

## IPO BULLETIN

**Name of the Company:** Vedant Fashions Ltd

**About the Company:** Company’s (Vedant Fashion Ltd) brand ‘Manyavar’ is a category leader in the branded Indian wedding and celebration wear market with a pan- India presence. Company has established a multi-channel network and introduced brands by identifying gaps in the under-served and high-growth Indian wedding and celebration wear category. Company offers a one-stop destination with a wide-spectrum of product offerings for every celebratory occasion and aim to deliver an aristocratic yet seamless purchase experience to customers through franchisee-owned exclusive brand stores. Company has established dominance in the premium and value segments of the men’s Indian wedding and celebration wear market through brands, Twamev and Manthan, respectively. Company has also established presence in the women’s Indian wedding and celebration wear market through brand, Mohey, launched in 2015. In Financial Years 2021, 90.14% of the Sales was generated by franchise-owned exclusive brand outlets (our “EBOs”), with the remaining by multi-brand outlets (“MBOs”), large format stores (“LFSs”) and online platforms, including our website (www.manyavar.com) and mobile application. As of September 30, 2021, company had a retail footprint of 1.2 million square feet covering 535 EBOs (including 58 shop-in-shops) spanning across 212 cities and towns in India, and 11 EBOs overseas across the United States, Canada and the UAE, which are countries with a large Indian diaspora.

### Objectives of the Issue:

**Offer for Sale: (Rs. 3149 cr)**

Each of the Selling Shareholders will be entitled to the proceeds of the Offer for Sale. Company will not receive any proceeds from the Offer for Sale.

### Financials of the Company:

(in Crores)	FY 19	FY 20	FY 21	30th Sept 21
<b>Revenue</b>	819.7	947.9	625.0	387.2
<b>Net Profit</b>	176.5	236.5	132.9	98.2

### IPO Details:

Details	Info
Issue Opens on	4th February 2022
Issue Closes on	8th February 2022
Issue Price	Rs.824 – 866

Face Value	Rs.1
Minimum Lot	17 Shares
Minimum Investment	Rs. 14,722
Issue Size	Rs.3149 cr
Listing at	NSE & BSE
Equity Shares Offered (OFS)	3,63,64,838
Equity Shares Prior to the Issue	24,26,94,774
Equity Shares after the Issue	24,26,94,774

### **Important Dates:**

Finalization of Basis of Allotment	on or Before 11th February 2022
Initiation of Refunds	on or Before 14th February 2022
Credit of Equity Shares:	on or Before 15th February 2022
Listing Date:	on or Before 16th February 2022

### **IPO Valuation Parameters:**

Earnings Per Share (EPS)	Price To Earnings ratio (PE)	Return on Net Worth (RoNW)	Net Asset Value (NAV)
5.36	161	12.19%	35.45

### **Check IPO Allotment Status**

**KfinTech Website :** [http://kfintech/IPO/Allotment\\_Status](http://kfintech/IPO/Allotment_Status)

**BSE IPO Website:** <https://www.bseindia.com/IPO/Allotment>

### **Company Contact Info:**

#### **Vedant Fashions Limited**

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**Website:** [www.vedantfashions.com](http://www.vedantfashions.com)

## **IPO Registrar Info:**

### **Kfin Technologies Private Limited**

Selenium Tower B

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Financial District, Nanakramguda-

Serilingampally, Hyderabad 500 032

Telangana, India

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## **Conclusion**

The PE investor had invested in 2017 in Vedant at ₹ 166 per share. In July 2021, Vedant Fashions did a couple of corporate actions – buyback and stock split. The buyback price was at Rs. 990 apiece, and the stock split was in the ratio of 1:2. So, effective Buyback price was Rs. 495 per share. The company has more than doubled its retail presence from 0.5 million square feet to 1.1+ million square feet in the last five years. Lockdowns in Q1 restricted consumer spending, and the second wave of COVID-19 in Q4 impacted the apparel sector demand throughout FY21. Pandemic-led restrictions caused wedding functions to be much-reduced, leading to a 45% decline in the Indian wedding and celebration category. Looking ahead, the Indian wedding and celebration wear market is expected to rebound strongly with 50% to 60% growth in FY22, according to CRISIL. As of June 30, 2021, the company's net worth was ₹ 1,137 crore, which translated into a book value of ₹ 47 per share. Vedant Fashions is a debt-free company with ₹ 576 crores of cash balance on its book as of June 30, 2021. Total cash and cash equivalents form nearly 35% of the total asset size. FY21 turned out to be a bad year because of Covid-19. So, there is no point in comparing growth till FY21. Over FY16-20, the company's revenue/net profit grew at a CAGR of 16%/27%, respectively. In FY21, the fall in its financials was much lower for Vedant Fashions compared to the industry.

Though its receivables remain high, the company maintains 25-30% of the receivables as security deposits received from debtors, which is equivalent to the cost of goods sold to them and protects the company from any inventory losses. Over the period, the company's inventory days have also increased. At the buyback price, considering FY20 financials, the Vedant Fashions issue is expensive compared to peers. Well, yes, the valuations are expected to be on a higher side. Not only because it's a bull market and because the company has been consistently growing and making profits, which has not been the case with peers. Moreover, it is a debt-free company with high cash on its book.

The chances of the company quickly achieving pre-pandemic level sales is high as the number of weddings is expected to be higher in FY22 due to postponement of weddings from FY21, availability of auspicious dates for weddings throughout the year, and increased vaccination and festive season sales. Aggressive valuation prices in all future positives. Hence, we Recommend 'Avoid' the IPO.