



SARASWATI
SAREE DEPOT LTD.

Issue Opens - August 12, 2024 to August 14 2024

Price Band
₹150 to ₹160

Face Value
₹10

Lot Size
90 Shares

Issue Size
₹160.01 Cr

Issue Type
Book Built

research@ganeshstock.com



Important Events



Issue Size

10,000,800 shares / ₹160.01 Cr

Fresh Issue

6,499,800 shares / ₹104.00 Cr

Offer for Sale

**3,501,000 shares of ₹10
₹56.02 Cr**

Basis of Allotment

Friday, August 16, 2024

Initiation of Refunds

Monday, August 19, 2024

Credit of Shares to Demat

Monday, August 19, 2024

Saraswati Saree IPO Listing Day

Tuesday, August 20, 2024

Objects of The Offer

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.

Brief profiles of the Directors



Manoj Kumar Kohli is the Independent Director and Chairman of the Company. He holds degrees in commerce, law, and an MBA from the University of Delhi and has completed the Wharton Advanced Management Program. He has previously held roles such as country head at Softbank Group International and CEO of Bharti Enterprises Limited. Currently, he is the chairman and managing partner of MK Knowledge LLP. Kohli has received several awards, including the 'Telecom Man of the Year' and a 'Lifetime Achievement Award' by Voice Data.

Kapil Makhija is the Managing Director and CEO. He holds degrees in computer science from IIT Delhi and a post-graduate diploma in management from IIM Bangalore. He has worked with A.T. Kearney Limited, Oracle India, and Qwest Software Services. He is responsible for the company's growth planning and business execution, heading the technology and corporate functions.

Mahesh Dulhani, aged 54 years, is the Executive Director of our Company since its incorporation. He was one of the partner in the partnership firm i.e. "M/s. Saraswati Sadi Depot". He has completed his higher secondary from Maharashtra State Board. He has over 30 years of experience in the apparel industry. He possess knowledge and experience towards brand creation and management. He currently looks after Company's sales operations, manages customer relations, and oversees the company's marketing functions.

Rajesh Dulhani, aged 49 years, is the Executive Director of our Company since its incorporation. He was one of the partner in the partnership firm i.e. "M/s. Saraswati Sadi Depot". He has completed his higher secondary from Maharashtra State Board. He has over 29 years of experience in the apparel Industry. He is responsible for the product and procurement functions of the company, including supply chain management, supplier relations, and product quality management.

About The Company.



Saraswati Saree Depot Limited is a leading wholesale saree and women's apparel retailer in India. With a legacy spanning over five decades, they offer a wide range of products, including sarees, kurtis, and other ethnic wear. The company has a strong presence in the Indian market with a customer base of over 15,000 and annual sales exceeding ₹6 billion. They source products from over 900 weavers and suppliers across India, offering a diverse product range to cater to different customer preferences.

Description of Their Business

They are a key player in the sarees wholesale (B2B) segment (Source: CRISIL Report) and their origin in the sarees business dates back to the year 1966. They are 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 their total revenues are generated from sale of sarees. In Fiscal 2024, they have served over 13,000 unique customers and their product catalogue consists of more than 3,00,000 different SKUs.

Their Portfolio includes-

- Saree
- Kurtis
- Blouse Pieces
- Shirt and Pant Pieces for men
- Lehengas
- Bottoms and other women's apparel accessories

Product Portfolio



Sarees

- **By Occasion:**

Casual, Wedding, Festive, Party

- **By Fabric:**

Silk, Soft Silk, Art Silk, Cotton Silk, Cotton, Organza, Georgette, Linen, Nylon Blend

- **By Weave:**

Banarsi, Paithani, Kanjivaram, Maheshwari, Patola, Handloom, Bomkai, Gadwal, Tancoi, Bandhani, Dharmavaram

- **By Pattern:**

Woven, Printed, Floral, Digital Print, Dyed, Geometric, Self Design, Solid, Embroidered

- **By Ornamentation:**

Zari, Tassel, Zari Buta, Sequins, Floral Design, Brocade, Cotton Thread





Strengths

- **Leverage technology** to bring cost efficiency and enhance customer experience. They aim to improve their operating efficiency and ensure efficient supply chain management by adopting best practices. Their investments towards improving their IT infrastructure are aimed towards increasing their productivity and the efficiency of their resources.
- **Inventory Management** They plan our inventory and estimate our sales based on the forecast, demand and requirements for the forthcoming seasons. They have inventory stored ahead of an upcoming season/ event. The inventory is stored at one of the sections of the premises. These inventory levels are planned based on existing and expected orders, which are confirmed with customers. Care is taken to strictly follow the inventory levels and balance it with market trends, past trends, customer requirements, sales projections and requirements for the forthcoming seasons.
- **Product Design** They focus on innovative designs with an emphasis on quality to offer new and varied products to our customers throughout the year. They interact with weaving houses and recommend designs to them based on the market trends and the taste of the regional markets.
- **Logistics** Their products are primarily transported by road through local transport partners. Their suppliers directly deliver their raw materials to their Stores based on order terms. They do not have long-term contractual relationships with their local transporters.
- **Quality Control** Their Company focuses on maintaining the high quality of the products and purchasing them from trusted suppliers after meeting the standard operating procedures which is critical to their continued growth. The requirements of the products are communicated to their suppliers.

Threats



- Saraswati Saree Depot Ltd.'s business is highly focused on women's sarees, making it vulnerable to changes in demand. Any shift in consumer preferences could negatively impact their business and financial health.
- The company operates from two stores in Maharashtra, located in Kolhapur and Ulhasnagar. Any localized social unrest, natural disasters, or service disruptions in these areas could harm their business and financial condition.
- Operating in the wholesale segment, the company lacks direct contact with end consumers, which may affect their ability to build brand loyalty and awareness.
- They are in a highly competitive and fragmented industry, with many smaller unorganized players. Failure to compete effectively could adversely impact their business and financial results.
- The business is seasonal, with lower revenues during non-festive periods, which could affect their financial condition and prospects.
- A significant portion of their sales comes from the western zone, making them vulnerable to adverse developments in this market.
- Being in the wholesale sector, the company requires a significant amount of working capital for growth. Inability to meet these requirements could negatively affect their operations.

Statement of Profit and Loss



(₹ in Million, except percentage)

Particulars	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Amount	% of Total Income	Amount	% of Total Income	Amount	% of Total Income
Income from Operations						
Revenue from operations	6,109.04	99.73%	6,018.91	99.73%	5,495.76	99.87%
Other Income	16.76	0.27%	16.27	0.27%	7.32	0.13%
Total Income	6,125.80	100.00%	6,035.18	100.00%	5,503.08	100.00%
Expenses:						
Purchase of Stock-in-Trade	5,489.92	89.62%	5,425.05	89.89%	5,678.01	103.18%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	(148.98)	-2.43%	-170.55	-2.83%	-757.50	-13.76%
Employee benefit expense	97.71	1.60%	99.44	1.65%	96.73	1.76%
Finance costs	24.68	0.40%	38.14	0.63%	44.89	0.82%
Depreciation and amortization expense	9.78	0.16%	9.94	0.16%	6.00	0.11%
Other expenses	266.14	4.34%	270.10	4.48%	220.10	4.00%
Total expenses	5,739.26	93.69%	5,726.46	94.88%	5,338.19	97.00%
Profit before tax and share of income from Associates	386.55	6.31%	308.72	5.12%	164.89	3.00%
Income from Associates	7.17	0.12%	-	-	-	-
Profit before tax	393.71	6.43%	308.72	5.12%	164.89	3.00%
- Current tax	98.44	1.61%	78.98	1.31%	41.81	0.76%
Profit for the year	295.28	4.82%	229.74	3.81%	123.08	2.24%



They have demonstrated a trajectory of consistent growth over the past years and have maintained profits while making necessary investments in their products, sales and strategy to drive future expansion of their business.

The following table provide a snapshot of their certain financial performance metrics for the years indicated therein:

(₹ in Million, except percentages)

Particulars	Fiscal 2024	Fiscal 2023	Fiscal 2022
<i>Financial metrics</i>			
Revenue From operations (₹ in million)	6,109.04	6,018.91	5,495.76
Total Income (₹ in million)	6,125.80	6,035.18	5,503.08
EBITDA (₹ in million)	411.41	340.53	208.46
EBITDA Margin (%)	6.73%	5.66%	3.79%
Profit/(loss) after tax for the year/ period (₹ in million)	295.28	229.74	123.08
Net profit Ratio/ Margin (%)	4.83%	3.82%	2.24%
Return on Equity (ROE) (%)	58.88%	96.15%	196.81%
Debt To Equity Ratio	0.67	1.17	5.37
Interest Coverage Ratio	16.95	9.09	4.67
ROCE (%)	64.46%	98.03%	169.07%
Current Ratio	1.41	1.19	1.06
Net Capital Turnover Ratio	10.64	21.06	59.67
<i>Operational metrics</i>			
Average net sales per customer	463,508.28	396,033.03	379,856.23
Net Sales per sq.ft. area in use	33,021.83	32,534.65	29,834.05
Total pieces sold for the year	16,076,129	15,707,221	14,772,335

Valuation and Outlook



The Unicommerce eSolutions LTD IPO is expected to be priced between ₹150 and ₹160 per share. At this price, the company shows a Price-to-Earnings (P/E) ratio of 16.8x with a FY24 EPS of ₹8.92, compared to the industry P/E of 46.57x.

The company follows a unique B2B model primarily focused on wholesale saree sales, offering over 300,000 SKUs sourced from more than 900 weavers to over 13,000 customers, mainly semi-wholesalers and retailers. Saree sales make up over 90% of its revenue, with recent expansion into kurtis, dress materials, and branded suiting/shirting for men.

We rate this IPO "**SUBSCRIBE**" rating. Investors may consider to park the funds for long-term investment as well as for decent listing gains.

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