



IPO Note- Vedant Fashions Ltd (Manyavar)

04 February 2022

Vedant Fashions Ltd (Manyavar) is the largest company in men's wedding and celebration wear, which is headquartered in Kolkata. It operates under various brands with 'Manyavar' being the flagship brand. It also operates other brands like 'Twamev' and 'Manthan' in premium and value segment respectively and 'Mohey' in women's wedding and celebration wear. It has also acquired a generic ethnic wear brand 'Mebaz' in 2017, for the South Indian market. It has over the years established a multi-channel network to distribute its products with over 90% contribution coming from its franchisee owned EBOs.

Emerging as a Category Leader under a Strong Parentage:

Manyavar is a category leader in branded Indian wedding and celebration wear. It has over the years created a differentiated business model in a niche segment. The company enjoys a strong vision driven leadership under Mr. Ravi Modi. Further, it has also benefited from the support and guidance of its marquee investor – Kedaara Capital.

Increased spending on wedding and celebration a big tailwind:

Over the years, there is a rising trend in favour of multi event and multi day wedding celebration, leading to increased spends on attire. Also, dressing is one of the most integral aspects of these celebrations and extends to the close relatives as well as friends. Also, within this, branded segment is expected to grow at a faster rate due to wide spread availability, attractive & contemporary designs, uniform pricing and enhanced customer experience.

Asset Light Model:

It operates mostly on asset light model as predominantly its EBOs, which contribute close to 90% of its revenue, are being operated by franchisee partners. On the back of this model, it has grown its retail space from 0.5mn sft in FY16 to 1.1mn sft in FY21. This has led to efficient allocation of its capital which is reflected in ROE of 20%+ and ROCE of 40%+ in a stable year.

Key Risks – 1) Continuing Impact of Covid leading to postponement or shortening of celebrations, 2) Extensive competition from unorganised market & 3) Challenges related to getting desirable retail space at affordable rate.

Strong growth prospects; But higher valuation– SUBSCRIBE only for LT

At the upper end of the price band, the issue is valued at PE of ~89x on FY20 basis (FY21 being a covid impacted year) which is at a premium to its peers. We like the company due to its leadership position, strong brand recall and parentage. However, due to the higher valuation we see limited gains on listing and we rate the IPO as **SUBSCRIBE only for Long Term**.

Particulars (₹ Cr)	Mar-19	Mar-20	Mar-21
Revenue	800.7	915.5	564.8
EBITDA	335.8	393.7	243.0
EBITDA Margin	41.9%	43.0%	43.0%
Net Profit	176.4	236.7	132.9
EPS (Diluted)	7.0	9.5	5.4
Net Worth	882.7	1066.0	1091.4
ROCE	20.0%	22.2%	12.2%

Rating **SUBSCRIBE**

Issue Details

Issue Opens	04-Feb-22
Issue Closes	08-Feb-22
Face Value (₹)	1
Price Band (₹)	824-866
Bid Lot	17
Issue Size (₹ cr)	3150
Market cap @ upper price band (₹ cr)	21,017
Listing	NSE/BSE
BRLMs	Axis Capital, Edelweiss, ICICI Sec, IIFL Sec, Kotak
Registrar	KFintech

Shareholding Pattern (%)

	Pre Issue	Post Issue
Promoter	92.4	84.9
Non-Promoter	7.6	15.1

Issue Structure (In Cr. no. of shares)

Issue size	3.64
OFS	3.64
Break-up of net issue to public (%):	
QIB's portion	50.0
Non-institutional portion	15.0
Retail Portion	35.0

Analyst Details

Mahavir Jain
022-6819 0518
mahavir.jain@adityabirlacapital.com

Aditya Birla Money Ltd.

10th Floor, R - Tech Park, Nirlon Knowledge Park, Off Western Express Highway, Goregaon (E), Mumbai - 400 063
+91 22 6225 7600

care.stocksandsecurities@adityabirlacapital.com | www.stocksandsecurities.adityabirlacapital.com

Registered Office:

Indian Rayon Compound, Veraval, Gujarat - 362 266

CIN: L65993GJ1995PLC064810



IPO Note- Vedant Fashions Ltd (Manyavar)

04 February 2022

Disclaimer:

This document is not for public distribution and is meant solely for the personal information of the authorised recipient. No part of the information must be altered, transmitted, copied, distributed or reproduced in any form to any other person. Persons into whose possession this document may come are required to observe these restrictions. This document is for general information purposes only and does not constitute an investment advice or an offer to sell or solicitation of an offer to buy / sell any security and is not intended for distribution in countries where distribution of such material is subject to any licensing, registration or other legal requirements.

The information, opinion, views contained in this document are as per prevailing conditions and are of the date appearing on this material only and are subject to change. No reliance may be placed for any purpose whatsoever on the information contained in this document or on its completeness. Neither Aditya Birla Money Limited (ABML), its group companies, its directors, associates, employees nor any person connected with it accepts any liability or loss arising from the use of this document. The views and opinions expressed herein by the author in the document are his own and do not reflect the views of Aditya Birla Money Limited or any of its associate or group companies. The information set out herein may be subject to updation, completion, revision, verification and amendment and such information may change materially. Past performance is no guarantee and does not indicate or guide to future performance.

Nothing in this document is intended to constitute legal, tax or investment advice, or an opinion regarding the appropriateness of any investment, or a solicitation of any type. The contents in this document are intended for general information purposes only. This document or information mentioned therefore should not form the basis of and should not be relied upon in connection with making any investment. The investment may not be suited to all the categories of investors. The recipients should therefore obtain their own professional, legal, tax and financial advice and assessment of their risk profile and financial condition before considering any decision.

Aditya Birla Money Limited, its associate and group companies, its directors, associates, employees from time to time may have various interests/ positions in any of the securities of the Company(ies) mentioned therein or be engaged in any other transactions involving such securities or otherwise in other securities of the companies / organization mentioned in the document or may have other interest with respect to any recommendation and / related information and opinions. The company follows Employee Trading Policy which regulates the trading activities of the research analysts. The compensation of the research analysts is governed as per the Board approved "Research Analyst" Policy.

Aditya Birla Money Limited is acting as a Research Analyst and is registered under SEBI (Research Analyst) Regulations, 2014. SEBI Registration No. INH000002145

Aditya Birla Money Ltd.

10th Floor, R - Tech Park, Nirlon Knowledge Park, Off Western Express Highway,
Goregaon (E), Mumbai - 400 063
+91 22 6225 7600

care.stocksandsecurities@adityabirlacapital.com | www.stocksandsecurities.adityabirlacapital.com

Registered Office:

Indian Rayon Compound, Veraval,
Gujarat - 362 266

CIN: L65993GJ1995PLC064810