

September 21, 2023

IPO Note

## IPO NOTE

### Issue Details

|  |
|--|
| <b>Price Band:</b> ₹ 204 to ₹ 215                    |
| <b>Issue Opens on:</b> September 22, 2023            |
| <b>Issue Closes on:</b> September 26, 2023           |
| <b>Lot Size:</b> 69 Shares & in Multiples thereafter |

### Issue Highlights

|                      |              |
|----------------------|--------------|
| <b>Issue Size:</b>   | ₹ 270.20 Cr. |
| <b>No of Shares:</b> | 12,567,442   |
| <b>Face Value:</b>   | ₹ 10         |

### Offer Structure

| Issuance       | ₹ in Cr.      |
|----------------|---------------|
| Fresh Issue    | 210.00        |
| Offer for Sale | 60.20         |
| <b>Total</b>   | <b>270.20</b> |

### Issue Breakup

| Reservation for | % of Issue | ₹ in Cr. (At upper band) |
|-----------------|------------|--------------------------|
| QIB             | 50         | 135.10                   |
| HNI             | 15         | 40.53                    |
| Retail          | 35         | 94.57                    |
| <b>Total</b>    | <b>100</b> | <b>270.20</b>            |

### Listing

BSE & NSE

### Lead Managers

- Bajaj Capital Limited
- Elara Capital (India) Private Limited

### Registrar

Bigshare Services Private Limited

### ANALYST

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### SALES

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## COMPANY OVERVIEW

Incorporated in the year 1994 at Visakhapatnam, Andhra Pradesh Manoj Vaibhav Gems 'N' Jewellers as a hyperlocal jewellery retail chain has now presence in the micro markets of Andhra Pradesh & Telangana with 13 showrooms (inclusive of two franchisee showrooms) across 8 towns and 2 cities. It is a leading regional jewellery brand in South India led by a first-generation woman entrepreneur Mrs. Bharata Mallika Ratna Kumari Grandhi along with her daughter Grandhi Sai Keerthana.

The company has a market share of ~4% of the overall Andhra Pradesh and Telangana jewellery market and ~10% of the organised market in these two states in FY2023. It caters to all economic segments of the micro markets of Andhra Pradesh and Telangana through their dedicated branded showrooms and have a strong rural market focus and a dedicated urban focus also.

77% of their retail showrooms are in Tier 2 and Tier 3 cities catering to the semi urban and rural demand of Andhra Pradesh and Telangana. The remaining 15% of retail showroom are located in Mini Metro city of Hyderabad and 8% of showroom is located in Tier 1 city of Visakhapatnam catering to the urban consumers. They follow a hub & spoke model with small sized showrooms operating peripheral to the larger showrooms. They believe in building relationship based connects with customers. In order to do so, they undertake numerous activities /campaigns / promotional events to be in touch with customers and has also designed and developed a website -www.vaibhavjewellers.com, for online sales in addition to other online market places.

## HIGHLIGHTS

1. Key leading home-grown regional brand built on hyperlocal retail strategy
2. Early mover advantage in the state of Andhra Pradesh
3. focus of fortifying the business through Rural Market focus
4. Diverse product designs at varied price range to customers across budget bracket
5. Go To Market strategy

## OBJECTS OF THE ISSUE

1. To Finance Establishment of proposed 8 new showrooms (₹ 172.01 Cr.).
2. General corporate purposes

Offer for Sale of 2,800,000 Equity Shares. The Company will not receive any proceeds from Offer for Sale.

## OUR VIEW

Manoj Vaibhav Gems 'N' Jewellers Limited also known as Vaibhav Jewellers is a regional jewellery brand in South India. They have a market share of ~4% of the overall Andhra Pradesh and Telangana jewellery market and ~10% of the organised market in these two states in FY2023, as per the Technopak Report. In FY23, the total market size of Andhra Pradesh and Telangana was USD 3.3 Bn and USD 2.8 Bn respectively. While the Andhra Pradesh jewellery market is expected to grow to USD 6.3 Bn by FY27 at a CAGR of ~18%, the Telangana market is expected to grow to USD 5.3 Bn during the same period at a CAGR of ~18% (Source: Technopak Report).

The non-availability and high cost fluctuations in gold bullion, silver, diamonds and other precious and semi-precious stones may have an adverse impact on the business operations. Geographical concentration of showrooms in Andhra Pradesh and Telangana may lead to demand fluctuation based on changes in tastes, preferences etc. Also, continuous adaption to market change with updated product portfolio is a challenge. They still face competition from other jewellery retailers and also unorganised players.

The revenue CAGR for the period FY21-23 stood at about 19%. The company operated on an EBITDA margin of 7.06% and PAT margin of 3.53% for year ended FY23. Generating an ROE and ROCE of 23.19% and 17.71% respectively for FY 2023.

The issue is priced at a P/BV of 2.31 based on its NAV of Rs. 93.05 as of June 30, 2023 and is asking for a PE multiple of 11.7x on the upper end FY23 (₹ 18.32) and a PE of 10.92x annualizing diluted EPS for Q1FY24 (₹ 19.68). The listed peers like Titan trading at P/E 92x (Highest) and Tribhovandas Bhimji Zaveri is trading at P/E of 15x (Lowest) and industry average P/E is 30x. Hence, the IPO Price band at P/E of 12x to 16x is attractively priced.

Looking at both opportunities and challenges faced by the company, we have Neutral view on the company.

### Brief Financials

| PARTICULARS       | As at June 30, 2023 | FY '23    | FY '22    | ₹ in Million |
|-------------------|---------------------|-----------|-----------|--------------|
|                   |                     |           |           | FY '21       |
| Total Income      | 5,102.05            | 20,313.03 | 16,976.98 | 14,431.79    |
| Total Expenditure | 4,843.60            | 19,354.69 | 16,392.87 | 14,041.17    |
| EBITDA            | 373.38              | 1430.55   | 1049.59   | 695.51       |
| Profit before Tax | 258.46              | 958.35    | 584.12    | 278.28       |
| Profit after Tax  | 192.40              | 715.96    | 436.79    | 207.37       |
| E.P.S. (Diluted)  | 4.92                | 18.32     | 11.18     | 5.31         |
| P/E (x) (Diluted) | -                   | 11.7      | -         | -            |

### PRICE CHART (@ ₹ 215) (Retail Category)

| LOT SIZE | Amount  |
|----------|---------|
| 69       | 14,835  |
| 138      | 29,670  |
| 207      | 44,505  |
| 276      | 59,340  |
| 345      | 74,175  |
| 414      | 89,010  |
| 483      | 103,845 |
| 552      | 118,680 |
| 621      | 133,515 |
| 690      | 148,350 |
| 759      | 163,185 |
| 828      | 178,020 |
| 897      | 192,855 |

### HNI Payment Chart

| Category                                   | No. of Shares | Minimum Bid Lot Amount(Rs.) |
|--|---------------|-----------------------------|
| Between ₹ 2 to ₹ 10 Lakhs (Minimum Shares) | 966           | 207,690                     |
| Between ₹ 2 to ₹ 10 Lakhs (Maximum Shares) | 4,623         | 993,945                     |
| Above ₹ 10 Lakhs                           | 4,692         | 1,008,780                   |

### Indicative Time Table

| Tentative Events  | Indicative Dates |
|---|------------------|
| Finalisation of Basis of Allotment with the Designated Stock Exchange | 03/10/2023       |
| Initiation of refunds/unblocking ASBA Fund                            | 04/10/2023       |
| Credit of Equity Shares to demat accounts of Allottees                | 05/10/2023       |
| Commencement of trading of the Equity Shares on the Stock Exchanges   | 06/10/2023       |

For more details, please refer RHP,

([https://www.sebi.gov.in/filings/public-issues/sep-2023/manoj-vaibhav-gems-n-jewellers-limited-rhp\\_76861.html](https://www.sebi.gov.in/filings/public-issues/sep-2023/manoj-vaibhav-gems-n-jewellers-limited-rhp_76861.html))

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