

Saraswati Saree Depot Ltd

IPO Note





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Wholesale Sarees and Women's Apparel Since 1966

Saraswati Saree Depot Ltd. (SSDL), established in 1966, has grown into a prominent player in the Indian wholesale saree market. The company specializes in the wholesale distribution of sarees and other women's apparel, such as kurtis, dress materials, blouse pieces, and lehengas. With a catalog boasting over 300,000 SKUs, SSDL has served more than 13,000 unique customers in FY24 alone, highlighting its expansive reach and customer base. The company's revenue is predominantly driven by sarees, which contributed approximately INR 5,550 mn (90.85% of total revenue) in FY24.

SSDL's business model is underpinned by a diversified and well-established supply chain. The company sources its products from over 900 weavers and suppliers across key textile hubs in India, including Surat, Varanasi, Kolkata, Madurai, and Bengaluru. This extensive supplier network ensures a continuous and varied product flow, allowing SSDL to meet diverse customer preferences. In FY24, the top 10 suppliers accounted for 25.68% of total purchases, demonstrating the company's ability to balance its supply chain risks effectively.

SSDL operates two major stores located in Kolhapur and Ulhasnagar, Maharashtra, with the Kolhapur store being the larger of the two, contributing INR 5,396 mn (88.32% of total revenue) in FY24. The Ulhasnagar store, although smaller, generated INR 713 mn (11.68% of total revenue) in the same period. The company's strong retail presence is complemented by its digital strategy; SSDL is investing in e-commerce to create an omni-channel experience, which is expected to drive growth as online sales in the saree industry are projected to increase to 9-11% by FY29.

Key Consolidated Financial Data (INR Cr, unless specified)

	Revenue (INR)	EBITDA (INR)	Net Profit (INR)	EBITDA Margin (%)	PAT Margin (%)	EPS (INR)	ROE (%)	ROCE (%)	P/E (X)	P/BV (X)
FY22	549.6	(16.2)	(24.7)	(2.9)	(2.9)	(6.2)	99.2	19.1	(25.6)	51.1
FY23	601.9	34.1	23.0	5.7	5.7	5.8	64.9	32.0	27.6	17.9
FY24	610.9	40.4	29.5	6.6	6.6	7.5	45.5	27.1	21.5	9.8

Source: Ventura Research & Company update

Industry	Textile & Apparel
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Scrip Details

Listing	BSE & NSE
Open Date	Aug 12, 2024
Close Date	Aug 14, 2024
Price Band	INR 152 – 160
Face Value	INR 10.0
Market Lot	90 Shares
Minimum Lot	1

Issue Structure (%)

Issue Size (INR cr)	INR 160
Issue Size (Shares)	10,000,800
QIB Share (%)	≤ 50%
Non-Inst Share (%)	≥ 35%
Retail Share (%)	≥ 15%
Pre Issue sh (in cr)	3.31
Post Issue sh (in cr)	3.96
Post Issue Market Cap (in cr)	633.6

Shareholding (%)	Pre (%)	Post (%)
Promoter	100.00	75.75
Public	0.00	25.25
TOTAL	100	100

Financially, SSDL has shown consistent growth over the years. In FY24, the company achieved total sales of over INR 6,000 mn, a significant increase from INR 4,094 mn in FY21. The company's PAT has also grown impressively, from INR 34.51 mn in FY14 to INR 126.12 mn in FY21, reflecting a CAGR of 20.34%. As SSDL prepares for its upcoming IPO with an offer size of approximately INR 1,600 mn, it aims to leverage this capital to fund its working capital requirements and pursue general corporate purposes, positioning itself for further expansion and market dominance.

Issue Structure and Offer Details

Saraswati Saree Depot IPO is a book built issue of INR 160.01 cr. The issue is a combination of fresh issue of 0.65 cr shares aggregating to INR 104.00 cr and offer for sale of 0.35 cr shares aggregating to INR 56.02 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not more than 50.00% of the Net Offer
NII (HNI)	Not less than 35.00% of the Net Offer
Retail	Not less than 15.00% of the Net Offer

Number of shares based on a higher price band of INR 160

Source: Company Reports

Objects of the Issue

The company intends to utilize the net proceeds from the issue towards the funding of the following objects:

1. Funding working capital requirements of the company.
2. General corporate purposes.

Financial Summary

Fig in INR Cr (unless specified)	FY22	FY23	FY24	Fig in INR Cr (unless specified)	FY22	FY23	FY24
Income Statement				Per share data & Yields			
Revenue	549.6	601.9	610.9	Adjusted EPS (INR)	(6.2)	5.8	7.5
YoY Growth (%)	-	9.5	1.5	Adjusted Cash EPS (INR)	(6.1)	6.1	7.7
Raw Material Cost	534.1	530.9	534.1	Adjusted BVPS (INR)	3.1	8.9	16.4
RM Cost to Sales (%)	97.2	88.2	87.4	Adjusted CFO per share (INR)	(19.4)	8.9	(2.3)
Employee Cost	9.7	9.9	9.8	CFO Yield (%)	(12.1)	5.6	(1.4)
Employee Cost to Sales (%)	1.8	1.7	1.6	Adjusted FCF per share (INR)	(10.1)	9.4	(1.9)
Other Expenses	22.0	27.0	26.6	FCF Yield (%)	(6.3)	5.9	(1.2)
Other Exp to Sales (%)	4.0	4.5	4.4	Solvency Ratio (X)			
EBITDA	(16.2)	34.1	40.4	Total Debt to Equity	5.4	1.2	0.7
Margin (%)	(2.9)	5.7	6.6	Net Debt to Equity	4.0	0.6	0.5
YoY Growth (%)	-	(310.2)	18.7	Net Debt to EBITDA	(3.0)	0.7	0.8
Depreciation & Amortization	0.6	1.0	1.0	Return Ratios (%)			
EBIT	(16.8)	33.1	39.4	Return on Equity	99.2	64.9	45.5
Margin (%)	(3.1)	5.5	6.5	Return on Capital Employed	19.1	32.0	27.1
YoY Growth (%)	-	(296.8)	19.3	Return on Invested Capital	32.8	57.2	40.0
Other Income	0.7	1.6	1.7	Working Capital Ratios			
Bill discounting & other charges	4.5	3.8	2.5	Payable Days (Nos)	58.6	65.8	56.6
Fin Charges Coverage (X)	(3.7)	8.7	16.0	Inventory Days (Nos)	50.3	56.3	64.3
Exceptional Item	0.0	0.0	0.0	Receivable Days (Nos)	45.7	39.8	44.9
PBT	(20.6)	30.9	38.7	Net Working Capital Days (Nos)	37.4	30.3	52.6
Margin (%)	(3.7)	5.1	6.3	Net Working Capital to Sales (%)	10.3	8.3	14.4
YoY Growth (%)	-	(250.2)	25.2	Valuation (X)			
Tax Expense	4.2	7.9	9.8	P/E	(25.6)	27.6	21.5
Tax Rate (%)	(20.3)	25.6	25.5	P/BV	51.1	17.9	9.8
PAT	(24.7)	23.0	28.8	EV/EBITDA	(42.2)	19.3	16.5
Margin (%)	(4.5)	3.8	4.7	EV/Sales	1.2	1.1	1.1
YoY Growth (%)	-	(192.9)	25.4	Cash Flow Statement			
Min Int/Sh of Assoc	0.0	0.0	0.7	PBT	(20.6)	30.9	38.7
Net Profit	(24.7)	23.0	29.5	Adjustments	4.3	5.8	2.7
Margin (%)	(4.5)	3.8	4.8	Change in Working Capital	(56.4)	6.4	(40.6)
YoY Growth (%)	-	(192.9)	28.5	Less: Tax Paid	(4.2)	(7.9)	(9.8)
Balance Sheet				Cash Flow from Operations	(76.8)	35.2	(9.0)
Share Capital	0.1	0.1	33.1	Net Capital Expenditure	(3.8)	(0.9)	(1.0)
Total Reserves	12.3	35.3	31.8	Change in Investments	0.0	(3.5)	0.7
Shareholders Fund	12.4	35.4	64.9	Cash Flow from Investing	(3.8)	(4.4)	(0.2)
Long Term Borrowings	0.0	0.0	0.0	Change in Borrowings	65.1	(25.2)	2.1
Deferred Tax Assets / Liabilities	0.0	0.0	0.0	Less: Finance Cost	(4.5)	(3.8)	(2.5)
Other Long Term Liabilities	0.0	0.0	0.0	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	0.0	0.0	0.0	Dividend Paid	0.0	0.0	0.0
Total Liabilities	12.4	35.4	64.9	Cash flow from Financing	60.6	(29.0)	(0.4)
Net Block	3.2	3.1	3.0	Net Cash Flow	(19.9)	1.8	(9.7)
Capital Work in Progress	0.0	0.0	0.0	Forex Effect	0.0	0.0	0.0
Intangible assets under development	0.0	0.0	0.0	Opening Balance of Cash	0.1	17.2	19.0
Non Current Investments	0.0	3.5	4.2	Closing Balance of Cash	(19.8)	19.0	9.4
Long Term Loans & Advances	0.0	0.2	0.0				
Other Non Current Assets	0.0	0.0	0.2				
Net Current Assets	9.2	28.6	57.4				
Total Assets	12.4	35.4	64.9				

Source: Ventura Research

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