management outlook of the company is good.

The P/E on a post-IPO and annualized basis is around 10.18 times which makes it fully priced by looking at the performance of the company.

The company operates in a trading of consumer durables business. The company's business model can be considered a unique one due to the nature of the usage of intermediaries such as NBFCs for trading business. The company has good strategies planned out for the future and is using its net proceeds for expansion by financing the new warehouses indicating growth. Therefore, at the given P/E **APPLY** to this IPO.

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