



IPO Details:

Baazar Style Retail Ltd is coming out with an IPO of about Rs. 834.68 cr consisting of 2,14,56,947 shares of face value of Rs. 5 each in a price band of Rs. 370 – Rs. 389. The IPO comprises Fresh Issue of Rs. 148 cr and an Offer for Sale of Rs. 686.68 cr by the promoter and existing shareholders of the Company. The IPO opens on 30th August' 2024 and closes on 3rd September' 2024.

Company Details:

- **A Value fashion retailer** offering apparels, non-apparels and home furnishing products in Eastern and North Eastern states of India.
- Operates **162** stores spread across **1.47 million sq. ft**, which are located in **146 cities**.
- Based on its deep understanding of customer preferences, Company offers healthy mix of both **private label** and **3rd party brands** which includes fashion apparel brands such as **Killer** and **Sparky**.
- Targets **aspiring middle class customer segment** which comprises households with an average annual income of less than **US\$ 5,000**. Average Transaction value at Company's stores has been about **Rs. 1,040** over the last three fiscal.

Strength:

- **One of the fastest growing** value retailer in eastern India with a **market share of 3.03%** and **2.22%** in the states of West Bengal and Odisha, respectively in organized value retail market.
- **Ability to procure merchandise optimally** and manage inventory levels efficiently enables the Company to better respond to customer's changing preferences and needs while also ensuring that prices are kept affordable.
- **Cluster based store expansion model**, wherein it opens a new store within the same or nearby districts in which it operates its existing stores, enables it to increase efficiencies in supply chain and inventory management processes.
- **Strong understanding of customer preference and assorted product offerings** has enabled the Company to become the one-stop shop for the needs of an entire family and build a loyal customer base.



Growth Drivers:

- Eastern states are the fastest growing consumer markets for value retail and its market size is expected to grow from **Rs. 141,748 cr** in FY24 to **Rs. 220,802 cr** in FY27, translating into CAGR of **15.9%**.
- Company's intent to strengthen its presence in states like Uttar Pradesh, Jharkhand, Andhra Pradesh, Chhattisgarh and Tripura by opening new stores.
- Focus on **increasing** the **revenue contribution** from its **private label brands** (which has higher margins) by increasing the number of SKUs at every stores across all brand segments.

Objectives of Fund Raise – Fresh Issue of Rs. 148.00 cr:

- Rs. 146 cr will be utilized towards prepayment or repayment of all or certain portion of the outstanding borrowings availed by the Company.
- Balance funds will be utilized towards general corporate purposes.

Key Financial Highlights:

Baazar Style Retail Ltd (Rs. Cr)

Year	Revenue	Ebitda	Ebitda Margins (%)	PAT	EPS	RoCE (%)	RoE (%)
FY22	551.12	68.35	12.4%	-8.01	-1.31	6.6%	-6.9%
FY23	787.90	101.48	12.9%	5.10	0.76	13.8%	3.0%
FY24	972.88	142.16	14.6%	21.94	3.14	18.4%	10.7%

- Operating Revenue has grown from Rs. 551.12 cr in FY22 to Rs. 972.88 cr in FY24, translating into CAGR of 32.9%.
- Ebitda margins in FY22, FY23 and FY24 stood at 12.4%, 12.9% and 14.6% respectively. However, Ebitda margins adjusted for payments linked to lease liabilities stood at 4.1%, 5.6% and 7.5% in FY22, FY23 and FY24 respectively.
- Profitability of the Company has improved between FY22 – FY24 with the Company registering Profits after Tax of Rs. 21.94 cr in FY24 as against loss of Rs. 8.01 cr, it had incurred in FY24.



- Operating Cash Flow adjusted for payments linked to leased liabilities, has been subdued with Company registering operating cash outflow of Rs. 30.43 cr and Rs. 24.18 cr in FY22 and FY23 while in FY24 Company registered operating cash inflow of Rs. 42.24 cr.
- Capital Efficiency of the business is moderate with RoCE at 6.6%, 13.8% and 18.4% while RoE at (6.9%), 3.0% and 10.7% in FY22, FY23 and FY24 respectively.

Valuations:

- At Upper end of the IPO price band of Rs. 389, Baazar Style Retail Ltd will be valued at about Rs. 2,902.55 cr.
- On EV/Ebitda basis, Company is available at 42.33x its FY24 Adj. Ebitda (after considering payment linked to lease liabilities) of Rs. 72.78 cr while on M-Cap/Adj. Operating Cash Flow basis (after adjusting for payment linked to lease liabilities), Company is available at 68.72x its FY24 Adj. Operating Cash Flow of Rs. 42.24 cr.
- **Investments in Baazar Style Retail Ltd can be avoided considering Company generates lower adjusted operating cash flow which may result in higher borrowing requirement to fund future growth or it resorting to expand through leased assets which in turn will continue to dent Company's ability to generate significantly higher operating cash flow, average capital efficiency and high valuations.**



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