

IPO REPORT

VEDANT FASHIONS
LIMITED IPO

Sector : Fashion & Retail

Recommendation : AVOID



- Vedant Fashions Limited caters to the Indian wedding and celebration wear market with a diverse portfolio of brands. The company's brands include (i) Manyavar, (ii) Mohey, (iii) Mebaz, (iv) Manthan, and (v) Twamev.
- Strengths: 1) Market leader in the Indian celebration wear market 2) Large and growing market 3) Technology-based strong supply chain and inventory systems.
- **Risk:1) Entire IPO proceeds are Offer for Sale. 2) Business may get affected by seasonal variation. 3) Stiff competition from unorganized markets.**
- Object of the Issue: 1) To carry out an offer for sale and gain benefits of listing.
- IPO is a complete offer for sale of amount Rs. 3,149.19 cr. The issue will open on Feb 04, 2022, and close on Feb 08, 2022. The issue is priced at ₹824 to ₹866 per equity share. The minimum order quantity is 17 shares
- The company has mixed set of financials over the few years where the revenue grew in FY20 and fell back from Rs. 9,47.97 cr to Rs 625 cr in FY21. Similarly, profit also declined from Rs. 236.6 cr in the year FY20 to Rs. 132.9 cr in the FY21 which can be attributed due to the pandemic. However, the company's performance returned to normal in the first 6 months of FY22.
- Vedant Fashions is among the top companies in the Indian wedding and celebration wear segment. The company's financials suffered a setback, which could be due to COVID 19. The issue is valued at P/E 161(x) to its FY21 EPS of Rs. 5.36 and P/BV of 24.42(x) on NAV of 35.45 that seems to be overpriced also the issue is purely OFS based. **Thus we assign an "AVOID" rating to the IPO.**