

One Stop Investment Avenue



**GEPL**  
**CAPITAL**

IPO Note

---

# **SARASWATI SAREE DEPOT LIMITED**

Aug 12, 2024





Aug 12, 2024

**Details of the Issue**

Price Band	₹ 152 - ₹ 160
Issue Size	₹ 160.01 Cr
Face Value	₹ 10
Bid Lot	90
Listing on	BSE, NSE
Post Issue Mcap	₹ 633.6 Cr
Investment Range	₹ 13,680 - ₹ 14,400

**Important Indicative Dates (2024)**

Opening	12 - Aug
Closing	14 - Aug
Basis of Allotment	16 - Aug
Refund Initiation	19 - Aug
Credit to Demat	19 - Aug
Listing Date	20 - Aug

**Lead Manager**

Unistone Capital Private Limited

**Offer Details**

Offer Size	₹ 160.01 Cr
Fresh Issue	₹ 104 Cr
OFS	₹ 56.02 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	80	5.0	5.26	50
NIB	24	1.5	1.58	15
Retail	56	3.5	3.68	35
Em- ploy.	-	-	-	-
Total	160.01	10	10.64	100

**Invest Now****Company Profile**

Established in 1966, Saraswati Saree Depot Limited is a leading player in the wholesale saree market, with over 90% of its revenue derived from saree sales. It also offers a range of other women's apparel, including kurtis, dress materials, and lehengas. In Fiscal 2024, the company served more than 13,000 unique customers and maintained a vast product catalog with over 300,000 SKUs. Sarees are a traditional Indian garment worn for various occasions, come in different fabrics such as silk, cotton, and synthetic fibers. The Indian saree market is expected to grow at a 5-6% CAGR from Fiscal 2024 to Fiscal 2029, reaching ₹ 650-675 billion by Fiscal 2029. Historically dominated by small, unorganized retailers, the market is increasingly shifting towards organized players who cater to the growing demand for branded and premium products, driven by rising disposable income and aspirations of India's middle class.

**Business Highlights & Services**

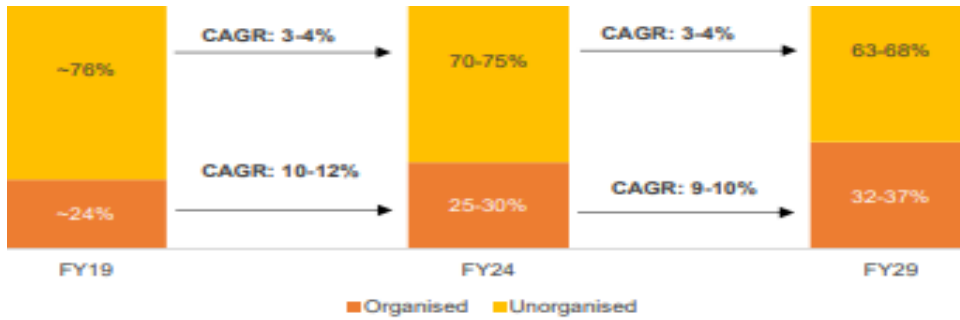
SSDL is a prominent player in the saree wholesale market since 1966, with sarees making up over 90% of the revenue. It also offer a range of other women's apparel, including kurtis, dress materials, and lehengas. In Fiscal 2024, it served over 13,000 unique customers and its catalog includes over 300,000 SKUs. Sarees, an ethnic Indian garment, vary in fabric and style, including silk, cotton, and synthetic blends. Recent market trends show a shift towards higher-priced, premium sarees driven by growing demand in the wedding and celebration segments. The saree industry in India is projected to grow at a 5-6% CAGR, reaching Rs 650-675 billion by Fiscal 2029.

Men's wear held a 42% market share in fiscal 2024, with ethnic wear representing 30% of the apparel market. The men's ethnic wear segment, which includes traditional outfits for festivals and weddings, is set to grow significantly, driven by rising trends and the emergence of organized brands. SSDL plan to enter this market, expecting it to expand to Rs. 3.8 - 3.9 trillion by FY29, with a CAGR of 10-11%. The goal of the company is to offer a diverse and innovative range of men's ethnic wear, meeting evolving consumer preferences and positioning the company to capitalize on this lucrative market opportunity. The company plans to enhance its operating efficiency and supply chain management by adopting best practices and investing in IT infrastructure, which aims to boost productivity and resource efficiency.

E-commerce's share in the apparel industry has surged, driven by wider product selections, higher discounts, greater convenience, and increased internet access. In fiscal 2024, online sales accounted for 4-5% of the saree market in India. As e-commerce grows, organized players are investing in new technologies and omnichannel infrastructure. The rise in internet penetration and focus on consumer retention will boost e-commerce in the saree industry, with penetration projected to reach 9-11% by fiscal 2029. Additionally, direct-to-consumer (D2C) strategies and social media awareness are enhancing brand visibility and customer engagement.



### Growth of Organized Saree Market Players



### Peak vs Off-Season Revenue

Category	Fiscals					
	2024		2023		2022	
	Revenue (₹ in million)	Percentage of revenue from operations (%)	Revenue (₹ in million)	Percentage of revenue from operations (%)	Revenue (₹ in million)	Percentage of revenue from operations (%)
Festive Season of 3 months (September to November)	2,282.08	37.36	2,204.81	36.63	2,260.49	41.13
Wedding Season of 3 months (March to May)	1,561.84	25.57	1,633.94	27.15	886.09	16.12
Off-Season of 6 months (June to August and December to February)	2,265.13	37.08	2,180.16	36.22	2,349.19	42.75
<b>Total</b>	<b>6,109.05</b>	<b>100.00</b>	<b>6,018.91</b>	<b>100.00</b>	<b>5,495.76</b>	<b>100.00</b>

### Revenue from Different Product Offerings

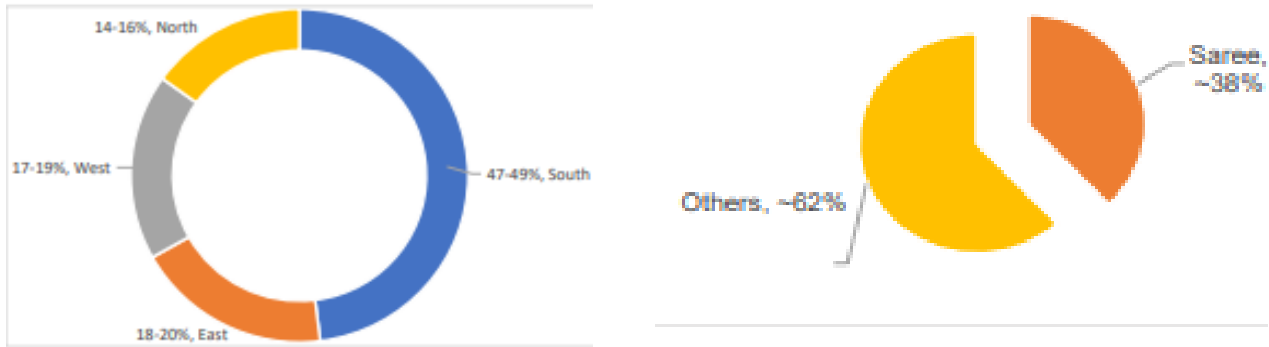
Product Category	Fiscal 2024		Fiscal 2023		Fiscal 2022	
	Revenue	% of total revenue from operations	Revenue	% of total revenue from operations	Revenue	% of total revenue from operations
Sarees	5,550.05	90.85	5,533.60	91.94	5,001.34	91.00
Kurtis	321.61	5.26	241.03	4.00	264.09	4.81
Blouse Pieces	93.97	1.54	81.36	1.35	72.32	1.32
Pant & Shirt Pieces	68.47	1.12	67.61	1.12	60.88	1.11
Others*	74.95	1.23	95.32	1.58	97.13	1.77
<b>Total</b>	<b>6,109.04</b>	<b>100.00</b>	<b>6,018.91</b>	<b>100.00</b>	<b>5,495.76</b>	<b>100.00</b>

### Revenue Breakdown by Operational Stores

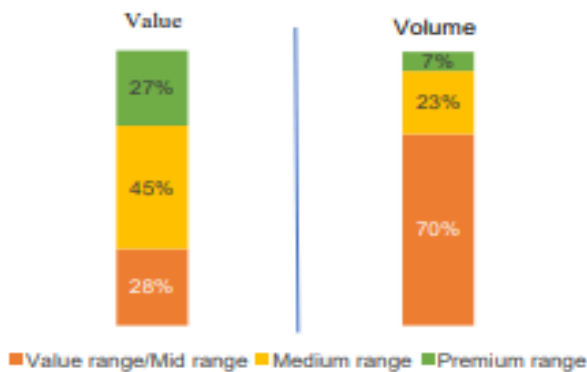
Category	Fiscals					
	2024		2023		2022	
	Revenue (₹ in million)	Percentage of total revenue from operations (%)	Revenue (₹ in million)	Percentage of total revenue from operations (%)	Revenue (₹ in million)	Percentage of total revenue from operations (%)
Kolhapur	5,395.63	88.32	5,255.07	87.31	4,741.81	86.28
Ulhasnagar	713.41	11.68	763.84	12.69	753.96	13.72
<b>Total</b>	<b>6,109.04</b>	<b>100.00</b>	<b>6,018.91</b>	<b>100.00</b>	<b>5,495.77</b>	<b>100.00</b>



### Region Wise Saree Market in India



### Industry Volume Growth Details



### Industry Outlook

The Indian apparel market surpassed pre-COVID levels in fiscal 2023 and is projected to grow at a 10-11% CAGR from fiscal 2023 to fiscal 2028. This follows a period of slowdown due to the pandemic and related restrictions. Ethnic wear made up 30% of the apparel market in fiscal 2023 but is expected to decline to 25-28% by fiscal 2028 due to changing consumer preferences. In contrast, western wear is forecasted to increase its market share to 72-75% by fiscal 2028. India is the third-largest global exporter of textiles and apparel, with a significant share in readymade garments (RMG) and traditional ethnic wear. The saree market is set to grow at a 5-6% CAGR from fiscal 2023 to fiscal 2028, driven by increased demand for premium products and the entry of organized players, reaching an estimated Rs 625-650 billion by fiscal 2028.

### Peers Comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Saraswati Saree Depot Limited	10	611	8.92	19.61	NA	45.49%
<b>Peers Group</b>						
Go Fashion India Ltd	10	763	15.32	111.81	71.8	13.71%
Sai Silks (Kalamandir) Ltd	10	1,373	7.51	72.14	21.34	9.49%



### Companies Competitive Strength :

- Diversified supplier and customer base
- Diverse product portfolio
- Bulk buying capabilities
- Experienced Promoters and management team
- Existing client and supplier relationships
- Collaborative and experienced work force

### Key Strategies Implemented by Company

- Strengthening Inventory Management Practices
- Entering into men's ethnic wear segment
- Leverage technology to bring cost efficiency and enhance customer experience
- Capitalize on the increasing e-commerce for penetration in retail and wholesale category

Particular (INR in Cr)	FY24	FY23	FY22
Equity Capital	33	0	0
Reserves and Surplus	32	35	12
Net Worth	65	35	12
Revenue	611	602	550
Growth (%)	1%	9%	
EBITDA	42	34	21
EBITDAM (%)	7%	6%	4%
PAT	30	23	12
PATM (%)	5%	3.8%	2.2%
ROCE (%)	64.5%	98.0%	169%
ROE (%)	58.80%	96.15%	196.80%

### Valuations and Recommendation:

- Based on annualized FY24 earnings to post-IPO paid-up equity capital of the company, The issue is priced at a P/E of 21.12X. Thus the issue appears to be fairly priced compared to peers.
- Saraswati Saree Depot Ltd is a leading B2B saree wholesaler with over 90% of its revenue from sarees. The company offers a wide range of women's apparel, including kurtis, lehengas, and dress materials, with a product catalog of over 300,000 SKUs. SSDL serves more than 13,000 unique customers annually and generates 13-15% of its revenue from its annual "Utsav" event before Diwali. The company is expanding into men's ethnic wear to capitalize on the growing market for multi-day weddings and traditional attire. The men's wear segment is expected to grow at a CAGR of 10-11% through FY2029, reaching Rs.3.8 - 3.9 trillion. SSDL has also gained recognition in the kurti segment with awards like Star of the Industry. To adapt to evolving trends, SSDL plans to enhance its e-commerce presence and build an omnichannel experience. It sources from over 900 weavers across India and maintains a diversified customer and supplier base. The top 10 customers account for 7.85% of revenue, while the top 10 suppliers contribute 25.68% of purchases. With bulk purchasing strategies and strong relationships with clients and suppliers, SSDL offers competitive pricing and high-quality products. Hence, we recommend an "Subscribe" rating for the issue.



## Notes

### GEPL Capital Pvt. Ltd

**Head Office:** D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

**Reg. Office:** 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

**Research Analyst – Mr. Dibandu Maji | + 022-6618 2689 | [Dibandumaji@geplcapital.com](mailto:Dibandumaji@geplcapital.com)**

**Disclaimer:** This report has been prepared by GEPL Capital Private Limited ("GEPL Capital"). GEPL Capital is regulated by the Securities and Exchange Board of India. This report does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy, recommendation or any other content contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. All investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GEPL Capital as a result of using different assumptions and criteria. GEPL Capital is under no obligation to update or keep current the information contained herein. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect GEPL Capital's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by GEPL Capital or any other source may yield substantially different results. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. Further, GEPL Capital assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. Neither GEPL Capital nor any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. In no event shall GEPL Capital be liable for any direct, special indirect or consequential damages, or any other damages of any kind, including but not limited to loss of use, loss of profits, or loss of data, whether in an action in contract, tort (including but not limited to negligence), or otherwise, arising out of or in any way connected with the use of this report or the materials contained in, or accessed through, this report. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar or an opposite position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). The disclosures contained in the reports produced by GEPL Capital shall be strictly governed by and construed in accordance with Indian law. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard.