

IPO Details		Company Background				
<b>Opening Date</b>	Mar 27, 2024	<ul style="list-style-type: none"> <li>Yash Optics and Lens Limited was originally incorporated in the year 2010 and has its registered office in Mumbai, Maharashtra, India.</li> <li>The company is engaged in trading and distribution of spectacle and optical lenses which were sourced from Indian importers and traded in Mumbai.</li> <li>The company offers from single vision lenses to advanced progressive lenses, customized progressive lenses to personalized progressives for professionals along with a wide range of coatings.</li> <li>As of December 31<sup>st</sup>, 2023, the Company had 106 employees on its payroll.</li> </ul>				
<b>Closing Date</b>	Apr 03, 2024					
<b>Stock Exchange</b>	NSE SME					
<b>Lot Size</b>	1,600 Shares					
<b>Issue Price</b>	₹75 to ₹81 per share					
<b>Issue Size</b>	Aggregating up to 53.15 Cr.					
<b>Fresh Issue</b>	Aggregating up to 53.15 Cr.					
<b>Offer for Sale</b>	-					
<b>Application Amount (At upper band)</b>	₹ 1,29,600					
IPO Objective		Market Capitalization (In Cr.)				
<ol style="list-style-type: none"> <li>Funding capital expenditure for setting up a manufacturing unit for backward integration.</li> <li>Purchase of plant and machinery at existing manufacturing unit</li> <li>Repayment/ prepayment of certain borrowings availed by the company.</li> <li>Funding Working Capital Requirements of the company.</li> <li>General corporate purposes.</li> </ol>		Pre-Issue	Post-Issue			
		₹ 147	₹ 201			
		Financial Summary (In Lacs.)				
		For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
		<b>Total Assets</b>	1,215.25	2,444.86	3,414.26	5,412.63
<b>Net Assets</b>	426.61	1,104.92	1,911.50	2,334.01		
<b>Total Borrowing</b>	585.00	402.36	1,085.47	2,452.69		
<b>Total Revenue</b>	1,498.24	2,986.04	3,980.39	1,869.16		
<b>Profit After Tax</b>	106.31	681.67	806.58	422.52		
Pre-Issue Shareholding		Tentative Timeline				
Category	No. of Shares	% of Total Shares	<b>Opening Date</b>		Mar 27, 2024	
Promoter & Promoter Group	1,77,40,300	97.45%	<b>Closing Date</b>		Apr 03, 2024	
Public	4,63,700	2.55%	<b>Basis of Allotment</b>		Apr 04, 2024	
Promoter of the Company			<b>Initiation of Refunds</b>		Apr 05, 2024	
1. Tarun Manharlal Doshi			<b>Credit of Shares to Demat</b>		Apr 05, 2024	
2. Dharmendra M Doshi			<b>Listing Date</b>		Apr 08, 2024	
3. Chirag Manharlal Doshi						
Competitive Strengths						
1. Wide range of products with ability to customize.						
2. In-house manufacturing facility with equipped machines and processes.						
3. Brand Equity.						
4. Customer Centric Business Model						
5. Quality assurance						
6. Experienced Promoters and management team.						
7. PAN India Presence / Customer base across geographies						
8. No Dependency on single or few customers						

## Company Background and Analysis

Yash Optics and Lens Limited was originally incorporated on July 23, 2010. The company is primarily engaged in the business of manufacturing, trading, distribution and supplying of comprehensive range of spectacle/optical lenses. The company offers everything from single-vision lenses to advanced progressive lenses, customized progressive lenses to personalized progressives for professionals along with a wide range of coatings.

The company's products are available across the entire range of price points enabling us to serve the entire gamut of customers from economy to the luxury segment. The company manufacture the lenses based on orders and prescriptions received from the customers. The company is present in 29 states of India and is exporting the products to East Africa, West Africa, Central Africa, United Arab Emirates, Nepal, Kuwait etc.

The current product portfolio consists of approximately 37 products brand which covers almost the entire range of spectacle lenses in different brand categories across the price range. The company's product portfolio is as follows –

1. Single Vision Lenses - Single vision lenses have only one optical power and are primarily used to correct deficiencies in either near or distant vision. The company is offering the following brands under this category: Alioth Sportia SV, Alioth Drivvy SV, Personage, SetoLustraa, SetoFD+, Seto, Optus, and Pentax SV.
2. Bifocal Lenses - Bifocal lenses have two optical powers and are used to correct deficiencies in both near and distant vision. The company is offering the following brands under this category: Alioth Smooth, Invisible Bifocal, Round Top Bifocal and Flat Top Bifocal.
3. Progressive Lenses - Progressive lenses utilize complex designs to combine several optical powers for different viewing distances, with the optical power gradually increasing from the upper portion of the lens to the lower portion of the lens. The company is offering the following brands under this category: Alioth Endurance, Alioth Ray, Alioth Power, Alioth Sportia, Alioth Drivvy, Maestro Infinite, Maestro Dual, Maestro, ISmart, IFlex, IPixel, OPTIVISE, VISIFLEX, INNOLITE, Minimax, Maxus, Iris, Arriv Digital, Optus RX.
4. Special Category - These lenses can be offered in the form of single-vision lenses and progressive lenses. The company is offering the following brands under this category: Alioth Armor, Alioth Office, SPORTACT, Colorfit, MyOffice and UnWind.

Revenue Bifurcation as per Domestic and Foreign Sales are as follows -

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		01-Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Domestic Sales	1,496.22	100.00	2,682.53	90.17	3,590.24	90.46	1,719.74	92.15
Foreign Sales	-	-	292.50	9.83	378.57	9.54	146.58	7.85
<b>Total</b>	<b>1,496.22</b>	<b>100.00</b>	<b>2,975.03</b>	<b>100.00</b>	<b>3,968.81</b>	<b>100.00</b>	<b>1,866.32</b>	<b>100.00</b>

To conclude, the company was incorporated in the year 2010 and has good experience in the industry. The company is in the business of manufacturing, trading, distribution and supplying of comprehensive range of spectacle/optical lenses. The company has started generating revenue from exports recently.

## Business Strategies

### 1. Expansion of the production capacity as well as setting up a new manufacturing unit through backward integration -

The company intends to expand the manufacturing capacities for existing products. The company intends to increase the production capacity by way of the installation of a new plant and machinery at the existing manufacturing facility. The company intends to expand its business operations by setting up a new manufacturing unit for manufacturing plain blanks and semi-finished single-vision lenses (CR-39) which is the basic raw material for manufacturing spectacle/optical lenses.

### 2. Improve Debt-Equity Ratio -

The company intends to repay a certain amount of these loans to improve the debt-equity ratio and also this will help the company obtain working capital loans/term loans for expansion in future which will improve the operational efficiency.

### 3. Improving functional efficiency -

The company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over its peers. The company believes that this can be done through continuous process improvement and technology development.

### 4. Enhancing existing product base and product quality -

The company intends to have close interaction with the customers to strengthen their relationships with them and enable them to understand the market perception and demand for the products.

### 5. Expansion of Geographical 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. The company aims to achieve this by adding value to the customers through quality assurance, timely delivery and reliability.

## Competitive Scenario and Peer Mapping

### Competition

The industry in which the company operates is highly competitive and fragmented. The competitors include numerous optical/spectacle lens manufacturers traders, distributors and other established companies. Moreover, as the industry is highly fragmented, the company also faces competition from local stores. The entry barriers to this industry are slightly lower which could impact additional competition. The bargaining power with the suppliers is slightly high and the bargaining power with the consumers is also on the slightly higher side based on the industry 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	Yash Optics and Lens Limited	GKB Ophthalmics Limited
	31st Mar 2023	31st Mar 2023
Net Profit Margin	20.32%	-0.20%
EBITDA Margin	31.36%	6.08%
Return on Capital Employed	38.43%	2.56%
Return on Equity	42.20%	-0.24%
EPS (INR)	4.55	-0.30

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

Particulars	Yash Optics and Lens Limited	GKB Ophthalmics Ltd
	31st Mar 2022	31st Mar 2022
Net Profit Margin	22.91%	1.77%
EBITDA Margin	34.35%	8.45%
Return on Capital Employed	62.48%	4.80%
Return on Equity	61.69%	2.03%
EPS (INR)	3.85	2.54

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

Particulars	Yash Optics and Lens Limited	GKB Ophthalmics Ltd
	31st Mar 2021	31st Mar 2021
Net Profit Margin	7.11%	-1.5%
EBITDA Margin	13.7%	7.1%
Return on Capital Employed	19.1%	1.6%
Return on Equity	24.9%	-1.4%
EPS (INR)	0.60	-1.79

**Industry Overview**

Exhibit 1: Quarterly estimates of GVA at current prices (US\$ Billion).

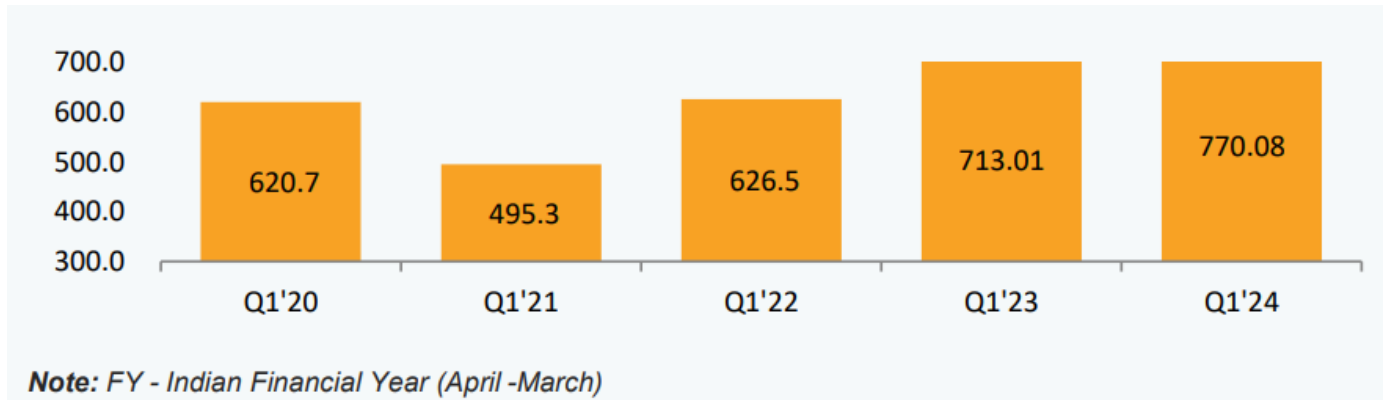
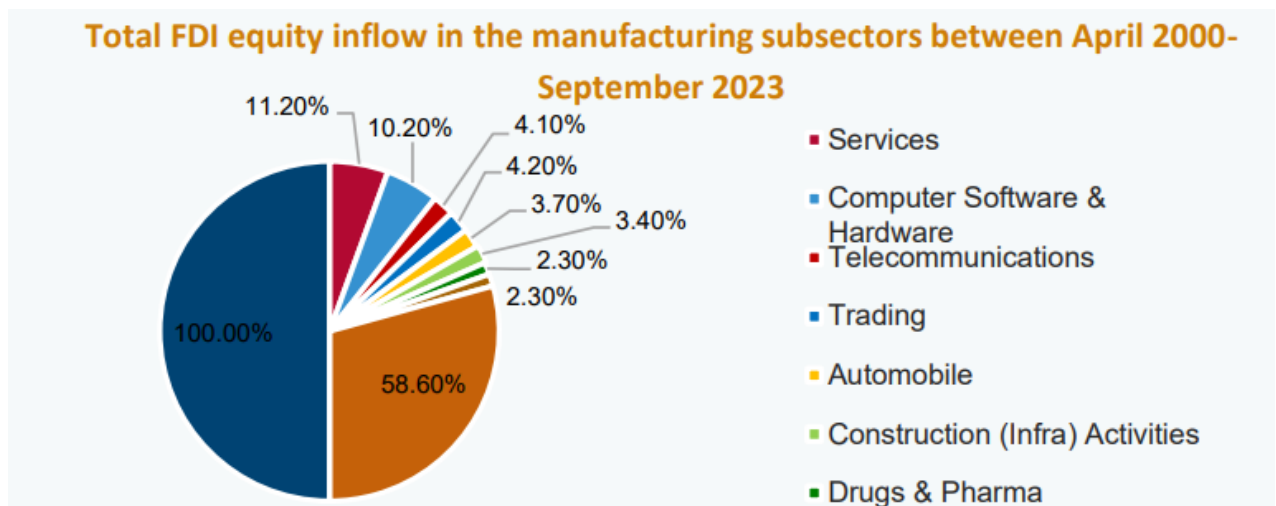


Exhibit 2: Total FDI equity inflow in the manufacturing subsectors between April 2000-September 2023.



(Source: ibef.org)

## **Indian Manufacturing Industry**

Manufacturing is emerging as an integral pillar in the country's economic growth, thanks to the performance of key sectors like automotive, engineering, chemicals, pharmaceuticals, and consumer durables. The Indian manufacturing industry generated 16-17% of India's GDP pre-pandemic and is projected to be one of the fastest-growing sectors. The machine tool industry was literally the nuts and bolts of the manufacturing industry in India. Today, technology has stimulated innovation with digital transformation a key aspect in gaining an edge in this highly competitive market.

Technology has today encouraged creativity, with digital transformation being a critical element in gaining an advantage in this increasingly competitive industry. The Indian manufacturing sector is steadily moving toward more automated and process-driven manufacturing, which is projected to improve efficiency and enhance productivity. India has the capacity to export goods worth US\$ 1 trillion by 2030 and is on the road to becoming a major global manufacturing hub.

With 17% of the nation's GDP and over 27.3 million workers, the manufacturing sector plays a significant role in the Indian economy. Through the implementation of different programmes and policies, the Indian government hopes to have 25% of the economy's output come from manufacturing by 2025. India now has the physical and digital infrastructure to raise the share of the manufacturing sector in the economy and make a realistic bid to be an important player in global supply chains. A globally competitive manufacturing sector is India's greatest potential to drive economic growth and job creation this decade. Due to factors like power growth, long-term employment prospects, and skill routes for millions of people, India has a significant potential to engage in international markets. Several factors contribute to their potential. First off, these value chains are well-positioned to benefit from India's advantages in terms of raw materials, industrial expertise, and entrepreneurship.

Second, they can take advantage of four market opportunities: expanding exports, localising imports, internal demand, and contract manufacturing. With digital transformation being a crucial component in achieving an advantage in this fiercely competitive industry, technology has today sparked creativity. The manufacturing sector in India is gradually shifting to more automated and process-driven manufacturing which is expected to increase the efficiency and boost production of the manufacturing industry.

## **Indian Eye Care Industry –**

As it reaches an inflection point where organized businesses wanting to establish a national footprint will attempt to disrupt a market that has historically been controlled by mom-and-pop stores, India's eye care sector is poised to experience a surge in Merger and Acquisition (M&A) activity. In the next five years, the M&A boom might see the rise of four or more significant firms, which together could own more than 2,000 eye hospitals across the country.

According to industry observers, acquisitions may account for up to 50% of their growth. Currently, patients who require surgical procedures for cataract removal or vision correction are taken care of by ophthalmologists who operate tiny clinics around the nation. The larger firms with access to money are attempting to buy out the smaller ones and merge them under a single brand.

(Source: prospectus)

## Key Managerial Personnel

**Tarun Manharlal Doshi**, aged 51 years, is one of the Promoters, Chairman and Managing Director of the Company. He has completed his first year of graduation in commerce. He has work experience of over 13 years in the company in the field of trading and manufacturing of spectacle/optical lenses. He is responsible for the entire management and administration of the Company.

**Dharmendra M Doshi**, aged 50 years, is one of the Promoters and Whole-Time Director of the Company. He has completed his first year of graduation in commerce. He has a work experience of 17 years in the field of trading and manufacturing of spectacle/optical lenses including 4 years in the Company and 13 years of experience in his proprietorship firm. He currently looks after the overall administration and finance operations of the Company.

**Chirag Manharlal Doshi**, aged 47 years, is one of the Promoters, and Whole-Time Director of the Company. He has completed his first year of graduation in commerce. He has a work overall 21 years of experience in the field of trading and manufacturing of spectacle/optical lenses including 4 years in the Company and 17 years of experience in his proprietorship firm. He oversees the operational aspects of the Company.

**Kalpesh Narendra Vora**, aged 50 years, is a Non-Executive Independent Director of the Company. He has completed his Bachelor of Commerce. He has Qualified CFA from the Institute of Chartered Financial Analysts of India in the year 1997. He has 4 years of experience as director of PhillipCapital (India) Private Limited.

**Ardip Valjibhai Rathod**, aged 41 years, is a Non-Executive Independent Director of the Company. He has completed his Bachelor of Commerce. He has e 3 years of experience as a Solar Marketing Manager at Novus Renewable Private Limited.

**Darshini Nimish Shah**, aged 42 years, is a Non-Executive Independent Director of the Company. She has completed her Bachelor of Commerce. She is a Homemaker.

To conclude, the company has 3 promoters, who have vast experience in the industry. 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**

<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>	<b>Sep-23</b>
Revenue from Operations	1,496.22	2,975.03	3,968.81	1,866.32
Other Income	2.02	11.01	11.58	2.84
<b>Total Income</b>	<b>1,498.24</b>	<b>2,986.04</b>	<b>3,980.39</b>	<b>1,869.16</b>
<b>Expenses</b>				
Cost of raw material consumed	-	917.25	1,070.74	453.34
Purchase of Stock in Trade	1,159.50	524.95	805.82	198.88
Increase/Decrease in Stock in Trade	-136.7	-370.61	-414.89	-50.23
Employee benefits expense	147.44	497.74	611.38	290.97
Finance costs	50.46	55.56	101.65	76.09
Depreciation and Amortization expense	8.49	61.18	69.57	41.67
Other expenses	120.44	383.89	651.12	282.09
<b>Total Expenses</b>	<b>1,349.63</b>	<b>2,069.96</b>	<b>2,895.39</b>	<b>1,292.81</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>205.54</b>	<b>1,021.81</b>	<b>1,244.64</b>	<b>691.27</b>
<b>EBITDA Margin</b>	<b>14%</b>	<b>34%</b>	<b>31%</b>	<b>37%</b>
<b>Profit/(Loss) before tax</b>	<b>148.61</b>	<b>916.08</b>	<b>1,085.00</b>	<b>576.35</b>
Tax Expense				
Current Tax	45.71	234.2	274.65	143
Earlier Year Tax		0.4		
Deferred Tax	-3.41	-0.2	3.78	10.83
<b>Total Tax Expense</b>	<b>42.30</b>	<b>234.40</b>	<b>278.43</b>	<b>153.83</b>
<b>Profit/(Loss) for the year</b>	<b>106.31</b>	<b>681.68</b>	<b>806.57</b>	<b>422.52</b>
<b>Net Profit Margin</b>	<b>7%</b>	<b>23%</b>	<b>20%</b>	<b>23%</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>Sep-23</b>
<b>EQUITY AND LIABILITIES</b>				
<b>1. Shareholders' funds</b>				
Share Capital	1.00	1.00	1.00	1.00
Reserves and surplus	425.61	1,103.92	1,910.50	2,333.01
<b>Total Equity</b>	<b>426.61</b>	<b>1,104.92</b>	<b>1,911.50</b>	<b>2,334.01</b>
<b>2. Non-current liabilities</b>				
Borrowings	585.00	400.6	1,085.31	2,146.23
Deferred tax liabilities (Net)	-	-	2.82	13.65
Long term provisions	20.01	31.97	58.33	65.62
<b>Total Non-current liabilities</b>	<b>605.01</b>	<b>432.57</b>	<b>1,146.46</b>	<b>2,225.50</b>
<b>3. Current liabilities</b>				
Financial liabilities				
i. Borrowings	-	1.76	0.16	306.46
Trade Payables Total outstanding dues of creditors other than micro and small enterprises	160.98	801.92	271.23	388.36
Other liabilities	21.69	83.65	82.85	146.08
Short Term Provisions	0.96	20.04	2.06	12.22
<b>Total Current liabilities</b>	<b>183.63</b>	<b>907.37</b>	<b>356.30</b>	<b>853.12</b>
<b>Total Liabilities</b>	<b>788.64</b>	<b>1,339.94</b>	<b>1,502.76</b>	<b>3,078.62</b>
<b>Total Equity and Liabilities</b>	<b>1,215.25</b>	<b>2,444.86</b>	<b>3,414.26</b>	<b>5,412.63</b>



<b>Balance Sheet</b>					<b>(In Lacs)</b>
<b>ASSETS</b>					
<b>1. Non-current assets</b>					
(i) Tangible	8.81	425.96	758.67	1941.23	
(ii) Intangible	-	10.03	6.80	9.57	
(d) Capital Work in Progress	-	-	-	510.89	
(e) Deferred tax assets (Net)	4.2	1.07	-	-	
(ii) Long-term loans and advances	10.77	22.19	46.4	58.93	
<b>Total Non-Current assets</b>	<b>23.78</b>	<b>459.25</b>	<b>811.87</b>	<b>2,520.62</b>	
<b>2. Current assets</b>					
(a) Inventories	623.18	1,050.94	1,557.37	1,726.71	
(i) Trade receivables	408.52	775.11	920.66	1,005.46	
(ii) Cash and cash equivalents	88.84	123.08	52.49	65.65	
(iii) Short-term loans and advances	10.16	20.26	69.06	34.4	
(c) Other assets	60.77	16.22	2.81	59.79	
<b>Total Current assets</b>	<b>1,191.47</b>	<b>1,985.61</b>	<b>2,602.39</b>	<b>2,892.01</b>	
<b>Total Assets</b>	<b>1,215.25</b>	<b>2,444.86</b>	<b>3,414.26</b>	<b>5,412.63</b>	

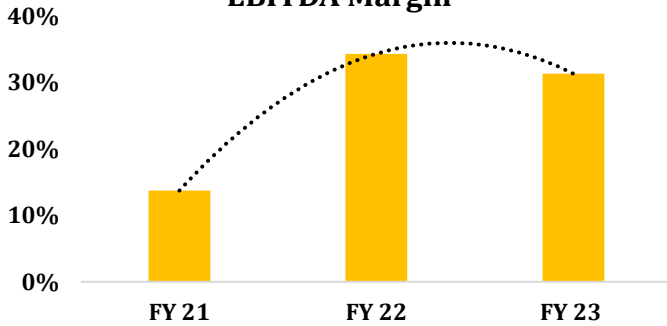
<b>Cash Flow Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
Net Cash Flow from Operating Activities	-5.33	771.5	-230.82	471.98	
Net Cash Flow from Investing Activities	-4.13	-487.63	-397.02	-1,737.42	
Net Cash Flow from Financing Activities	45.53	-249.62	557.25	1,278.60	

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23*</b>
<b>Per Share Data</b>				
Diluted EPS	0.6	3.85	4.55	4.68
BV per share	1.72	4.46	7.72	33.86
<b>Operating Ratios</b>				
EBITDA Margins	13.74%	34.35%	31.36%	47.70%
PAT Margins	7.10%	22.83%	20.26%	31.04%
Inventory days	152.02	128.94	143.23	337.70
Debtor days	99.66	95.10	84.67	98.59
Creditor days	-	358.21	109.42	324.71
<b>Return Ratios</b>				
RoCE	19%	62%	38%	20%
RoE	25%	62%	42%	14%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	4.49	1.35	2.37	5.86
Market Cap / Sales	13.41	6.74	5.05	5.37
P/E	135.00	21.04	17.80	17.29
Price to Book Value	47.02	18.16	10.49	2.39
<b>Solvency Ratios</b>				
Debt / Equity	1.37	0.36	0.57	1.05
Current Ratio	6.49	2.19	7.30	3.39
Quick Ratio	3.09	1.03	2.93	1.37
Asset Turnover	1.23	1.22	1.16	0.34
Interest Coverage Ratio	3.91	17.29	11.56	8.54

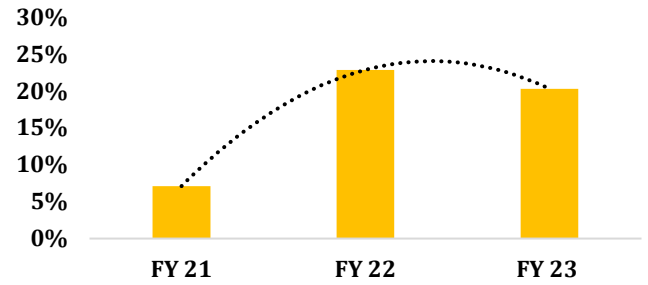
\*Annualized Figures

**Financial Charts**

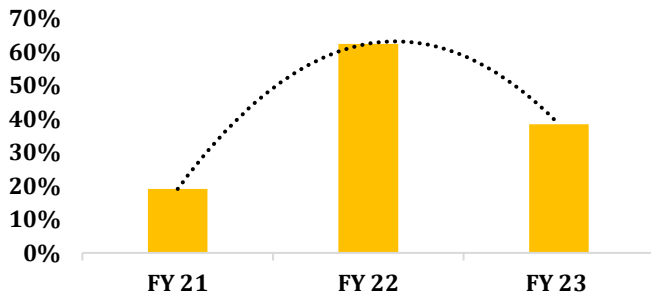
**EBITDA Margin**



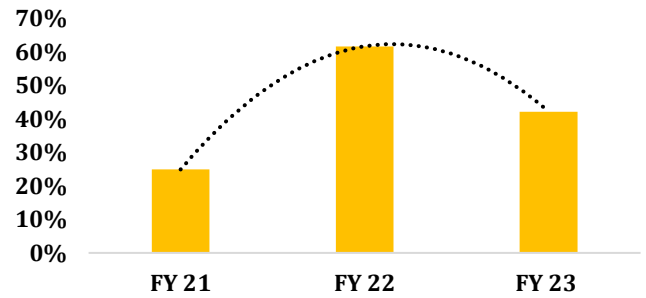
**Net Profit Margin**



**Return On Capital Employed**



**Return on Equity**



### Key Risk Factors

1. The company has certain outstanding litigation against the company amounting to Rs. 50.06 lakhs, an adverse outcome of which may adversely affect the business, reputation and results of operations.
2. The company has had negative operating cash flow for the FY 2021, and 2023. Sustained negative cash flow could impact the growth and business.

### Track Record of Lead Manager

The lead manager to the issue is Shreni Shares 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 –

#### Shreni Shares Limited –

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Gabriel Pet Straps Limited	8.06	101.00	February 07, 2024	130.00
2.	DelaPlex Limited	46.08	192.00	February 02, 2024	229.00
3.	AIK Pipes and Polymers Limited	15.02	89.00	January 02, 2024	117.00
4.	Net Avenue Technologies Limited	10.25	18.00	December 08, 2023	21.7
5.	Swashtik Plascon Limited	40.76	86.00	December 05, 2023	74.3
6.	KK Shah Hospitals Limited	8.78	45.00	November 06, 2023	53.00
7.	Marco Cables and Conductors Limited	18.73	36.00	September 28, 2023	43.00
8.	Meson Valves India Limited	31.09	102.00	September 21, 2023	704.00
9.	CPS Shapers Limited	11.10	185.00	September 07, 2023	351.00
10.	AccelerateBS India Limited	5.69	90.00	July 19, 2023	315.00

The company has had 28 mandates in the past three years including the current Year.

\*CMP for the above-mentioned companies is taken as of April 1<sup>st</sup>, 2024.

As per the offer document, from the above-mentioned mandates, all the mandates are opened at a premium, on the listing date.

## Recommendation

The company has been in the industry since 2010 and thus has vast experience in the industry. The company has seen consistency in the increase of its revenue over the years. The company has recently started generating revenue from foreign sales. The management outlook of the company is good.

The P/E on a post-IPO and annualized basis is around 17.29 times which makes it fairly priced by looking at the performance of the company and industry. The industry P/E is 36.2 times.

The company operates in a competitive segment. The company has seen an increasing trend in the top line and bottom line of its financials although has seen a slight decrease in the margins during FY 23. The company's promoters have vast experience in this industry. The company is also raising gross proceeds and has strategies planned out for expansion in the current unit and expand globally respectively which can yield good growth for the business in the near future. Thus, keeping in mind the above-mentioned points we recommend **APPLY** to this IPO.

## **Disclaimer**

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