



Electronics Mart India Limited

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Contents

- Offer Details
- About the Company
- What is Working for the Company?
- What is not Working for the Company?
- Financial Statements
- Our Recommendation

Offer Details

IPO Size	Rs. 500 Cr.
Shares Face Value	Rs.10 per share
Shares price band	Rs.56 to Rs.59 per share
Lot	254 shares
Opening Date	October 4, 2022
ClosingDate	October 7, 2022

Business Overview

- Company is **4th largest and one of the fastest growing** consumer durables & electronic retail in India as of FY 21.
- It is largest **regional organized player** in southern region and has **main dominance** in Telangana and Andhra Pradesh.
- Company's business model is **mix of ownership and lease rental models**.
- Company has 112 stores across 36 cities.
- The company is converted from sole proprietorship into partnership firm under name of **M/s. Bajaj Electronics** and then partnership converted to public limited company by the name of '**Electronics Mart India Limited**'.
- The company offers diversified range of products with **focus on large appliances**.
- Operate its business activities through **3 channels**:
 1. **Retail**: out of 112 stores 100 stores are multi brand outlets(MBO) & 12 stores are exclusive brand outlets (EBO). There are 2 specialized store under name of **Kitchen Stories [Kitchen Products]** and **Audio & Beyond [Home audio and automation solution]**.

2. **Wholesale:** This channels engage in wholesale business and supply products to single shop retailers in Andhra Pradesh and Telangana.
 3. **E-commerce:** e-commerce website currently functions as a catalogue for the products they retail at their stores.
- There offerings include **more than 6000 SKU's** across product categories from more **than 70 consumers' durables and electronic brands.**
 - Company **associate with more than 70 electronics brands.**
 - **Different categories offered b company are:**
 - i. **Large Appliances:** This category includes refrigerators, televisions, air conditioners and washing machines.
 - ii. **Mobiles:** This category includes mobile phones, tablets, smart watches and fitness trackers.
 - iii. **Small appliances, IT and Others:** This category includes items that typically compliment the abovementioned products, laptops, personal computers, printers, cables, screen guards, headphones, Bluetooth speakers, coolers, geysers, ceiling fans, personal care devices and kitchen appliances such as kitchen hobs, chimneys, water purifiers and other allied appliances.
 - Company has **2 Subsidiaries**
 1. Cloudnine Retail Private Limited.
 2. EMIL CSR Foundation.

What is working for company

- **4th largest consumer durable and electronics retailer** in India with a leadership position in South India
- **one of the fastest growing consumer durable and electronics retailer** with consistent track record of growth and industry leading profitability.
- Company had the **second highest operating margin amongst their peers** in Fiscal Year 2021.
- **Increasing market presence and geographic reach** with cluster-based expansion.
- **Strategically located logistics and warehousing facilities** backed by stringent inventory management using IT systems.
- **Association with more than 70 electronic brands.**
- In e-commerce channel company **partnered with an internationally reputed online market place provider in India** to sell their products to online customers.

What can go wrong?

- **Outlets are mostly located in Andhra Pradesh and Telangana** and so majority of sales comes from that states only any adverse effect to that states may impact sales & financials of company.
- **Online competitors with competitive pricing and a large selection of products** may negatively impact business.
- **Large part of our revenues is dependent on our top five brands.** The loss of any of major brands or a decrease in the supply or volume from such brands, will materially and adversely affect revenues and profitability.
- **Company work in a Competitive sector**, and if they don't keep up with the most recent technological advancements and consumer trends, as well as if they don't compete successfully in the markets where they do business, there market share may suffer.
- Revenue generated from **mobiles segment constitutes majority of sales revenue.** Any sudden fall in the revenues from the mobiles segment may adversely affect financial condition and profitability.
- **Revenue from online sales is marginal** and there can be no assurance that the online sales strategy will be successful in the future.

Financial Statements

Profit & Loss Statement

(Fig. in cr.)

Profit & Loss

Standalone Figures in Rs. Crores / [View Consolidated](#)

	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Sales +	1,649	3,172	3,202	4,349
Expenses +	1,549	2,945	2,998	4,057
Operating Profit	100	228	204	292
OPM %	6%	7%	6%	7%
Other Income +	1	-1	5	4
Interest	17	63	72	85
Depreciation	8	51	58	71
Profit before tax	75	112	80	140
Tax %	36%	27%	26%	26%
Net Profit	48	82	59	104
EPS in Rs	1.60	2.72	1.95	3.46
Dividend Payout %	0%	0%	0%	0%

Source: Screener.in

Balance sheet

(Fig. in cr.)

	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Share Capital +	300	300	300	300
Reserves	52	133	192	297
Borrowings +	377	872	968	1,143
Other Liabilities +	82	43	64	85
Total Liabilities	811	1,348	1,524	1,825
Fixed Assets +	179	571	674	785
CWIP	20	2	2	24
Investments	0	0	0	0
Other Assets +	612	774	848	1,016
Total Assets	811	1,348	1,524	1,825

Source: Screener.in

Cash Flow Statement

(Fig. in cr.)

Cash Flows

Standalone Figures in Rs. Crores / [View Consolidated](#)

	Mar 2019	Mar 2020	Mar 2021	Mar 2022
Cash from Operating Activity +		36	64	122
Cash from Investing Activity +		-70	-60	-68
Cash from Financing Activity +		71	-56	-54
Net Cash Flow		36	-52	-1

Source: Screener.in

Our Recommendation

We recommend you to **MAY SUBSCRIBE** to this IPO on the following parameters:

- **One of the fastest growing consumer durable and electronics retailer.**
- **Strategically located logistics and warehousing facilities**
- Outlets are mostly located in Andhra Pradesh and Telangana.
- **Majority of sales from two states.**
- **Online competitors with competitive pricing** and a large selection of products may negatively impact business.
- **Large part of our revenues is dependent on our top five brands.**

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