



IPO Note- Senco Gold Limited

04 July 2023

Senco Gold Limited (Senco) is a pan-India jewellery retail player with a history of more than 5 decades having 136 stores as on FY23. Besides gold and diamond jewellery, Co. also sells jewellery made of silver, platinum and precious and semi-precious stones and other metals under the "Senco Gold & Diamonds" trade name. Their other offerings include costume jewellery, gold and silver coins and utensils made of silver. Senco offers a large catalogue of designs for their gold and diamond jewellery most of which are designed and manufactured in-house at their facility in W Bengal in collaboration with skilled local craftsmen in Kolkata and across the country.

Largest organized jewellery retailer in the eastern India and a strong brand name: -

Senco is the largest organized jewellery retail player in East India based on number of stores and has the widest geographical footprint in NE states among eastern India based jewellery retailers. The company has a network of 136 stores as on FY23 with 75 company owned and operated stores and 61 franchisee stores including 4 franchisee owned and company operated stores, spanning over ~4.1L sq. ft. in 96 cities across 13 states in India. Senco now has customised showroom formats catering to all segments of customers and has bouquet of brands that includes Everlite (lightweight), Gossip (Silver and Fashion), Vivaha (Bridal), Perfect Love (Solitaire Diamonds) and Aham (Mens). It stringently follows hallmarking process for gold jewellery and all diamonds and related diamond jewellery are certified by SGL Labs.

Focus on light and affordable jewellery to cater to the younger generation: -

Senco has a wide range of product offerings catering to diverse customer segments, in particular the upwardly mobile class and younger generation. Co. believes that the consumer preference is shifting away from traditional bulky jewellery to light-weight fashion items with an increasing number of working women, exposure to global designs, and a rising number of young consumers preferring to purchase jewellery for adornment rather than investment and accordingly, the company's light and affordable jewellery product range starts at ~Rs 2,000.

Key Risks:- 1) Highly competitive and fragmented environment. 2) Highly regulated industry depended on approvals, permits and licenses. 3) Inability to attract and retain skilled designers.

Decent financials & valuation – SUBSCRIBE

At the upper price band, Senco is available at a PE of ~14x its FY23 EPS which is the lowest among listed peers. We believe that Senco's strong brand name and huge legacy with experienced management and their plans to venture into other regions in the country, is well placed. Further, it stands to benefit from the structural shift from unorganised to organised sector, which may provide a huge growth opportunity. We have a **SUBSCRIBE** recommendation to this issue for listing gains.

Key Financials (₹ Cr)	Mar-20	Mar-21	Mar-22	Mar-23
Revenue	2420	2660	3535	4077
EBITDA	223	190	290	348
EBITDA Margin (%)	9.2	7.1	8.2	8.5
PAT	91	61	129	158
PAT Margin (%)	3.8	2.3	3.7	3.9
Net Worth	551	603	726	945
ROCE (%)	17.3	13.2	15.6	14.2
ROE (%)	16.5	10.7	19.4	19.0
Debt to Equity	0.85	0.89	1.19	1.25

Source: ABML Research, RHP, company presentation

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Rating	SUBSCRIBE	
Issue Details		
Issue Opens	04-Jul-23	
Issue Closes	06-Jul-23	
Face Value (₹)	10	
Price Band (₹)	301-317	
Bid Lot	47	
Issue Size at higher price band (₹ Cr)	405	
Market cap @ upper price band (₹ cr)	2,462	
Listing	NSE/BSE	
BRLMs	IIFL Securities, SBI Capital, Ambit Pvt.Ltd.	
Registrar	KFin Tech	
Shareholding Pattern (%)		
	Pre Issue	Post Issue
Promoter	76.91	68.21
Public	23.09	31.79
Issue Structure (In cr no. of shares)		
Issue size	1.28	
OFS	0.43	
Break-up of net issue to public (%):		
QIB's portion	50.0	
Non-Institutional portion	15.0	
Retail Portion	35.0	

Source: ABML Research, RHP

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