

Manan Goyal
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Issue Details

Issue Details	
Issue Size (Value in ₹ million, Upper Band)	5,498.0
Fresh Issue (No. of Shares in Millions)	Nil
Offer for Sale (No. of Shares in Millions)	19.63
Bid/Issue opens on	19-Dec-23
Bid/Issue closes on	21-Dec-23
Face Value	Rs. 2
Price Band	266-280
Minimum Lot	53

Objects of the Issue

- **Fresh Issue: Nil**
- **Offer for Sale: ₹5,498 million**

Book Running Lead Managers	
DAM Capital Advisors Limited	
ICICI Securities Limited	
Keynote Financial Services Limited	
Registrar to the Offer	
Link Intime India Private Limited	

Capital Structure (₹ million)	Aggregate Value
Authorized share capital	140.00
Subscribed paid up capital (Pre-Offer)	128.60
Paid up capital (Post - Offer)	128.60

Share Holding Pattern %	Pre-Issue	Post Issue
Promoters & Promoter group	68.8	55.4
Public	31.2	44.6
Total	100	100

Financials

Particulars (₹ In million)	For the quarter ended 30th June 2023	FY23	FY22	FY21
Revenue from operations	1,185	4,982	3,412	2,448
Operating expenses	882	3,343	2,461	1,963
EBITDA	303	1,639	951	485
Other Income	9	111	137	163
Depreciation	145	534	459	441
EBIT	167	1,216	629	207
Interest	54	177	150	167
PBT	113	1,038	478	40
Tax	27	263	121	6
Consolidated PAT	86	775	357	34
EPS	1.33	12.05	5.64	0.54
Ratios	For the quarter ended 30th June 2023	FY23	FY22	FY21
EBITDAM	25.53%	32.89%	27.87%	19.80%
PATM	7.24%	15.56%	10.48%	1.41%
Sales growth		46.02%	39.35%	

Sector- Garments and Apparels

Company Description

The company believes in providing a meaningful wardrobe solution for multiple occasions in a customer's life, offering a range of products from shirts to t-shirts to jeans to chinos, catering to year-round clothing needs. Their products are designed to deliver a youthful appearance while staying abreast of ongoing fashion trends. Engaged in the retail sale of garments and accessories, the company does not manufacture any apparel.

The brand "Mufti" was launched 25 years ago by the Promoter, Kamal Khushlani, with a vision to redefine menswear. It was created as an alternative dressing solution, focusing on creative, bold, and expressive clothing for the contemporary Indian man seeking something more stylish than commonly available options. The share of the organized market for men's apparel is expected to increase from ~45% in Fiscal 2022 to reach ~60% by Fiscal 2027. Additionally, the men's western wear market contributes nearly 94% of the total Indian men's apparel market, with the remaining ~6% contributed by Indian men's ethnic wear.

The report indicates that India's inclination towards casual wear has grown significantly, influenced by factors such as increasing urbanization, social media connectivity, the growth and influence of mobile internet, increased buying propensity among consumers, and the concept of casual Fridays in the corporate world. Casual-led men's western wear is expected to outpace the growth of formal-led men's western wear, with an expected CAGR of 22% compared to 18% for the latter from FY 22 to FY 27.

To keep pace with evolving fashion trends, the company's product mix has evolved over the years from consisting of only shirts, t-shirts, and trousers in 1998 to a wide range of products, including sweatshirts, jeans, cargos, chinos, jackets, blazers, and sweaters across various categories. The design team continually focuses on expanding the product range to meet diverse consumer needs. The company's products are available through a pan-India multichannel distribution network comprising exclusive brand outlets (EBOs), large format stores (LFSs), and multi-brand outlets (MBOs), as well as online channels, including their website and other e-commerce marketplaces. The multi-channel presence is strategically planned to ensure products across categories are available at consumers' preferred shopping channels. Company had 16 distributors as on September 30, 2023 for distribution to MBOs. Their well-established EBO network offers a holistic shopping experience for their customers. Their EBOs are located nationwide across high streets, malls, airports and residential market areas. They also have an online presence which is rapidly growing wherein their customers can shop through their website, www.muftijeans.in, as well as through various e-commerce marketplaces.

Valuation

Credo brands marketing Ltd has Strong brand equity with presence across categories and a Multi-channel pan-India distribution network with a Strong in-house design competencies to deliver innovative and high-quality products with end-to-end tech-enabled supply chain capabilities and an asset light model.

At the upper price band company is valuing at P/E of 23.22x, with a market cap of ₹ 18,004 million post issue of equity shares and return on net worth of 29.98%.

Since financials of the company are strong and valuations of the company are reasonable in comparison to its listed peers, hence we believe that company is fairly priced and recommend a "Subscribe" rating to the IPO.

Description of Business

The brand "Mufti" was launched by the Promoter, Kamal Khushlani, 25 years ago with a visionary goal to redefine menswear. It was conceived as an alternative dressing solution, aiming to provide a casual alternative that stands out for its creative, bold, and expressive clothing. The brand specifically targeted the contemporary Indian man who sought something more stylish and unique than the common offerings in the market. Mufti's foundation on innovation and a distinctive approach to fashion has shaped its identity as a brand committed to providing a fresh and stylish wardrobe solution for the modern Indian man.

Set forth below is a breakdown of their pro forma consolidated revenue from sale of products, for the periods indicated.

Category	For the quarter ended 30th June 2023		FY23		FY22		FY21	
	Amount (in Millions)	Percentage of total Revenue from Operations (%)	Amount (in Millions)	Percentage of total Revenue from Operations (%)	Amount (in Millions)	Percentage of total Revenue from Operations (%)	Amount (in Millions)	Percentage of total Revenue from Operations (%)
Exclusive brand outlets	722.77	61%	2829.08	56.79%	1768.6	51.84%	1371.45	56.02%
Multi-brand outlets	211.97	17.89%	1515.9	32.24%	1099.77	32.24%	675.85	27.61%
Large format store	29.14	2.46%	157.56	3.36%	114.65	3.36%	68.87	2.81%
Online	165.23	13.95%	254.45	8.22%	280.31	8.22%	201.05	8.21%
Others	55.79	4.7%	224.83	4.35%	148.39	4.35%	131.04	5.35%
Total	1,184.9	100%	4,981.82	100%	3411.72	100%	2448.26	100

PRODUCT OFFERINGS

The company's products are classified into three broad categories, being topwear, bottomwear, and outerwear across a range of price points. As part of the company's brand re-creation, they have developed a new merchandise architecture for increasing their share of the consumer's wallet by providing designs suited for specific occasions in the customer's life ranging from relaxed holiday casuals, authentic daily casuals to urban casuals, party wear, and also athleisure. The company targets the shopper who wants something more stylish than other mainstream brands. They have both a lifestyle as well as category approach to their business. The lifestyle aspect is managed through coherent display at their stores to communicate their lifestyle thought to the end consumer. From their design perspective, the company looks at the line in a category view, which enables them to maintain a healthy mix in demand for both their topwear and bottomwear, mainly t-shirts, casual shirts, and jeans. Other brands with a balanced mix of products in the categories of t-shirts, casual shirts, and jeans are Levi's and Pepe Jeans.



Product	Fiscal 2023	Fiscal 2022	Fiscal 2021
Shirt	2,481	2,160	2,035
Bottoms	3,954	3,564	3,359
T-Shirt	2,226	1,867	1,717
Outerwear	5,520	5,431	4,683

Product	Quantity sold for the			
	For the three months period ended June 30, 2023	Fiscal 2023	Fiscal 2022	Fiscal 2021
Shirt	4,56,900	1731116.00	12,89,589	11,27,546
Bottom	250178.00	1198160.00	8,68,156	7,01,190
T-shirt	157911.00	523345.00	4,66,366	3,98,329
Outerwear	512.00	91051.00	79,667	71,146

Strengths:**➤ Strong brand equity with presence across categories**

Launched in the year 1998, the brand "Mufti" is a recognized brand with 25 years of presence in India. They provide a wide range of products for multiple occasions in a customer's life, with product offerings ranging from shirts to t-shirts to jeans to chinos to jackets, catering to all year-round clothing with a prominent focus on casual wear. The product mix has evolved significantly over the past several years from consisting of only shirts and trousers in the year 1998 to a wide range of products, including t-shirts, sweatshirts, jeans, cargos, chinos, jackets, blazers, and sweaters in relaxed holiday casuals, authentic daily casuals to urban casuals, party wear, and also athleisure categories as of the current date.

The design team is constantly focusing on expanding the product range to meet a varied range of consumer needs. The diverse product range comes under the mid-premium to premium price range of clothing in India. The product's main competitors, in the similar price brackets, are brands such as Jack & Jones, Levi's, Pepe Jeans, and U.S. Polo Assn. The company believes that their focus on expressiveness and boldness in their designs differentiates them from the competition. Further, they believe that their designs are in line with the global trends in casual wear. They launched "Muftisphere" in the year 2014, a customer loyalty program, to provide benefits to customers for shopping the brand, thereby increasing their stickiness with the brand. The company has a database of over 2.00 million customers on Muftisphere. They believe that they have a strong brand recall amongst their customers. Further, they engage consumers through their social media platform. As of November 1, 2023, they have 137,000 followers on their Instagram page, 3.40 million followers on their Facebook page, and 15,200 subscribers on their YouTube channel.

➤ Scalable asset light model

As a wardrobe solutions provider for multiple occasions in a customer's life, the company focuses on designing products in line with global fashion trends in casual wear. With a focus on the creation of a holistic casual wear brand, they outsource manufacturing operations, while all aspects of design are managed in-house. This approach helps them maintain an asset-light model with respect to plant, property, and equipment.

Utilizing economies of scale, the company drives efficient partnerships from the back-end to the front-end without the need to invest in developing manufacturing facilities. This structure provides agility with longstanding sourcing partners, allowing them to adjust supply based on demand from various channels. While manufacturing is outsourced, the company maintains oversight over each stage of the process, with centralized ordering of fabric and accessories to meet timelines for each production stage by their manufacturing partners.

Selling points are divided into EBOs, MBOs, LFSs, and online sales. The asset-light model covers every aspect of sales operations, with none of the stores situated on properties owned by the company. This model provides scalability and enables the opening of EBOs in a time-efficient manner. Generally, the company enters into long-term lease agreements ranging from five to nine years. The majority of lease agreements for high street stores can only be terminated at the discretion of the company, post-completion of a lock-in period, which is up to 3 years.

➤ Strong in-house design competencies to deliver innovative and high-quality products with end-to-end tech-enabled supply chain capabilities

The company believes that their focus on expressiveness and boldness in designs differentiates them from their competition and helps in targeting shoppers who seek something more stylish than other mainstream brands. Additionally, they believe their designs align with global trends in casual wear. To ensure this, the company has an experienced in-house textile print and pattern team, consisting of graphic designers, illustrators, textile designers, and technicians.

As of September 30, 2023, the design team comprises 17 members. This team has enabled the company to create and produce more than 682 designs during the six-month period ending September 30, 2023. The designers collectively have over 202 years of experience, having worked in domestic retail as well as international markets, providing an understanding of global trends and design practices. Over the last three years, the company has reinvented its merchandise architecture and introduced meaningful capsular collections under the categories of relaxed holiday casuals, authentic daily casuals to urban casuals, party wear, and athleisure.

The company follows a look-based approach, growing their bottomwear, topwear, and outerwear business to ensure that each new garment in one category complements garments in another category, providing a complete look. Over the years, they have expanded sub-categories, demonstrated by the growth of their denim range, driving efficiencies at the front end and bolstering the image of the range with new subcategories. This approach allows them to broaden their range of offerings to fulfill changing consumer demands, creating brand loyalty and providing stickiness towards the brand. The company intends to branch into other categories using existing efficiencies. They engage with a network of suppliers and manufacturing partners, including an arrangement with an export house operating outside India, giving them exposure to international trends. To complement in-house design capabilities, they have a sampling facility in their Registered Office, aiding in actualizing new ideas and designs in a time-efficient manner.

Their procurement and quality assurance teams ensure timely deliveries from manufacturing partners, delivering a coordinated look in stores assisted by a tech-enabled supply chain management system. The tech-enabled supply chain management software ensures timely supply from manufacturing partners, enabling a smooth transition from fabric to finished goods. The company conducts multiple levels of quality checks to ensure the right fabric quality and has various inline quality assurance systems in place to ensure garment conversion of the desired quality.

Key Strategies:**➤ Expand their domestic store network in existing and new cities**

As part of their growth strategy, the company intends to continue increasing their presence by setting up new Exclusive Brand Outlets (EBOs) and expanding their EBO network in existing as well as additional regions across India. They anticipate that emerging demand from such cities will fuel their growth. Having already established EBOs primarily in major metros, Tier 1, Tier 2, and Tier 3 cities in India, they plan to expand their focus and establish additional EBOs based on the existing model across emerging Indian markets.

The company aims to leverage their past efforts and experience to expand their presence across several markets in India that they have identified as having the potential for opening further EBOs. They plan to use their existing store network and knowledge of different markets in India to tap into this growth opportunity. The investments made so far in brand building pan India, understanding customer behavior across geographies, researching and assessing appropriate locations for EBOs, and building an online business will enable them to optimize their experience in expanding their EBO network. Expanding into newer markets offers the company the potential for market share gains, increased brand recognition, and economies of scale. This approach allows them to exploit the opportunities presented by newer markets while also improving brand recall among customers. For the three-month period ended June 30, 2023, and for the financial years 2023, 2022, and 2021, the company added 16, 67, 45, and 34 EBO stores, respectively. Furthermore, between July 1, 2023, and September 30, 2023, they added 21 EBOs.

➤ Enhancement of brand appeal through focused marketing initiatives

Mufti has successfully developed a strong brand identity through effective advertising with multiple marketing campaigns across various channels, including digital and social media, billboards, display advertising, print, radio, video, multiplex cinemas, and live events. The inclusion of celebrities as brand ambassadors has also been a part of these campaigns. In addition, Mufti consistently evaluates and engages with influencers on Instagram to enhance regional brand awareness.

Through focused marketing campaigns, the company aims to establish relationships with customers and project a brand image based on its style, vision, and philosophy. Mufti has built resonance with consumers through multiple marketing, advertising, and customer engagement initiatives. The company intends to further enhance the brand recall of its products by expanding its Exclusive Brand Outlets (EBOs) footprint and using targeted marketing initiatives. These initiatives include digital marketing campaigns, email communications, social media advertisements, event sponsorships, brand ambassador content, multiplex cinemas, and outdoor advertising.

The company also utilizes in-store communications and visuals, store facades, and store shutters for advertising its brand. With an integrated database of over 2.00 million consumers, Mufti's Consumer Loyalty Program – Muftisphere, plays a crucial role in engaging consumers through timely email and SMS communications about new season launches, new product launches, promotional scheme announcements, and early bird sale offers. Furthermore, Mufti actively engages with customers through its social media platform. As of November 1, 2023, the company has 137,000 followers on its Instagram page, 3.40 million followers on its Facebook page, and 15,200 subscribers on its YouTube channel.

➤ Deeper penetration to grow sales through online channels by capitalizing on the increasing e-commerce demand in Indian retail

India has experienced growth in internet penetration and mobile connectivity, leading to an increased online presence of the population. This surge in digital engagement has resulted in a boom in e-commerce, social commerce, mobile payments, etc. The share of online retail in the apparel and apparel accessories segment is anticipated to reach 24.0% in FY 2027, up from 22.0% in FY 2022.

While the company strengthens its brick-and-mortar presence, it continues to actively engage consumers on its online platform. Through sustained digital promotion and timely updates, the company aims to deepen its online penetration, contributing to the growth of sales from its website. In Fiscal 2023, 5.11% of revenue from operations was generated from online channels, with a majority coming from leading third-party online marketplaces. The company has redesigned its website in alignment with its brand reinvention and merchandise architecture.

To bring the brand closer to the online consumer, the company plans to continue investing in growing its social media presence through robust content generation across Instagram, Facebook, and YouTube, facilitated by its in-house team. Additionally, the company actively evaluates and engages with influencers on Instagram, including both celebrity and micro-influencers, to enhance regional brand awareness. Leveraging e-commerce partners, the company aims to achieve deeper penetration and reach to acquire new customers, supported by a dedicated team focused on driving e-commerce initiatives.

➤ Focused expansion of their product portfolio to become a men's lifestyle brand

As part of the ongoing effort to evolve the Mufti brand into a comprehensive men's lifestyle brand, the company intends to expand its wardrobe solutions. The design team is currently exploring the creation of a line of shoes, caps, and socks that will complement the existing offerings, aiming to position Mufti as a complete 360° men's lifestyle brand. The company believes that this expansion will not only attract new customers but also reinvigorate the trust of existing customers in the brand, ultimately leading to an increase in their share of the consumer's wallet.

The increase in the number of households with annual earnings ranging from USD 10,000 to USD 50,000 has resulted in higher discretionary spending across various categories, including apparel and accessories, food and beverages, luxury products, consumer durables, and other discretionary items. The trend of upward mobility in households, particularly in India's lower-income households shifting towards the middle class due to rising incomes, is evident. The report indicates that non-apparel accessories are expected to grow

at a Compound Annual Growth Rate (CAGR) of 20.4% between Fiscal 2022 and Fiscal 2027. This reflects a significant market opportunity for Mufti to tap into the growing demand for accessories and further diversify its product offerings.

➤ **Leverage technology to improve supply-chain management and enhance customer experience**

The company intends to continue investing in its IT infrastructure to enhance productivity and time savings, ultimately increasing operating efficiency and ensuring efficient supply chain management. Their supply chain management solutions encompass IT capabilities and software for tracking stocks at stores, placing orders for stock replenishment, managing eCommerce orders, and processing credit notes for distributors.

They also employ software to improve the customer experience, enabling customers to order products from any location in India through any physical store. Aligned with the growth of operations, the company has recently upgraded its mother warehouse in Bengaluru, Karnataka, expanding its storage capacity to approximately 142,700 sq. feet. Beyond expansion, they have optimized and will continue to implement newer systems at the warehouse, including partial automation through the installation of conveyor belts and a transition to a bin-type storage system from a rack-type storage system.

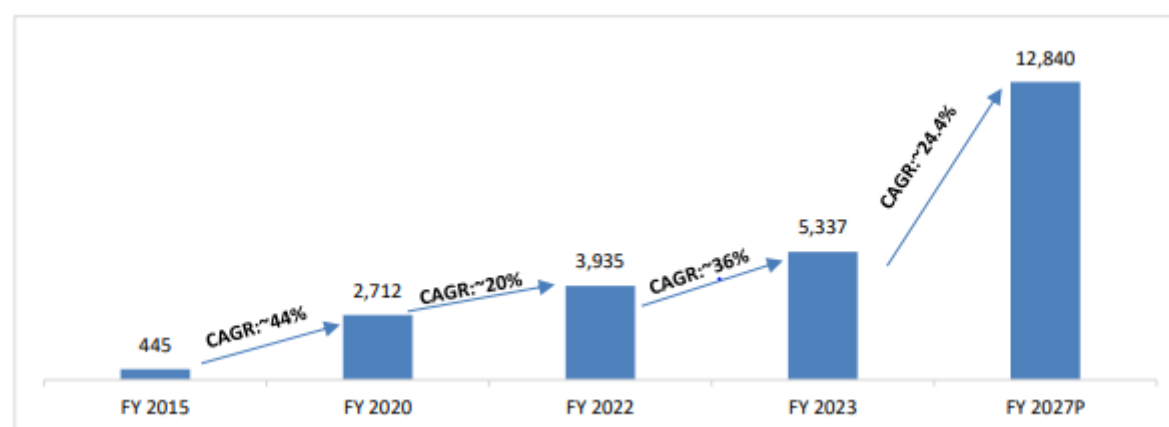
The company plans to further upgrade the warehouse to optimize inventory and supply management systems, introducing more efficient processes for handling, storage, and retrieval. As part of their ongoing vision to provide customers with the best in-store experience and enhance their share of the consumer's wallet, they aim to customize their insights from decades of experience in understanding in-store consumer behavior. They believe that through data analytics, they will be better positioned to understand customer preferences, improve sales, and scale their operations.

Industry Snapshot:

Market structure analysis

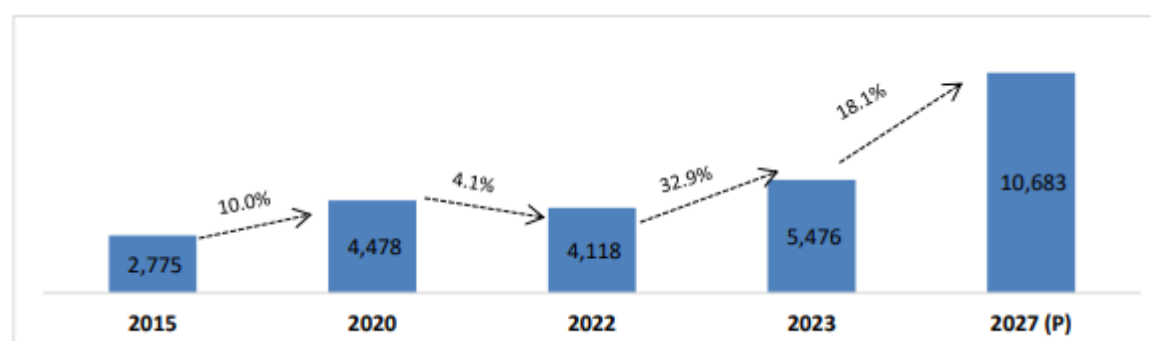
Emergence of E-commerce in Retail

E-tail in India has witnessed a rapid growth trajectory and is expected to reach ~11% (INR 12,512 Bn) of total retail by FY 2027 from its share of 7% in FY 2022 (INR 5,337 Bn) with projected growth CAGR of 36%. Between 2015 and 2020, e-commerce sales have grown at CAGR of 44%. Apparel and Apparel Accessories had the 2nd highest share of e-commerce among all categories at 24% for FY 2023. It follows the category Consumer Electronics at 29% e-commerce share for FY 2022.



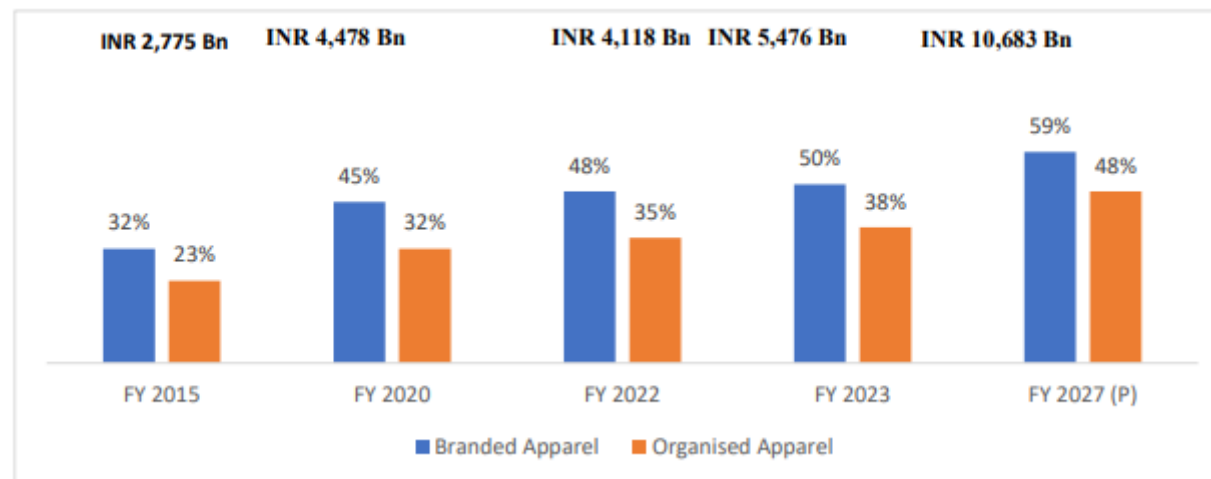
India Apparel Market Size & Level of Organization

Apparel market size in India was valued at INR 5,476 Bn (USD 68.45 Bn) in FY 2023 and projected to grow at a CAGR of ~18% between FY 2023 and FY 2027 to reach INR 10,683 Bn (USD 133.5 Bn) by FY 2027 on the back of factors like higher brand consciousness, increasing digitization, greater purchasing power and increasing urbanization.



While the CAGR of total apparel market between FY 2023 and FY 2027 is expected to be 18.0%, the branded apparel and organized apparel retail are expected to grow at CAGR of 26.1% and 28.9% respectively in the same period, i.e., the growth of both branded apparel share and organized apparel retail share in apparel category will outpace the overall category growth. Branded apparel signifies registered trademarks that are regularly patronized by customers and that are sold through both organized retail and trade channels. Organized retail signifies formal retail channels of Exclusive Brand Outlets (EBOs), Multi Brand Outlets (MBOs), Large Format Stores (LFS), E-commerce etc. Apparel retailed through

these organized retail points of sales is necessarily branded. Therefore, organized share is less than the share of Branded apparel in total share. The share of organised retail in apparel has witnessed a steady increase over the past years. The share of organised sector in apparel was 23% in FY 2015 increased to 32% in FY 2020 and 38% in FY 2023, is expected to reach 48% by FY 2027.



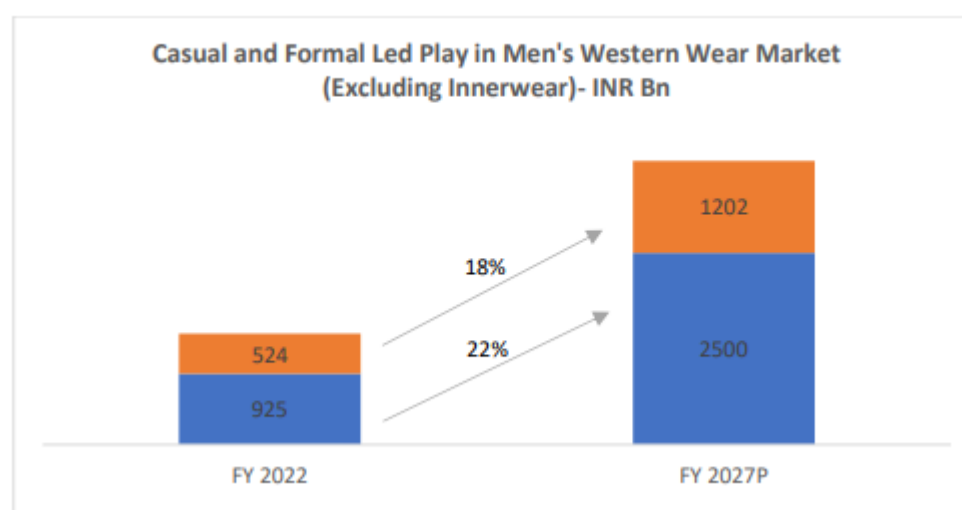
Indian Men's Western Wear Market

The Indian men's western market was valued at INR 2,231 Bn in FY 2023, and is expected to grow at a CAGR of 20.5% for the next four years to reach INR 4,051 Bn by FY 2027. Casual fashion focused product categories like T-shirts, Denim, Activewear are expected to grow at a CAGR of 20%+ highlighting the trend of casualisation in fashion leading to the growth of this market.

Casual fashion focused product categories like T-shirts, Denim, Activewear are expected to grow at a CAGR of 20%+ highlighting the trend of casualisation in fashion leading to the growth of this market. The Men's Western Wear market can be further segmented into Casual Led Play and Formal Led Play.

Casual Led Play - Casual led play is defined by product offerings that comprises t-shirts, shirts that are designed for casual wear signified by trends, fabrics, silhouettes. It also includes denims, shorts, cargos etc. Many brands like Mufti, Levi's, Pepe Jeans, Tommy Hilfiger, Jack & Jones have emerged as men's casual wear focused brands, because they offer products that are primarily casual wear. This segment of the market was valued at INR 925 Bn for FY 2022 making it ~64% of the Total Men's Western wear market (excluding Innerwear). It is expected to grow at a CAGR of 22% and reach INR 2500 Bn by FY 2027 forming a 68% share of the defined market. Casual Led Play is expected to outpace the growth of the Formal Segment which is projected to grow at a CAGR of 18% in the same period.

Formal Led Play - Formal led play signifies product offerings of players that are skewed towards office wear shirts, trousers for formal occasions like office, and occasion wear. 10 to 20 years ago, men's fashion was predominantly formal wear, which evolved from ready-to stitch segment. Formal led play includes brands like, Raymond, Arrow, Zodiac, Louis Phillipe etc. This segment stood at 36% of the Men's Western wear market (excluding Innerwear)



Organised Men's Western wear market was valued at INR 941 Bn for FY 2023 (45% share) and is expected to reach INR 2480 Bn by FY 2027 (61% share). E-commerce market grew with a CAGR of ~53.0% between FY 2015 and FY 2020. However, post Covid both EBOs and MBOs/ LFS have built scale and are expected to outpace E-commerce's growth for the category between FY2022 and FY2025. In other words, all three channels (E-commerce, EBOs and MBOs) are expected to act as growth enablers both for the overall growth of the category and for the organized share in the Men's Western Wear category to grow in the next four years (FY 2023-FY2025). Contribution by organised Brick and mortar retail in Men's western wear is expected to reach ~32% in FY 2027 from ~21% in FY 2023. Within this, the EBO channel is expected to show the highest growth CAGR of 38.5% from FY 2023 to FY 2027.

➤ **Accounting ratios**

Particulars	For the quarter ended 30th June 2023	FY23	FY22	FY21
Return on Net Worth/RoE (%)	3%	29.98%	16.7%	1.81%
EBITDA (₹ Lakhs)	302.52	1638.5	950.97	484.82
EBITDA Margin (%)	25.53%	32.89%	27.87%	19.8%
PAT (₹ million)	85.75	775.14	357.40	34.41
PAT Margin (%)	7.24%	15.56%	10.48%	1.41%
RoCE (%)	3.44%	28.16%	17.31%	5.86%

➤ **Comparison with listed entity**

Name of the company	Revenue from operations (₹ Millions)	Face Value (₹ per share)	EPS (Basic) (₹)	EPS (Diluted) (₹)	NAV (₹ per share)	P/E	RONW %
Credo Brands Marketing Limited	5,093.22	2.00	12.06	12.06	43.75	23.22*	29.98%
Listed peers							
Aditya Birla Fashion and Retail Limited	1,25,343.6	10.00	-0.38	-0.38	35.24	-	-1.18%
Go Fashion (India) Limited	6,771.94	10.00	15.33	15.33	96.36	88.24	17.72%
Arvind Fashions Limited	44,735.8	4.00	2.77	2.76	68.48	157.08	4.42%
Kewal Kiran Clothing Limited	7,996.7	10.00	19.31	19.31	88.76	40.24	23.22%

Note: 1) P/E Ratio has been computed based on the closing market price of equity shares on NSE on December 4, 2023.

2) */** P/E and EPS of company is calculated on basis TTM and post issue no. of equity shares issued.

➤ **Key Risk:**

- Their business is primarily concentrated on the sale of men's casual western wear and is vulnerable to variations in demand and changes in consumer preferences which could have an adverse effect on their business, results of operations and financial condition.
- If they are unable to predict customer demands and maintain optimum inventory level there may be an adverse effect on their results of operations, financial condition, and cash flows.
- They enter into certain related party transactions in the ordinary course of business, and they cannot assure you that such transactions will not have an adverse effect on their business, results of operations and financial condition.
- All their products are sold under a single brand, 'Mufti'. Any inability to effectively market their products, or any deterioration in public perception of their brand, could affect consumer footfall and consequently adversely impact their business, financial condition, cash flows and results of operations.
- Company operate in highly competitive markets in each of their product segments in both offline and online channels and an inability to compete effectively may adversely affect their business, results of operations and financial condition. Further, pricing pressure from their competitors may affect their ability to maintain or increase their product prices and, in turn, their revenue from product sale, gross margin and profitability, which may materially and adversely affect their business, cash flows, results of operations and financial condition.
- Their inability to grow the business across emerging markets in India and effectively manage or expand their retail network may adversely impact their business, results of operations and financial condition.
- While they design their products in-house, they rely on outsourcing the manufacturing of finished products to third-party manufacturing partners, without exclusivity arrangements and are dependent on them for their finished goods. Any inability to obtain sufficient quantities of apparel of the requisite quality in a timely manner and at acceptable prices, or a slowdown, shutdown or disruption in such third-party manufacturing partners' operations and performance, could adversely affect their business, cash flows, results of operations and financial condition.

➤ **Valuation:**

Credo brands marketing Ltd has Strong brand equity with presence across categories and a Multi-channel pan-India distribution network with a Strong in-house design competencies to deliver innovative and high-quality products with end-to-end tech-enabled supply chain capabilities and an asset light model.

At the upper price band company is valuing at P/E of 23.22x, with a market cap of ₹ 18,004 million post issue of equity shares and return on net worth of 29.98%.

Since financials of the company are strong and valuations of the company are reasonable in comparison to its listed peers, hence we believe that company is fairly priced and recommend a "Subscribe" rating to the IPO.

DISCLAIMER:**Analyst Certification**

- ❑ The views expressed in this Research Report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the research analyst(s) in this report. The research analysts are bound by stringent internal regulations and also legal and statutory requirements of the Securities and Exchange Board of India (hereinafter "SEBI") and the analysts' compensation are completely delinked from all the other companies and/or entities of Anand Rathi, and have no bearing whatsoever on any recommendation that they have given in the Research Report

Anand Rathi Ratings Definitions

- ❑ Analysts' ratings and the corresponding expected returns take into account our definitions of Large Caps, Mid-Caps & Small Caps as described in the Ratings Table below:

Ratings Guide (12 months)	Buy	Hold	Sell
Large Caps (Top 100 companies)	>15%	0%-15%	Below 0%
Mid Caps (101st-250th company)	>20%	0%-20%	Below 0%
Small caps (251 st company onwards)	>25%	0%-25%	Below 0%

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