

Rating

SUBSCRIBE

Issue Offer

Issue Opens on	Nov 17, 2021
Issue Close on	Nov 22, 2021
Total IPO size (cr)	1013.61
Fresh issue	125
Offer For Sale (cr)	888.61
Price Band (INR)	655-690
Market Lot	21
Face Value (INR)	10
Retail Allocation	10%
Listing On	NSE, BSE

Objects of the issue

- For Funding roll out of 120 new EBOs
- For Funding working capital requirements
- General Corporate purpose

Issue Break-up (%)

QIB Portion	75
NIB Portion	15
Retail Portion	10

Shareholding (No. of Shares)

Pre Issue	52,197,390
Post Issue	54,008,984

Indicative Timetable

Finalisation of Basis of Allotment	25-11-2021
Refunds/Unblocking ASBA Fund	26-11-2021
Credit of equity shares to DP A/c	29-11-2021
Trading commences	30-11-2021

Go Fashion (India) Limited is one of the largest women's bottom-wear brands in India. The company is engaged in the development, design, sourcing, marketing, and retailing of a range of women's bottom-wear products under the brand, 'Go Colors'. The company offers one of the widest portfolios of bottom-wear products among women's apparel retailers in terms of colors and styles. It is among the few apparel companies in India to have identified the market opportunity in women's bottom-wear and have acted as a 'category creator' for bottom-wear. It was the first company to launch a brand exclusively dedicated to women's bottom-wear category and have leveraged this advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices. Company's bottom-wear products, which include churidars, leggings, dhotis, harem pants, patiala, palazzos, culottes, pants, trousers and jeggings, are sold across multiple categories such as ethnic wear, western wear, fusion wear, athleisure, denims, plus sizes and girls wear making their portfolio 'universal' and for every occasion.

- The women's apparel market is estimated to be approximately 36% of the total apparel market while the women's bottom-wear market contributed 8.3% of women's apparel market in Fiscal 2020
- The women's clothing market in India has evolved in the past decade from the traditional one-piece apparel to a two-piece and mix-and-match apparel, with bottom-wear becoming an essential category.
- Company serve its customers primarily through its extensive network of 459 EBOs (Exclusive Brand Outlets) that are spread across 23 states and union territories in India, as of September 30, 2021.
- Company have its in-house design and merchandising team designs and develops bottom-wear products across categories with their deep understanding of consumers' requirements.

Financials and Outlook: The company has mixed set on financials over the last three years where the company's revenue grew in FY20 and fell back in the year FY21. However, the fall in revenue can be due to COVID-19. Profit also turned negative in a recent year where the company reported a loss of Rs (3.53) cr in FY21 VS a profit of Rs 52.63 cr in FY20. Go Colors has a strong brand value but has fluctuating revenues and the company moved into losses in FY21 but as the number of working women is increasing along with the evolving fashion trend it is expected that the company has strong growth momentum. The company has a mixed bag of financials and IPO is arriving at a P/BV of 13.65 based on its NAV of Rs. 50.56 as of Q1FY22, which seems to be attractively priced for the investors. **Thus we assign a "SUBSCRIBE" rating for listing gain and long term.**

KEY MANAGERIAL PERSONNEL

- Prakash Kumar Saraogi is the Managing Director of the Company. He is a promoter of the Company and has over 28 years of experience in garment manufacturing, fashion industry and retail industry.
- Gautam Saraogi is an Executive Director and the Chief Executive Officer of the Company. He is also a promoter of the Company and has over 10 years of experience in consumer retail, marketing, brand building and garment manufacturing.
- Rahul Saraogi is a Non-Executive Director of the Company. He is a promoter of the Company and has over 10 years of experience in the garment industry.
- Ravi Shankar Ganapathy Agraharam Venkataraman is a Non-Executive Nominee Director of the Company. He has over 15 years of experience in private equity funds.
- Srinivasan Sridhar is the Chairperson of the Company's Board and an Independent Director of the Company. He has over 38 years of experience in commercial and development banking and is an associate of the Indian Institute of Bankers.
- Rohini Manian is an Independent Director of the Company. She has over 8 years of experience in real estate and management space.
- Dinesh Madanlal Gupta is an Independent Director of the Company. He has over 37 years of experience in the transport and manufacturing industry.
- R Mohan is the Chief Financial Officer of the company. He has been associated with the company since April 16, 2019.
- Gayathri Venkatesan is the Company Secretary and Compliance Officer of the company. She has been associated with the company since October 25, 2019.

COMPETITIVE STRENGTHS

- Largest women's bottom-wear brand in India with well-diversified product portfolio.
- Multi-channel pan-India distribution network with a focus on EBOs, enhancing brand visibility
- Strong unit economics with an efficient operating model
- Extensive procurement base with highly efficient and technology-driven supply chain management
- In-house expertise in developing and designing products
- Demonstrated track record of strong financial performance
- Continue to expand retail network with a focus on EBOs
- Leverage technology to bring cost efficiency and enhance customer experience

KEY CONCERNS

- Major part of the issue is offer for sale which would go to selling share holders.
- Company carries operations from a single warehouse located in Southern India which could be a geographical risk.
- The company has incurred losses for FY21 for Rs 3.5 Crores and revenues also declined.
- Covid-19 pandemic has impacted the company and it might continue to impact future too.
- Dependency on the third party for the major operational part such as transportation and manufacturing.

COMPARISON WITH LISTED INDUSTRY PEERS (As on 31st March 2021)

Name of the Company	EPS (Basic)	NAV	P/E	RoNW (%)
Go Fashion (India)Ltd	(0.68)	54.21	-	(1.25)%
Peer Group				
Page Industries Ltd	305.35	793.34	130.17	38.5%
Trent Ltd	(4.11)	66.32	NA	(7.7)%
Bata India Ltd	(6.95)	136.74	NA	(5.1)%
Aditya Birla Fashion & Retail Ltd	(8.23)	29.24	NA	(27.5)%
TCNS Clothing Co Ltd	(8.85)	99.47	NA	(9.2)%

FINANCIALS (RESTATED CONSOLIDATED)

Particulars (Rs. In Millions)	FY 2021	FY 2020	FY 2019
Equity Share Capital	789.95	789.95	789.95
Other Equity	2,039.41	2,073.07	1,493.39
Net Worth	2,829.36	2,863.02	2,283.34
Total Borrowings	104.39	27.9	82.81
Revenue from Operations	2,506.68	3,920.14	2,852.47
EBITDA	463.49	1,265.05	799.88
Profit Before Tax	(31.35)	682.86	422.14
Net Profit for the year	(35.39)	526.34	309.41

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