

One Stop Investment Avenue



**GEPL**  
CAPITAL

## IPO Note

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# ELECTRONICS MART INDIA

04th September, 2022





Date: 04 - Oct -2022

**Details of the Issue**

Price Band	₹ 56 - ₹ 59
Issue Size	₹ 500 Cr
Face Value	₹ 10
Bid Lot	254
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,180 Cr - 2,270 Cr
Investment Range	₹ 14,224 - ₹ 14,986

**Important Indicative Dates (2022)**

Opening	04 - Oct
Closing	07 - Oct
Basis of Allotment	12- Oct
Refund Initiation	13- Oct
Credit to Demat	14- Oct
Listing Date	17- Oct

**Lead Manager**

Anand Rathi Advisors.
IIFL Securities.
JM Financial Ltd.

**No of shares**

Fresh Issue of Shares	8.47 Cr
Offer for Sales	0
Total No of Shares	8.47 Cr

**Offer Details**

Offer Size	₹ 500 Cr
Fresh Issue	₹ 500 Cr
OFS	₹ 0 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	250	42.37	44.64	50%
NIB	75	12.71	13.39	15%
Retail	175	29.66	31.25	35%
Empl.	0	0	0	0%
Total	500	84.74	89.28	100%

Type (In MN)	Pre-Issue		Post-Issue	
	No. Shares	% of Total	No. of Shares	% of Total
Promoter	299.94	99.98%	299.94	77.96%
Promoter Group	0.063	0.02%	0.038	0.01%
Public	-	-	84.75	22.03%
Total	300.00	100%	384.74	100%

**Company Profile**

Electronics Mart India Limited was incorporated in 1980 as an proprietary consumer durable and electronic store in Hyderabad. It is the fourth-largest and one of the fastest growing consumer durables and electronic retailer in India and the largest regional player in the south. The company has dominance presence in the state of Telangana and Andhra Pradesh. The company offer diversified rang of product, such as air conditioners, televisions, washing machines, refrigerators, mobile and other. EMI offers more than 6,000 SKUs across product categories from more than 70 consumer durable and electronic brands.

**Business Highlights & Services**

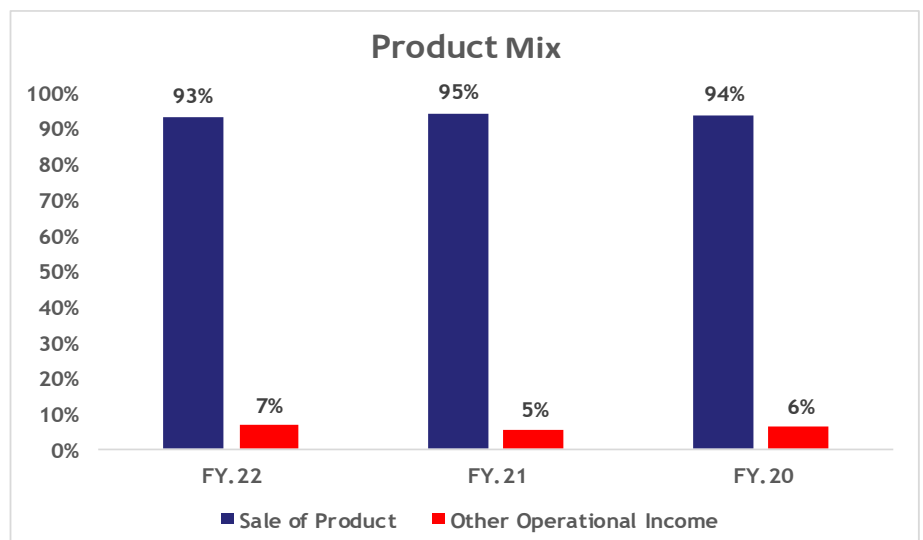
The company business model include mix of ownership and leasing rental property for long-term . As of August 15, 2021, The company has total store of 112, 11 store are owned, 93 are under long-term lease rental model and eight stores are partly owned and partly leased. EMI operate through business activities across three channels of retail, wholesale and e-commerce.

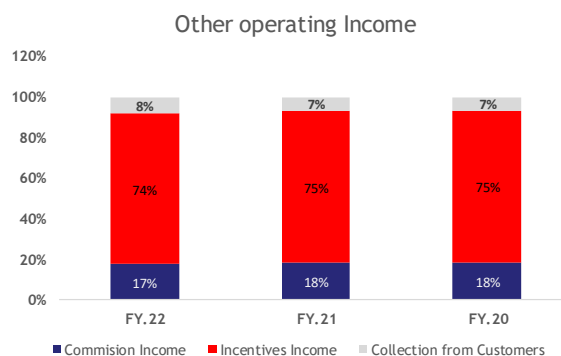
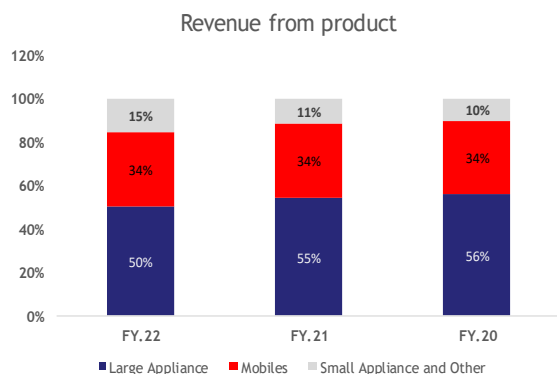
**Retail:** As of August 31,2022 out of 112 store, 100 stores are Multi Brand Outlet and 12 stores and Exclusive Brand outlet. EMI operate 89 MBOs under the name Bajaj Electronic in Andhra and Telangana, 8 MBOs under the name of Electronic Mart in the NCR region, two specialized stores under the name of kitchen stories. Which caters to the kitchen specifies customer and one specialized store under the name of Audio and Beyond focusing on high end home audio and home automation solutions. The revenue from retails channel was ₹39,581.07 Million for FY2022.

**Wholesale:** The wholesales business is of consumer durables. Where the company supply product to single retailers shops in Andhra Pradesh and Telangana regions. The revenue from wholesales was ₹642.35 Million for the FY2022.

**E-commerce:** In 2017, company diversified the operation by entering into the e-commerce space through website. Company website currently function as a catalogue for the product. EMI further expand the ecommerce business operation in 2019 by associating with the large domestic and international player. The revenue from E-commerce was Rs 399.59 Million for the FY2022.

**Revenue by Segment:**





- EMI revenue driven by to category sale of product and other operating income. Product mainly include large appliances, Mobiles, small application, IT and other and other operating income include commission income, incentives income and other collection from customers.
- Reported revenue was ₹ 43,493.16 Crs in FY 2022, led by Sale of Product and other income. Which Contribute 93% and 7% in total revenue respectively.
- FY 2021 reported revenue was ₹ 32,019 Crs, led by Sale of Product and other income. Which contribute 95% and 5% in total revenue respectively.
- ₹ 31,725 Crs revenue was reported in FY 2020, led by Sale of Product and other income. Which contribute 94% and 6% in total revenue.

### Utilization of IPO Proceeds

The company propose to utilize the Net proceeds of fresh issue towards funding of the objective:

1. Funding of capital expenditure for expansion and opening of stores and warehouse of ₹ 111.44 Cr
2. Funding incremental working capital requirements of ₹ 220 Cr
3. Repayment/Prepayment, in full or part, of all borrowing availed by company of ₹ 55 Cr.
4. General corporate purposes.

### Company's Promoter

Pavan Kumar Bajaj and Karan Bajaj are the company promoters.

### Board of Directors

It boards of directors include Pavan Kumar Bajaj who is the Chairman and MD of the company. Karan Bajaj is the CEO and whole time Director of the company. Astha Bajaj is the whole-time and Executive director of the company. Anil Rajendra Nath, Mirza Ghulam Muhammad Baig, Jyotsna Angara, the Independent Director on the Board of the company.

### Companies Competitive Strength :

- Electronics Mart India is the 4th largest consumer durable and electronics retailer in India with a leadership position in South India.
- Electronics Mart India is one of the fastest growing consumer durable and electronics retailers with a consistent track record of growth and industry-leading profitability.
- Increasing market presence and geographic reach with cluster-based expansion.



- A business model provides operational flexibility to create a long-term sustainable footprint.
- Diversified product offering & optimal product assortment
- Strategically located logistics and warehousing facilities backed by stringent inventory management using IT systems.
- Robust customer service support, timely delivery & installation support
- Experienced management team with a proven track record

#### Key Strategies to be Implemented by Company

- Expand reach across select geographies and deepen the footprint in existing markets.
- Enhancing sales volumes by continuing to prioritise customer satisfaction through optimal product assortment and offering value for money.
- Technology led effective inventory management & lean operating structure to maintain & improve operating efficiencies
- Maintaining & forging new relationships with leading brands across existing and new format stores thereby ensuring a wider product range
- Continuous training of manpower

Particulars (Rs Cr)	2022	2021	2020
Equity Share Capital	300	300	300
Reserves	296.51	191.92	133.07
Net worth as stated	596.51	491.92	433.08
Revenue from operation	4353.0	3,201.88	3,172.48
Revenue Growth (%)	35.84%	0.93%	-
EBITDA as stated	291.94	203.88	227.64
EBITDA (%) as stated	6.71%	6.37%	7.18%
Profit Before Tax	139.76	79.56	112.18
Net Profit for the period	103.89	58.62	81.61
Net Profit (%) as stated	2.39%	1.83%	2.75%
EPS (₹)	3.46	1.95	2.72
RoNW (%)	17.42%	11.92%	18.84%
Net Asset Value (₹)	19.88	16.40	14.44
ROCE%	18.87%	14.35%	20.28%

#### Valuation:

- Electronics Mart India's earnings of FY22 stood at Rs. 103.89 Cr, and company is expected to have a post issue market capitalization of Rs 2270 Cr. Which bring a earnings multiple of 21.8 (x).
- Company has a dominant presence in southern region of India and it has direct competition from the bulk selling e-commerce platforms such as Amazon and Flipkart. Company has also adopted e-commerce mode of distribution in order to tap customers across all streams
- Company has posted a RoE of 17.4% as of FY22 and improved sales from Rs. 3172 Cr in FY20 to Rs. 4353 Cr in FY 22. We believe the IPO is priced decently. And Assign "Subscribe" rating to the Issue for listing gains.



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