



IPO Note

Sat Kartar Shopping Limited

Recommendation: **APPLY!**

Company Background -

- **Incorporation:** Sat Kartar Shopping Limited was originally incorporated on Jun 29, 2012. The registered office is located at New Delhi, India.
- **Business Activity:** The company is an Ayurveda healthcare company committed to providing natural wellness solutions relating to specific therapeutic areas and general lifestyle products, committed to promote a healthier lifestyle.
- **Revenue Stream:** The company derives majority of its revenue from Lifestyle Led products.
- **Human Resource:** The company has 1,122 employees as on Nov 30, 2024.

Objects of the Issue -

- To meet the expenses of Unidentified Acquisition (In India or Abroad)
- To meet the expenses, Marketing and Advertisement
- To meet the Capital Expenditures
- To meet the expenditure on Investment in Technology
- To meet out the General Corporate Purposes
- To meet out the issue expenses

Promoters Name -

Manprit Singh Chadha, Pranav Singh Chadha, Simrati Kaur & M/s Ajooni Wellness Private Limited

Rationale for recommendation -

- ✓ The PE ratio of 15.30 post issue annualized basis makes it fairly priced.
- ✓ The company's top line, bottom line and profitability margins have increased consistently over the years.
- ✓ The company has good presence in India.
- ✓ The company's objective for raising IPO is good and will improve their top line in the future.
- ✓ The company has vast experience in the industry.
- ✓ The management is decent.
- ✓ The industry prospect is good and is growing rapidly with a CAGR of 18.9%.

IPO Details

Opening Date	Jan 10, 2025
Closing Date	Jan 14, 2025
Allotment Date	Jan 15, 2025
Listing Date	Jan 17, 2025
Stock Exchange	NSE SME
Lot Size	1,600 Shares
Issue Price Per Share	₹77 to ₹81
Issue Size	33.80 Cr.
Fresh Issue	33.80 Cr.
Offer for Sale	-
Application Amt	₹ 1,29,600 (1,600 shares)

INDUSTRY - Ayurvedic Products

Avg. P/E ratio as per RHP - 64.90

KPI's	KPIs (In Lakhs)			
	FY 22	FY 23	FY 24	Dec-24
Revenue	5,191.89	8,296.96	12,790.9	10,928.3
EBITDA	230.07	523.03	1,023.93	878.28
Net Profit	138.69	250.61	630.55	589.71
RoCE	22.12%	68.70%	89.53%	21.09%*
ROE	180.42%	76.53%	66.84%	15.57%*
P/E	40.91	22.63	3.60	15.30*

*Annualized

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
86.06%	63.25%

Valuation Parameters

Particulars	Pre-Issue	Post Issue*
EPS	22.52	5.29
BVPS	33.69	33.99
P/E	3.60	15.30
P/BV	2.40	2.38
Mkt Cap (In Cr)	93.73	127.53

*Annualized

Lead Managers -

Narnolia Financial Services Limited

Registrar -

Skyline Financial Services Private Limited

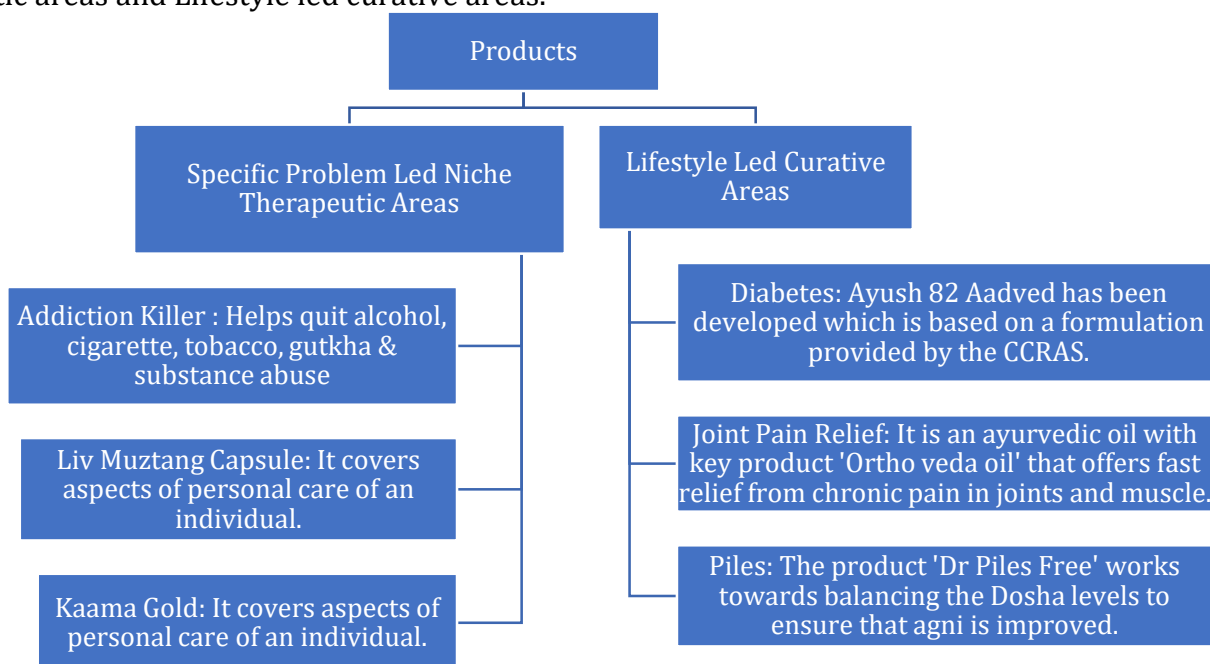
Business Overview -

Sat Kartar Shopping Limited is an Ayurveda healthcare company committed to providing natural wellness solutions relating to specific therapeutic areas and general lifestyle products, committed to promote a healthier lifestyle. The company directly deals with individual consumers, providing them with holistic, natural remedies and lifestyle products rooted in traditional Ayurveda practices. The company operates a strategic contract manufacturing model focusing on high-value activities such as innovation, branding, marketing, and distribution. They operate in D2C (Direct-to-Consumer) segment, selling Ayurveda products directly to consumer through their own D2C website (<https://www.satkartar.co.in/>, <https://skinrange.com/>) and third-party e-commerce websites, TV marketing (K TV, Raj Digital Plus, Peppers TV, ABP Majha and Zee Tamil) and Google and Meta Applications. The highest source of revenue is from TV marketing and Google.

Their ayurvedic solutions are derived from the Charak Samhita, an old Ayurvedic treatise recognized for delivering comprehensive insights and cures for numerous health and lifestyle difficulties, as well as wisdom that echoes in the Indian government's recent initiatives like the National Ayush Mission (NAM), which promotes research and education in Ayurveda. Furthermore, the Rashtriya Ayurveda Vidhyapeeth preserves and transmits this ancient knowledge to future generations.

Product Portfolio:

The company had around 50+ SKU in portfolio which are categorised into Specific problem led niche therapeutic areas and Lifestyle led curative areas.



Revenue Bifurcation –

(Amt in Lakhs)

Particulars	FY 2022		FY 2023		FY 2024		Dec-2024	
	Amt	%	Amt	%	Amt	%	Amt	%
Specific Problem Led Niche Therapeutic Areas	1,477.20	29.12%	3,900.86	47.36%	8,561.17	67.08%	7,748.0573	70.90%
Lifestyle Led	2,021.10	39.84%	3,286.08	39.90%	4,180.54	32.76%	3,179.671	29.10%
*Spiritual	1,528.96	30.14%	1,049.38	12.74%	20.76	0.16%	-	-
Total	5,072.75	100.00%	8,236.32	100.00%	12,762.47	100.00%	10,927.73	100.00%

*The company was into spiritual segment and the same has been discontinued from August 2023.

Competition -

- 1. Market Competition:** The industry is competitive where the key factors of competition primarily comprise of formulation used, product quality, availability, price etc.
- 2. Geographic Competition:** The company faces competition from small and large players in both organized and unorganized sector.
- 3. Barriers to entry:** Low barriers to entry.
- 4. Threat of Substitutes:** High threat of substitutes.
- 5. Bargaining Power of Buyers:** The bargaining power is high with the customers.
- 6. Bargaining Power of Supplier:** The bargaining power is low with the suppliers.

Business Strategies -

- The company is diversifying their product portfolio and including products related to various health issues such as slimming, hair care, gut health, PCOD (Poly Cystic Ovary Disease), and mental wellness.
- The company plans to launch community-focused programs such as Digital Anonymous for addiction and Lifestyle Transformation Community for diabetes. These initiatives aim to build a loyal customer base by offering value beyond products, through support groups, educational content, and interactive platforms.

Risk Factors -

The company is highly dependent on top 10 customers for its revenue which constitutes 97.81%, 98.38%, 99.60% and 98.08% for Dec-24, FY24, FY23 and FY22 respectively.

The company has 3 cases against it for tax matters amounting to Rs. 75.08 lakhs.

The directors/ promoters have 7 cases against them for criminal, civil and tax matters amounting to Rs. 13.98 lakhs.

The company had negative cash flow from operations for Dec-24.

PEER ANALYSIS -

Particulars	Sat Kartar Shopping Limited			Jeena Sikho Lifecare Limited			Kerala Ayurveda Limited		
	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24	FY 22	FY 23	FY 24
NP Margin	2.67%	3.02%	4.93%	5.46%	0.20%	-3.89%	2.88%	-0.96%	-1.39%
EBITDA Margin	4.43%	6.30%	8.01%	12.04%	5.36%	4.01%	13.08%	6.13%	6.73%
RoCE	22.12%	68.70%	89.53%	47.44%	10.88%	0.94%	18.94%	7.33%	5.93%
ROE	180.42%	76.53%	66.84%	26.78%	0.79%	-12.30%	38.46%	-16.13%	-4.69%
EPS (INR)	1.98	3.58	22.52	201.52	5.88	-81.99	2.23	-0.85	-1.34
P/E	40.91	22.63	3.60	-	91.53	-	36.08	-	-

- The market cap of the company is less compared to its peers.
- The PE ratio of the company can't be compared as the peers listed have negative EPS.
- The RoCE and RoE of the company is higher compared its peer.
- The NP margin and EBITDA margin of the company is better compared to peers.
- The cash conversion cycle of the company is better compared to its peer.

INDUSTRY OVERVIEW -

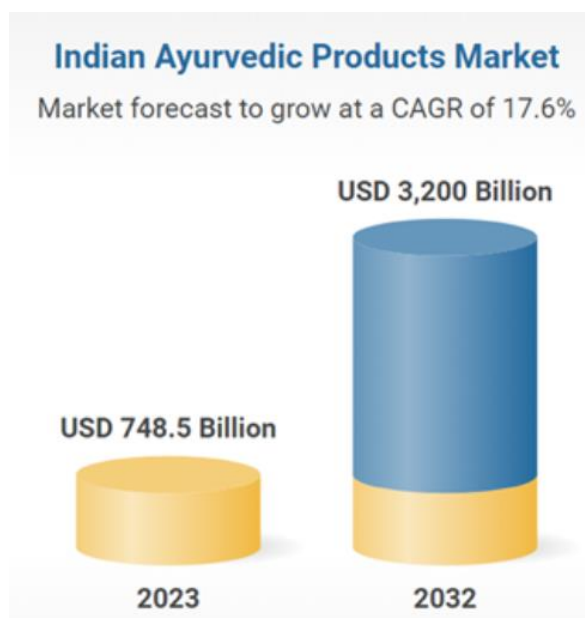
Indian Health and Wellness Industry -

The India health and wellness market size is expected to exhibit a growth rate (CAGR) of 5% during 2024-2032. The rising consumer awareness towards consuming a nutritional diet of fruits and vegetables, adopting an active lifestyle, and performing physical activities like running, walking, yoga, cycling, etc., is stimulating the market.

India is becoming a favored destination for health tourism, attracting international patients seeking affordable and high-quality medical treatments, wellness retreats, and alternative therapies. India's medical tourism market is expected to reach US\$ 14.31 Billion by 2029.

Indian Ayurvedic Products Industry -

India Ayurvedic Products Market has valued at USD 748.5 billion in 2023 and is anticipated to project robust growth in the forecast period with a CAGR of 17.6% through 2032. The India Ayurvedic Products Market is a thriving and dynamic sector deeply rooted in the country's ancient tradition of Ayurveda, which emphasizes natural remedies, holistic well-being, and the balance of mind, body, and spirit.



Key Growth Drivers

- **Growing Preference for Natural Remedies:** Increasing health consciousness among consumers seeking safe, herbal alternatives to synthetic products drives the demand.
- **Holistic and Preventive Healthcare Trends:** Ayurveda's focus on lifestyle management, stress reduction, and chronic disease prevention aligns with consumer interests in wellness.
- **Government Support:** Initiatives by the Ministry of AYUSH to regulate, standardize, and promote Ayurveda enhance product credibility. Export promotion and research funding also fuel growth.
- **Global Demand:** Rising acceptance of Ayurvedic principles internationally boosts exports, particularly in wellness-oriented markets.

Opportunities:

- Growing interest in **Ayurvedic nutraceuticals** offers significant scope for innovation.
- Expansion into **tier-II and tier-III cities** and global markets can drive growth.
- Enhanced marketing strategies and technology adoption will elevate consumer engagement and accessibility.

Key Management -



Key Management Persons Name -	Ved Prakash
Age	38
Designation and No. of years of experience	Managing Director, 12+ years of experience in multifaceted marketing of Ayurveda Products
Qualification	Bachelor of Commerce
Other Directorships	Ajooni Life Sciences Private Limited, Ajooni Naturals Private Limited, Sat Kartar Ayur Private Limited etc.

Key Management Persons Name -	Sanjay Kumar
Age	45
Designation and No. of years of experience	Executive Director, 20+ years of experience
Qualification	Bachelor of Arts
Other Directorships	Ajooni Life Sciences Private Limited, Ajooni Naturals Private Limited, Sat Kartar Ayur Private Limited etc.

Key Management Persons Name -	Pranav Singh Chadha
Age	28
Designation and No. of years of experience	Promoter and Executive Director, 7+ years of experience in digital marketing
Qualification	Bachelor of Commerce
Other Directorships	Ajooni Wellness Private Limited

Key Management Persons Name -	Simrati Kaur
Age	29
Designation and No. of years of experience	Promoter and Executive Director, 4+ years of experience in digital marketing
Qualification	Bachelor of Technology
Responsibility	Responsible for complete end-to-end marketing from product launches, product design and development.
Other Directorships	-

Key Management Persons Name -	Richa Takkar
Age	35
Designation and No. of years of experience	Non - Executive Non-Independent Director, 6+ years of experience in customer support
Qualification	Bachelor of Arts
Other Directorships	-

Key Management Persons Name -	Sunil Kumar Mehdiratta
Age	63
Designation and No. of years of experience	Independent Director, 40+ years of experience as a CA
Qualification	Chartered Accountant
Other Directorships	Seasons Textiles Limited

Key Management Persons Name -	Manoj Kumar Verma
Age	56
Designation and No. of years of experience	Independent Director, 32+ years of experience in corporate law
Qualification	Company Secretary
Other Directorships	Manoj Verma & Associates

Key Management Persons Name -	Steve Austin Pereira
Age	46
Designation and No. of years of experience	Independent Director, 23+ years of experience in hospitality
Qualification	Bachelor of Hotel Management & Post Graduate Diploma in HR and Industrial Relations.
Other Directorships	Z-Tech (India) Limited and Waymaker Enterprises LLP

- The overall management of the company is decent.
- The promoter and management have vast experience in the industry.
- Devender Kumar Arora (CFO) is a qualified CA and has 20+ years of experience.

FINANCIAL SNAPSHOT

Statement of Profit and Loss

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Revenue from Operations	5,191.89	8,296.96	12,790.93	10,928.33
Other Income	38.85	0.78	20.03	26.94
Total Income	5,230.75	8,297.74	12,810.96	10,955.26
Expenses				
Cost of Material Consumed	435.16	495.76	903.06	605.59
Employee Benefit Expenses	1,013.55	2,080.74	2,931.22	1,947.76
Finance Cost	46.01	47.85	51.79	35.32
Depreciation and Amortization Expense	72.41	131.61	132.71	77.32
Operating and other expenses	3,513.11	5,197.43	7,932.72	7,496.69
Total Expenses	5,080.24	7,953.38	11,951.50	10,162.69
EBITDA	230.07	523.03	1,023.93	878.28
EBITDA Margin	4.43%	6.30%	8.01%	8.04%
Profit/(Loss) before tax	150.50	344.35	859.46	792.58
Tax Expense				
Current tax	17.49	99.43	232.79	205.07
Tax for prior years	-	-	4.97	-
Deferred Tax	-5.68	-5.69	-8.86	-2.20
Total Tax	11.81	93.74	228.91	202.86
Profit/(Loss) for the year	138.69	250.61	630.55	589.71
Net Profit Margin	2.67%	3.02%	4.93%	5.40%

Statement of Assets and Liabilities

Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
EQUITY AND LIABILITIES				
1. Shareholders' funds				
Share Capital	70.00	70.00	280.00	1,157.21
Reserves and surplus	6.87	257.48	663.33	570.93
Total Equity	76.87	327.48	943.33	1,728.14
NON-CURRENT LIABILITIES				
Long-term borrowings	636.01	242.23	52.07	14.08
Total Non-current liabilities	636.01	242.23	52.07	14.08
CURRENT LIABILITIES				
Short-term Borrowings	178.74	133.00	125.92	388.55
Trade Payables				
(i) Total outstanding dues of MSME	15.29	24.03	25.56	100.65
(ii) Total outstanding dues of creditors other than MSME	181.96	282.81	561.44	499.33
Other Current Liabilities	137.34	419.03	467.11	241.24
Short-term provisions	13.12	42.60	-	145.08
Total Current liabilities	526.45	901.48	1,180.03	1,374.85
Total Liabilities	1,162.46	1,143.71	1,232.09	1,388.93
Total Equity and Liabilities	1,239.33	1,471.20	2,175.43	3,117.07
ASSETS				
NON-CURRENT ASSETS				
Fixed Assets (Tangible)	298.24	397.38	269.03	279.35
Non Current Investments	163.41	-	104.89	52.45
Long-Term Loans and Advances	71.01	387.31	554.64	127.35
Deferred tax assets (net)	37.34	43.03	51.89	54.09
Total Non-Current assets	569.99	827.72	980.45	513.24

Particulars	FY 22	FY 23	FY 24	Dec-24
CURRENT ASSETS				
Current Investments	17.20	2.10	2.10	-
Inventories	37.15	33.60	56.25	191.63
Trade Receivables	9.39	8.84	231.02	668.50
Cash & Cash equivalents	107.94	65.44	251.88	522.19
Short term loans and advances	287.29	393.57	384.56	798.16
Other Current Assets	210.36	139.93	269.18	423.36
Total Current assets	669.33	643.48	1,194.98	2,603.83
Total Assets	1,239.33	1,471.20	2,175.43	3,117.07

Cash Flow Statement Amt in Lakhs.

Particulars	FY 22	FY 23	FY 24	Dec-24
Net Cash Flow from Operating Activities	227.25	797.42	704.25	-250.99
Net Cash Flow from Investing Activities	-75.96	-350.79	-261.16	399.51
Net Cash Flow from Financing Activities	-120.90	-489.13	-256.66	121.79

Key Ratios

<u>Per Share Data</u>	FY 22	FY 23	FY 24	FY 25*	<u>Valuation Ratios (x)</u>	FY 22	FY 23	FY 24	FY 25*
Diluted EPS	1.98	3.58	22.52	5.29	EV/EBITDA	3.41	1.22	0.85	0.22
BV per share	1.10	4.68	33.69	33.99	Market Cap / Sales	1.09	0.68	0.18	0.83
<u>Operating Ratios</u>					P/E	40.91	22.63	3.60	15.30
EBITDA Margins	4.43%	6.30%	8.01%	8.04%	Price to Book Value	73.76	17.31	2.40	2.38
PAT Margins	2.67%	3.02%	4.93%	5.40%	<u>Solvency Ratios</u>				
Inventory days	2.62	1.48	1.61	2.56	Debt / Equity	10.60	1.15	0.19	0.08
Debtor days	0.66	0.39	6.61	5.88	Current Ratio	1.27	0.71	1.01	1.01
Creditor days	161.44	228.16	232.09	207.85	Quick Ratio	1.20	0.68	0.97	0.97
<u>Return Ratios</u>					Asset Turnover	4.19	5.64	5.88	7.10
RoCE	22.12%	68.70%	89.53%	21.09%	Interest Coverage Ratio	3.43	8.18	17.21	22.68
RoE	180.42%	76.53%	66.84%	15.57%					

INTERPRETATION –

- The top line has increased consistently over the years by 59.81% in FY2023 and by 54.16% in FY2024 which was majorly due to introduction of new products, successful execution of targeted marketing campaign and increased demand for natural and holistic health products (Ayurvedic).
- The net profit has also increased over the years by 80.70% in FY2023 and 151.60% in FY2024.
- The EBITDA margin and the PAT margin has increased consistently over the years.
- The PE ratio has improved over the years.
- The DE ratio for FY2022 is very high.
- The RoCE and RoE have increased over the years.
- There was negative cash flow from operations for Dec-24.

LEAD MANAGER TRACK RECORD –

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.	Usha Financial Services Limited	98.45	168.00	Oct 31, 2024	119.50
2.	Pranik Logistics Limited	22.47	77.00	Oct 17, 2024	94.95
3.	Divyadhan Recycling Industries Limited	24.17	64.00	Oct 04, 2023	74.00
4.	Share Samadhan Limited	24.06	74.00	Sep 16, 2019	82.10
5.	Aesthik Engineers Limited	26.47	58.00	Aug 16, 2024	67.25
6.	Ztech India Limited	37.30	110.00	June 05, 2024	615.80
7.	Radiowalla Network Limited	14.25	76.00	April 05, 2024	109.10
8.	Addictive Learning Technology Limited	60.16	140.00	Jan 30, 2024	337.05
9.	Akanksha Power and Infrastructure Limited	27.49	55.00	Jan 03, 2024	155.75
10.	Supreme Power Equipment Limited	46.67	65.00	Dec 29, 2023	230.50

The company has handled 15 mandates in the last three years (including current year).

*CMP for the above-mentioned companies is taken as of 8th Jan 2025.

As per the offer document, the above-mentioned mandates Usha Financial Services and Ztech India Limited and remaining all have opened at a premium on the listing day.

Recommendation -

Sat Kartar Shopping Limited has been in the industry since 2012 and has good experience in the industry.

The P/E on a post-IPO annualized basis is around 15.30 times which makes it fairly priced.

The management of the company is decent.

The company's top line, bottom line and profitability margins have increased consistently over the years and looks sustainable in the future.

The company has more than 50+ products and operates in D2C (Direct-to-Consumer) segment, selling Ayurveda products directly to consumer through own D2C website and third-party e-commerce websites, TV marketing and Google and Meta Applications. They have presence in almost all of the states in India and are involved in exports as well.

The Indian Ayurvedic Products industry is growing rapidly at a CAGR of 18.4%. With growing interest among consumers in natural and organic products there is good potential for these products.

Thus, investors can **APPLY** to this IPO for long-term basis.

Disclaimer

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