



### IPO Details:

Credo Brands Marketing Ltd is coming out with an IPO of about Rs. 549.78 cr consisting of 1,96,34,960 shares of face value of Rs. 2 each in a price band of Rs. 266 – Rs. 280. The IPO fully comprises of Offer Sale of Rs. 549.78 cr by the Promoters as well as Non-promoter shareholders of the Company. The IPO opens on 19<sup>th</sup> December and closes on 21<sup>st</sup> December.

### Company Details:

- **Wardrobe solution provider** for multiple occasions in a customer's (Men's) life through its products offerings which includes shirts, t-shirts, sweatshirts, jeans, cargos, chinos, jackets, blazers, catering to all year-round clothing.
- Sells products under brand, **"Mufti"** which was created **25 years** ago, as an alternative dressing solution, designed to deliver a casual alternative with focus on creative, bold and expressive clothing for contemporary Indian man.
- **Built a pan-India multichannel distribution network** comprising of its Exclusive Brand Outlets (EBOs), Large Format Stores (LFSs) and Multi-Brand Outlets (MBOs) as well as online channels comprising of its website and other e-commerce marketplaces.
- **Network of 48** fabric and accessories suppliers and **48** manufacturing partners, with top 5 suppliers from whom raw materials is sourced and manufacturing partners has been associated with the Company for an **average of 8 years** each.

### Strength:

- Pan India presence with reach extending from **major metros to Tier 3 cities** while its multi-channel presence is **planned strategically** in a manner wherein its products across categories are **available at consumer's preferred** shopping channels.
- Well-established **nationwide EBO network** comprising of **404 touchpoints** across high streets, malls, airports and residential market areas, offers a holistic shopping experience to its customers.
- Developed new merchandise architecture for **increasing wallet share** by providing designs suited for specific occasions like holiday casuals, authentic daily casuals, urban casuals, party wear and athleisure.
- **Asset light model**, with manufacturing operations outsourced to 3<sup>rd</sup> party while Company focuses on design of products.



- Longstanding relation with suppliers like Arvind Ltd, RSWM Ltd, Birla Century, and NSL Textiles Ltd, enables the Company to introduce products in a time efficient manner.

### Growth Drivers:

- Share of organized market for men's apparel is expected to increase from approximately **45%** in FY22 to approximately **60%** by FY27.
- As per Technopak report, the **casual led men's western wear** is likely to outpace growth of formal led men's western wear with the former growing at a CAGR of about **22%** as against the latter's **18%** CAGR between FY22 – FY27.
- **Rise of casualization of men's wear** on the back of increasing urbanization, social media connectivity, growth and influence of mobile internet and increased buying propensity amongst consumers and the concept of Friday dressing (casual Fridays) in the corporate world.

### Objectives of Fund Raise – OFS of Rs. 549.78 cr:

- As the IPO fully comprises of Offer Sale by Promoters and other Non-promoter shareholders, Company will not be receiving any funds.

### Key Financial Highlights –

#### Credo Brands Marketing Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY21	244.83	48.48	19.8%	3.44	0.54	5.9%	1.8%
FY22	341.17	95.10	27.9%	35.74	5.56	17.3%	16.7%
FY23	498.18	163.85	32.9%	77.51	12.06	28.2%	30.0%
Q1 FY24	118.49	30.25	25.5%	8.58	1.33	3.4%	3.0%

- Operating Revenues of the Company has grown at a CAGR of 42.6% between FY21 – FY23 to touch Rs. 498.18 cr in FY23.
- Ebitda margins has inched up from 19.8% in FY21 to 32.9% in FY23 on the back of operating leverage.



- Ebitda margins adjusted for **lease payments** has inched up from 6.1% in FY21 to 24.2% in FY23 on the back of operating leverage.
- Profits after tax has grown from Rs. 3.44 cr in FY21 to Rs. 77.51 cr in FY23, on the back of higher revenue growth coupled with increase in Ebitda margins.
- Capital efficiency has improved with growth in business and revenues. RoCEs inched up from 5.9% in FY21 to 28.2% in FY23 while RoEs inched up from 1.8% in FY21 to 30.0% in FY23.

### **Valuations:**

- At Upper end of the IPO price band of Rs. 280, Credo Brands Marketing Ltd will be valued at about Rs. 1,800.45 cr.
- On EV/Ebitda basis (Ebitda adjusted for lease liabilities), Company is available at 11.06x while on PE (TTM) basis it will be available at 23.22x.
- **Investments in Credo Brands Marketing Ltd. can be made from listing gains perspective only due to relative undervaluation vis a vis peers. On EV/Adj. Ebitda basis, Credo Brands Marketing Ltd will be available at 15.0x while Go Fashion (India) Ltd, which is bigger than the Company, is currently trading at EV/Adj. Ebitda of 50.6x while Kewal Kiran Clothing Ltd is trading at EV/Adj. Ebitda of 28.1x.**



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\*Long Term Investments could range from 3-5 years.