

Rating: Subscribe for the listing gain

Issue Offer

Fresh Issue of 18,11,594 equity shares upto INR 125 cr and Offer For Sale of 1,28,78,389 shares by Promoters group taking the total issue size at INR 1013.61 cr

Issue Summary

Price Band (INR)	650-690
Face Value (INR)	10
Implied Market Cap (INR Mn)	37,266
Market Lot	21
Issue Opens on	Nov 17th, 2021
Issue Close on	Nov 22nd, 2021
No. of share pre-issue	5,21,97,390
No. of share post issue	5,40,08,984
Listing	NSE / BSE

Issue Break-up (%)

QIB Portion	75
NIB Portion	15
Retail Portion	10

Book Running Lead Managers

DAM Capital Advisors, ICICI Securities
JM Financial Consultants

Registrar

KFin Technologies Pvt. Ltd.

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	57.47%	52.78%
Public & Others	42.53%	47.22%

Objects of the issue

- Funding roll out of 120 new EBOs (Exclusive Brand Outlets)
- Funding working capital requirements

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About the Company:

Incorporated in 2010, Go Fashion Limited is one of the largest women's bottom-wear brands in India. The company is engaged in the development, design, sourcing, marketing, and retailing of a range of women's bottom-wear products under the brand, 'Go Colors'. They offer one of the widest portfolios of bottom-wear products among women's apparel retailers in terms of colors and styles. As of May 31, 2021, Go Colors sold bottom-wear in over 50 styles in more than 120 colors.

Investment Rationale:

Company is one of the largest women's bottom-wear brands in India: They are a women's bottom-wear brand in India, with a market share of approximately 8% in the branded women's bottom-wear market in Fiscal 2020. The women's apparel market is estimated to be approximately 36% of the total apparel market while the women's bottom wear market contributed 8.3% of women's apparel market amounting in Fiscal 2020 .

They have a prominent Multi-channel retail presence across India: The company has a multi-channel retail presence across India. Company extensive network of stores allows them to cater to women across India, and ensures effective penetration of the products we retail. The retail of products directly to consumers primarily through network of EBOs and as of September 30, 2021, the company operated 459 EBOs across 118 cities in 23 states and union territories across India.

Go fashion boast strong unit economics with an efficient operating model: The company has a standardized and scalable development model for the EBOs based on to know-how and experience. In determining the store roll-outs they assess optimum store size and layout and lease arrangements that are typically long-term in nature and/or revenue share arrangements.

The company has their own in-house expertise in developing and designing products:

The company has a skilled team of in-house designers and merchandisers that focuses on creating quality products with innovative designs and optimal fit and sizing. As of September 30, 2021, the company in-house design team comprised ten professionals who design the products. They also undertake concept development and trend forecasting to develop and design new styles and products and regularly participate in fairs or exhibitions in India or abroad to understand the trends.

Objectives of the Offer

To funding roll out of 120 new EBOs (Exclusive Brand Outlets) –INR 33.7cr;
To funding working capital requirements –INR 61.45r and
General corporate purposes

Valuation and View:

We believe the company has the ability to grow continuously across the geographies depending upon the strength of the brand, product offering, and store economics. The company's ability to effectively execute the expansion strategy further depends on its ability to open new stores successfully. As of September 30th, 2021, the company operated 459 EBOs across 118 cities in 23 states and union territories across India. The company has a demonstrated track record of strong financial performance during the FY19-20 but its performance in FY21 was impacted due to Covid. The IPO is valued at 13.2x FY21 Price/sales (post issue). **We recommend investors subscribe for the listing gain and one can also buy at lower levels.**

Key Managerial Personnel

- **Prakash Kumar Saraogi** is the Managing Director of the company. He is a promoter of the company and has over 28 years of experience in garment manufacturing, fashion industry and retail industry.
- **Gautam Saraogi** is the Executive Director and the Chief Executive Officer of the company. He is a promoter of the company and has over 10 years of experience in consumer retail, marketing, brand building and garment manufacturing.
- **Rahul Saraogi** is the Non-Executive Director of the company. He is a promoter of the company and has over 10 years of experience in the garment industry.
- **Ravi Shankar Ganapathy Agraharam Venkataraman** is the Non-Executive Nominee Director of the company. He has over 15 years of experience in private equity funds. Previously, he was associated with McKinsey & Company, Inc. Presently, he is associated with Sequoia Capital India LLP, where he acts as the managing partner.
- **Srinivasan Sridhar** is the Chairperson of the Board and an Independent Director of the company. He has over 38 years of experience in commercial and development banking and is an associate of the Indian Institute of Bankers.
- **Rohini Manian** is the Independent Director of the company. She has over 8 years of experience in real estate and management space.
- **Dinesh Madanlal Gupta** is the Independent Director of the company. He has over 37 years of experience in the transport and manufacturing industry.

Comparison With Listed Industry Peers (As On 31st March 2021)

Name of the Company	Consolidated/ Standalone	Face Value	Total Income (INR Cr)	EPS (Basic)	NAV [^]	P/E [~]	RoNW [~]
Go Fashion (India)Ltd	Restated	10	282.25	-0.68	54.21	*	-1.25%
Page IndustriesLtd	Consolidated	10	2852.43	305.35	793.34	130.17	38.50%
Trent Ltd	Consolidated	1	2794.66	-4.11	66.32	NA	-7.70%
Bata IndiaLtd	Consolidated	5	1802.67	-6.95	136.74	NA	-5.10%
Aditya Birla Fashion & Retail Ltd	Consolidated	10	5322.32	-8.23	29.24 [^]	NA	-27.50%
TCNS Clothing Co Ltd	Consolidated	2	684.53	-8.85	99.47	NA	-9.20%

Source: RHP; P/E Ratio has been computed based on the closing market price of the equity shares on BSE on November 9, 2021. # For the purpose of the NAV calculation for Aditya Birla Fashion and Retail Ltd, the number of shares as of March 31, 2021 have been calculated as the number of fully paid up equity shares (84,76,21,159) plus 75% (basis the calls made as of March 31, 2021) of the number of partly paid up shares outstanding (9,02,77,042)

Key Risks:

- The company is dependent on a single brand and category
- There is a high store network concentration in southern and western India
- They are dependent on a single warehouse for pan-India distribution.
- The company sells all its products under a single brand, 'Go Colors'. An inability to effectively market the products and brand, or any deterioration in public perception of the brand, could affect customer footfall and consequently adversely impact the business, financial condition, cash flows and results of operations.
- The company may be unable to adequately protect the trademarks, including 'GO GOLORS' and, and an inability to protect or use the intellectual property rights may adversely affect the business.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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