

 | MUFTI

**Credo Brand Marketing Ltd**

**Transforming Trends, Elevating Style**



 **ventura**

**SUBSCRIBE at the Upper Price Band of INR 280**

## Transforming Trends, Elevating Style

Established on April 29, 1999, Credo Brands Marketing Limited offers a diverse range of products categorized into three main segments: top-wear, bottom-wear, and outer-wear. These products span various price points, providing customers with a wide selection to meet their preferences and budgetary considerations.

Launched in the year 1998, the brand “Mufti” is a recognized brand with 25 years of presence in India. The brand was created as an alternative dressing solution and was designed to deliver a casual alternative with a focus on creative, bold, and expressive clothing for the contemporary Indian man who wanted something more stylish than what was commonly available. The company's product portfolio has undergone substantial growth and diversification in recent years.

Originally comprising only shirts, t-shirts, and trousers in 1998, it has expanded to encompass a diverse array of items. This includes sweatshirts, jeans, cargos, chinos, jackets, blazers, and sweaters, spanning across categories like relaxed holiday casuals, authentic daily casuals, urban casuals, party wear, and athleisure. As of May 31, 2023, Credo operates a network of 1,773 retail outlets throughout India, including 379 exclusive brand stores (EBOs), 89 large format stores (LFSs), and 1,305 multi-brand stores (MBOs).

The company's expansive reach spans major metropolitan areas to Tier 3 cities. As of March 31, 2023, the company has a presence in 582 cities, continuing its growth from 598 cities in 2022 and 569 cities in 2021. The creative force behind the brand comprises a design team of 15 members as of May 31, 2023. Their collective efforts resulted in the development and production of over 1,348 designs during the 2023 financial year. The company follows an asset-light approach concerning plant, property, and equipment, largely attributable to the outsourcing of its manufacturing operations. The primary emphasis is on product design, and the manufacturing processes are outsourced to various manufacturing partners.

### Key Financial Data (INR Cr, unless specified)

	Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	Adj EPS (₹)	BVPS (₹)	RoE (%)	RoIC (%)	P/E (X)	P/BV (X)	EV/EBITDA (X)
FY21	244.8	48.5	3.4	19.8	1.4	0.5	29.9	1.8	2.4	523.2	9.4	36.9
FY22	341.2	95.1	35.7	27.9	10.5	5.6	36.7	15.2	24.9	50.4	7.6	18.5
FY23	498.2	163.9	77.5	32.9	15.6	12.1	43.8	27.6	39.1	23.2	6.4	11.0

Industry	Apparel
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### Issue Details

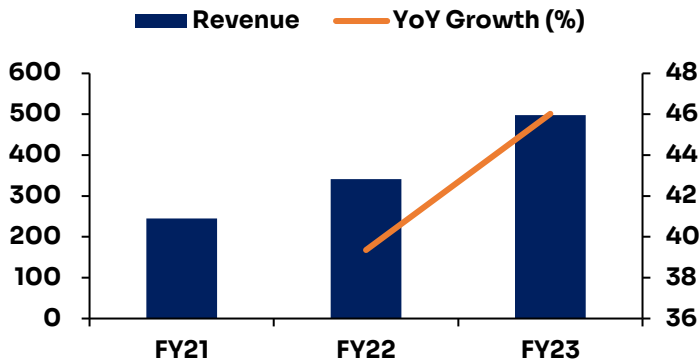
Listing	BSE & NSE
Open Date	19 <sup>th</sup> Dec 2023
Close Date	21 <sup>st</sup> Dec 2023
Price Band	INR 266-280
Face Value	INR 2
Market Lot	53 shares
Minimum Lot	1 Lot

### Issue Structure

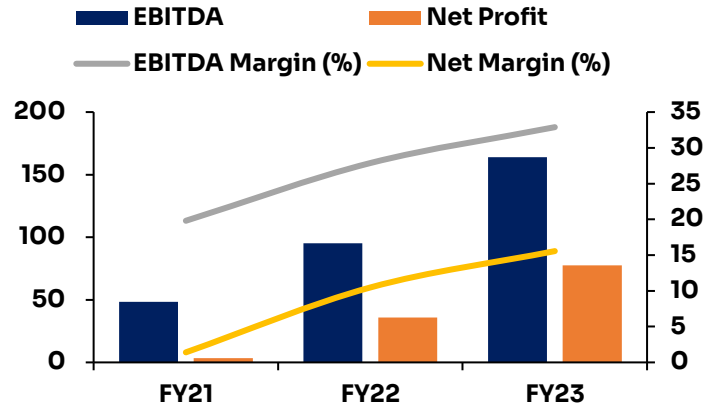
Offer for Sale	100%
Fresh Issue	0%
Issue Size (Amt)	INR 550 cr
Issue Size (Shares)	19,634,960
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 15%
Retail Share (%)	≥ 35%
Pre issue sh (nos)	64,301,880
Post issue sh (nos)	64,301,880
Post issue M Cap	INR 1800 cr

Shareholding (%)	Pre (%)	Post (%)
Promoter	62.87	55.4
Promoters Group	5.95	5.62
Public – Other selling Investors	17.11	0.00
Public	14.07	44.60
<b>TOTAL</b>	<b>100</b>	<b>100</b>

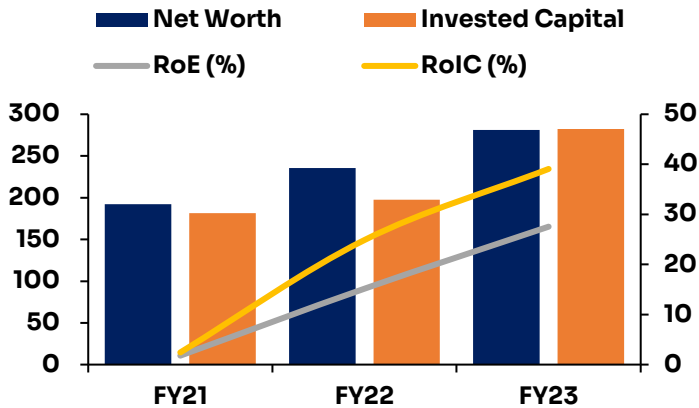
### Post Covid strong growth in revenue



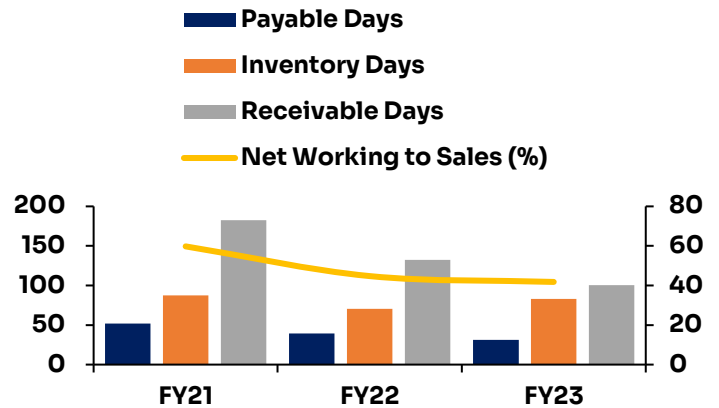
### Improved profitability



### Improved return ratios



### Working capital improved



Source: Company Reports and Ventura Research

## Issue Structure and Offer Details

The proposed OFS size of CBML's IPO is INR 550 cr and the price band for the issue is in the range of INR 266-280 and the bid lot is 53 shares and multiples thereof.

Issue structure		
Investor Category	Allocation (%)	No of shares offered
QIB	50.00	9,817,480
NIB	15.00	2,945,244
Retail	35.00	6,872,236
<b>Total</b>	<b>100.00</b>	<b>19,634,960</b>

*Number of shares are based on the higher price band of INR per share*

*Source: Company Reports*

## Details of selling shareholders

Name of the selling shareholders	Amount offered (INR Cr)	No of shares offered (nos)
Promoter	236	8,415,000
Promoter Group	6	216,000
Public - other selling shareholders	308	11,003,960
<b>Total</b>	<b>550</b>	<b>19,634,960</b>

*Number of share based on higher price band of INR 280 per share*

*Source: Company Reports*

### CBML financial summary and analysis

Fig in INR Cr (unless specified)	FY21	FY22	FY23	Fig in INR Cr (unless specified)	FY21	FY22	FY23
<b>Income Statement</b>				<b>Per share data &amp; Yields</b>			
Revenue	244.8	341.2	498.2	Adjusted EPS (INR)	05	5.6	12.1
<b>YoY Growth (%)</b>		<b>39.4</b>	<b>46.0</b>	Adjusted Cash EPS (INR)	7.4	12.7	20.4
Raw Material Cost	125.0	147.1	211.9	Adjusted BVPS (INR)	29.9	36.7	43.8
<b>RM Cost to Sales (%)</b>	<b>51.1</b>	<b>43.1</b>	<b>42.5</b>	Adjusted CFO per share (INR)	0.0	12.2	11.3
Employee Cost	21.8	29.2	26.8	CFO Yield (%)	0.0	4.4	4.0
<b>Employee Cost to Sales (%)</b>	<b>8.9</b>	<b>8.6</b>	<b>5.4</b>	Adjusted FCF per share (INR)	16.2	11.6	8.0
Other Expenses	49.5	69.8	95.6	FCF Yield (%)	5.8	4.1	2.8
<b>Other Exp to Sales (%)</b>	<b>20.2</b>	<b>20.5</b>	<b>19.2</b>	<b>Solvency Ratio (X)</b>			
EBITDA	48.5	95.1	163.9	Total Debt to Equity	01	01	00
<b>Margin (%)</b>	<b>19.8</b>	<b>27.9</b>	<b>32.9</b>	Net Debt to Equity	(01)	(02)	00
<b>YoY Growth (%)</b>		<b>96.2</b>	<b>72.3</b>	Net Debt to EBITDA	(02)	(04)	00
Depreciation & Amortization	44.1	45.9	53.4	<b>Return Ratios (%)</b>			
EBIT	4.4	49.2	110.4	Return on Equity	1.8	15.2	27.6
<b>Margin (%)</b>	<b>1.8</b>	<b>14.4</b>	<b>22.2</b>	Return on Capital Employed	1.8	14.8	28.3
<b>YoY Growth (%)</b>		<b>1,018.5</b>	<b>124.4</b>	Return on Invested Capital	2.4	24.9	39.1
Other Income	16.3	13.7	11.1	<b>Working Capital Ratios</b>			
Bill discounting & other charges	16.7	15.0	17.7	Payable Days (Nos)	52	39	31
Fin Charges Coverage (X)	0.3	3.3	6.2	Inventory Days (Nos)	87	70	83
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	183	132	101
PBT	4.0	47.8	103.8	Net Working Capital Days (Nos)	218	163	153
<b>Margin (%)</b>	<b>1.6</b>	<b>14.0</b>	<b>20.8</b>	Net Working Capital to Sales (%)	59.8	44.7	41.8
<b>YoY Growth (%)</b>		<b>1,093.4</b>	<b>117.0</b>	<b>Valuation (X)</b>			
Tax Expense	0.6	12.1	26.3	P/E	523.2	50.4	23.2
<b>Tax Rate (%)</b>	<b>14.1</b>	<b>25.3</b>	<b>25.3</b>	P/BV	9.4	7.6	6.4
PAT	3.4	35.7	77.5	EV/EBITDA	36.9	18.5	11.0
<b>Margin (%)</b>	<b>1.4</b>	<b>10.5</b>	<b>15.6</b>	EV/Sales	7.3	5.2	3.6
<b>YoY Growth (%)</b>		<b>938.7</b>	<b>116.9</b>	<b>Cash Flow Statement</b>			
Min Int/Sh of Assoc	(0.0)	0.0	0.0	PBT	4.0	47.8	103.8
Net Profit	3.4	35.7	77.5	Adjustments	0.0	49.0	50.5
<b>Margin (%)</b>	<b>1.4</b>	<b>10.5</b>	<b>15.6</b>	Change in Working Capital		(6.3)	(55.6)
<b>YoY Growth (%)</b>		<b>938.7</b>	<b>116.9</b>	Less: Tax Paid	(0.6)	(12.1)	(26.3)
<b>Balance Sheet</b>				Cash Flow from Operations		78.4	72.4
Share Capital	3.2	3.2	3.2	Net Capital Expenditure	(5.9)	(15.2)	(34.4)
Total Reserves	189.1	232.5	278.1	Change in Investments	(0.0)	(12.8)	15.3
Shareholders Fund	192.3	235.7	281.4	Cash Flow from Investing	(5.9)	(28.0)	(19.1)
Long Term Borrowings	13.4	10.1	6.8	Change in Borrowings	(49.4)	(24.0)	(32.0)
Deferred Tax Assets / Liabilities	(12.0)	(15.8)	(20.3)	Less: Finance Cost	(16.7)	(15.0)	(17.7)
Other Long Term Liabilities	132.7	142.8	186.8	Proceeds from Equity	0.0	0.0	0.0
Long Term Trade Payables	0.0	0.0	0.0	Buyback of Shares	0.0	0.0	0.0
Long Term Provisions	4.2	3.5	3.8	Dividend Paid	0.0	0.0	(32.2)
Total Liabilities	330.7	376.3	458.4	Cash flow from Financing	(66.1)	(39.0)	(81.9)
Net Block	165.4	177.5	235.0	Net Cash Flow	(72.0)	11.4	(28.5)
Capital Work in Progress	0.4	0.6	0.2	Forex Effect	0.0	0.0	0.0
Intangible assets under develop	0.0	0.0	0.0	Opening Balance of Cash		24.9	36.3
Non Current Investments	0.0	0.0	0.0	Closing Balance of Cash		24.9	36.3
Long Term Loans & Advances	24.1	28.1	29.2				7.7
Other Non Current Assets	0.5	0.6	0.5				
Net Current Assets	140.4	169.6	193.5				
Total Assets	330.7	376.3	458.4				

Source: Ventura Research



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