



IPO NOTE

SARASWATI SAREE DEPOT LIMITED

Rating:

Subscribe

(Only For High-Risk Investors)



ISSUE OFFER

Issue Opens on	AUG 12, 2024
Issue Close on	AUG 14, 2024
Total IPO size (cr)	₹160.01
Fresh issue (cr)	₹104.00
Offer For Sale (cr)	₹56.02
Price Band (INR)	152-160
Market Lot	90
Face Value (INR)	₹10
Retail Allocation	35%
Listing At	NSE, BSE

ISSUE BREAK-UP (%)

QIB Portion	<div style="width: 50%;"></div>	50%
NII Portion	<div style="width: 15%;"></div>	15%
Retail Portion	<div style="width: 35%;"></div>	35%

SHAREHOLDING (No. of Shares)

Pre Issue	Post Issue
33,100,000	39,599,800

INDICATIVE TIMETABLE

Finalisation of Basis of Allotment	16-08-2024
Refunds/Unblocking ASBA Fund	19-08-2024
Credit of equity shares to DP A/c	19-08-2024
Trading commences	20-08-2024

Saraswati Saree Depot Limited is a key player in sarees wholesale (B2B) segment and its origin into the sarees business dates back to the year 1966. It is also engaged in the wholesale business of other women's apparel wear such as kurtis, dress materials, blouse pieces, lehengas, bottoms, etc. On an average of more than 90% of its total revenues are generated from sale of sarees.

OBJECTS OF THE ISSUE

- Funding the company's working capital requirements.
- General corporate purposes.

OUTLOOK & VALUATION

Saraswati Saree Depot is a dominant player in the saree wholesale segment, characterized by a diverse supplier and customer base. Its extensive product portfolio of over 300,000 SKUs and bulk buying capabilities provide a competitive edge. While the company has maintained stable profitability, negative cash flow remains a concern.

The saree wholesale industry is highly competitive and fragmented, with low margins and significant seasonality. Despite these challenges, Saraswati Saree Depot's P/E valuation of 17.93x appears reasonable.

Considering the industry dynamics, competitive landscape, and cash flow concerns, we recommend this IPO for investors with a high-risk tolerance and a long-term investment horizon.



KEY MANAGERIAL PERSONNEL

01

Shankar Dulhani

Chairperson and Executive Director of the Company and has been associated with the Company since its incorporation. With over 38 years of experience in the apparel industry. He has a deep understanding of the saree products and all its facets spanning from manufacturing to marketing and business development. With his knowledge and experience the Company has witnessed continuous growth.

03

Mahesh Vyas

Chief Financial Officer of the Company. He holds a Bachelors' of Commerce from Shivaji University, Kolhapur. He has an experience of more than two decades of working in accounting and finance and has previously worked with Parashar Coop Powerloom Cloth Producers Society Limited, Yogesh Dyestuff Products Private Limited, and Amit Spinning Industries Limited.

02

Vinod Dulhani

Managing Director and Chief Executive Officer of the Company since its incorporation. He has over 27 years of experience in the apparel industry and is also a second-generation member in the business of the Company. He is responsible for activities like product development, business development, operations, and administration.

04

Ruchika Gheeya

Company Secretary and Compliance Officer of the Company. She holds a degree in Bachelors' of Commerce from Shivaji University, Kolhapur. She is a qualified Company Secretary and is an associate member of the Institute of Company Secretaries of India. She has over 6 years of experience working as a Company Secretary.

COMPANY PROFILE

- In Fiscal 2024, it has served over 13,000 unique customers and its product catalog consists of more than 3,00,000 different SKUs.
- The newly constructed complex spans over approx. 169,120 sq. ft. area with a designated section for different varieties of sarees and other women's apparel within the complex for easy shopping.
- The business expanded its product range to include ready-made garments in 2017 with the beginning of Kurti sales. Since then, the ready-made portfolio has grown to include several other offerings such as bottoms, pajamas, one-piece clothing, and dresses.
- Its sarees are sourced from different manufacturers across India. Over the years, it has developed relationships with these manufacturers in hubs like Surat, Varanasi, Mau, Madurai, Dharmavaram, Kolkata, and Bengaluru.
- It regularly sources sarees and other women's apparel from more than 900 weavers/suppliers across different states in India. Currently, its product catalog lists more than 300,000 different SKUs.

COMPETITIVE STRENGTHS

- Diversified supplier and customer base.
- Diverse product portfolio.
- Bulk buying capabilities.
- Experienced Promoters and management team.
- Existing client and supplier relationships.
- Collaborative and experienced work force.

KEY STRATEGIES

- Strengthening Inventory Management Practices.
- Entering into men's ethnic wear segment.
- Leverage technology to bring cost efficiency and enhance customer experience.
- Capitalize on the increasing e-commerce for penetration in the retail and wholesale category.

KEY CONCERNS

- The business is highly concentrated on the sale of women's sarees and is vulnerable to variations in demand.
- Operate in a highly competitive and fragmented industry with the presence of a large number of smaller unorganized players.
- Business is subject to seasonality.
- A significant portion of its sales are derived from the western zone.
- Dependent on third-party weavers/suppliers for sourcing its products.
- The Company has experienced negative cash flows in relation to its operating, investing, and financing activities.
- It's a high volume-low margin business.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (Basic)	NAV	P/E	TOTAL INCOME (In ML)	RoNW (%)
Saraswati Saree Depot Limited	8.92	19.61	-	6,109.04	45.49%
Peer Group					
Go Fashion (India) Ltd	15.32	111.81	71.80	7,628.28	13.71%
Sai Silks (Kalamandir) Limited	7.51	72.14	21.34	13,735.50	9.49%

FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (RS. IN MILLION)	FY 2024	FY 2023	FY 2022
Equity Share Capital	331.00	1.00	1.00
Other equity	318.09	352.82	123.08
Net Worth	649.09	353.82	124.08
Total Borrowings	-	-	-
Revenue	6,109.04	6,018.91	5,495.76
EBITDA	411.41	340.53	208.46
Profit of the year	393.71	308.72	164.89
Net Profit of the year	295.28	229.74	123.08


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