

## Rating

**SUBSCRIBE**

## Issue Offer

Issue Opens on	Nov 17, 2021
Issue Close on	Nov 22, 2021
Total IPO size (cr)	1013.61
Fresh issue	125
Offer For Sale (cr)	888.61
Price Band (INR)	655-690
Market Lot	21
Face Value (INR)	10
Retail Allocation	10%
Listing On	NSE, BSE

## Objects of the issue

- For Funding roll out of 120 new EBOs
- For Funding working capital requirements
- General Corporate purpose

## Issue Break-up (%)

QIB Portion	75
NIB Portion	15
Retail Portion	10

## Shareholding (No. of Shares)

Pre Issue	52,197,390
Post Issue	54,008,984

## Indicative Timetable

Finalisation of Basis of Allotment	25-11-2021
Refunds/Unblocking ASBA Fund	26-11-2021
Credit of equity shares to DP A/c	29-11-2021
Trading commences	30-11-2021

**Go Fashion (India) 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'. The company offers one of the widest portfolios of bottom-wear products among women's apparel retailers in terms of colors and styles. It is among the few apparel companies in India to have identified the market opportunity in women's bottom-wear and have acted as a 'category creator' for bottom-wear. It was the first company to launch a brand exclusively dedicated to women's bottom-wear category and have leveraged this advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices. Company's bottom-wear products, which include churidars, leggings, dhotis, harem pants, patiala, palazzos, culottes, pants, trousers and jeggings, are sold across multiple categories such as ethnic wear, western wear, fusion wear, athleisure, denims, plus sizes and girls wear making their portfolio 'universal' and for every occasion.

- 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 in Fiscal 2020
- The women's clothing market in India has evolved in the past decade from the traditional one-piece apparel to a two-piece and mix-and-match apparel, with bottom-wear becoming an essential category.
- Company serve its customers primarily through its extensive network of 459 EBOs (Exclusive Brand Outlets) that are spread across 23 states and union territories in India, as of September 30, 2021.
- Company have its in-house design and merchandising team designs and develops bottom-wear products across categories with their deep understanding of consumers' requirements.

**Financials and Outlook:** The company has mixed set on financials over the last three years where the company's revenue grew in FY20 and fell back in the year FY21. However, the fall in revenue can be due to COVID-19. Profit also turned negative in a recent year where the company reported a loss of Rs (3.53) cr in FY21 VS a profit of Rs 52.63 cr in FY20. Go Colors has a strong brand value but has fluctuating revenues and the company moved into losses in FY21 but as the number of working women is increasing along with the evolving fashion trend it is expected that the company has strong growth momentum. The company has a mixed bag of financials and IPO is arriving at a P/BV of 13.65 based on its NAV of Rs. 50.56 as of Q1FY22, which seems to be attractively priced for the investors. **Thus we assign a "SUBSCRIBE" rating for listing gain and long term.**

## 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 an Executive Director and the Chief Executive Officer of the Company. He is also a promoter of the Company and has over 10 years of experience in consumer retail, marketing, brand building and garment manufacturing.
- Rahul Saraogi is a 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 a Non-Executive Nominee Director of the Company. He has over 15 years of experience in private equity funds.
- Srinivasan Sridhar is the Chairperson of the Company's 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 an Independent Director of the Company. She has over 8 years of experience in real estate and management space.
- Dinesh Madanlal Gupta is an Independent Director of the Company. He has over 37 years of experience in the transport and manufacturing industry.
- R Mohan is the Chief Financial Officer of the company. He has been associated with the company since April 16, 2019.
- Gayathri Venkatesan is the Company Secretary and Compliance Officer of the company. She has been associated with the company since October 25, 2019.

## COMPETITIVE STRENGTHS

---

- Largest women's bottom-wear brand in India with well-diversified product portfolio.
- Multi-channel pan-India distribution network with a focus on EBOs, enhancing brand visibility
- Strong unit economics with an efficient operating model
- Extensive procurement base with highly efficient and technology-driven supply chain management
- In-house expertise in developing and designing products
- Demonstrated track record of strong financial performance
- Continue to expand retail network with a focus on EBOs
- Leverage technology to bring cost efficiency and enhance customer experience

## KEY CONCERNS

---

- Major part of the issue is offer for sale which would go to selling share holders.
- Company carries operations from a single warehouse located in Southern India which could be a geographical risk.
- The company has incurred losses for FY21 for Rs 3.5 Crores and revenues also declined.
- Covid-19 pandemic has impacted the company and it might continue to impact future too.
- Dependency on the third party for the major operational part such as transportation and manufacturing.

**COMPARISON WITH LISTED INDUSTRY PEERS (As on 31<sup>st</sup> March 2021)**

Name of the Company	EPS (Basic)	NAV	P/E	RoNW (%)
Go Fashion (India)Ltd	(0.68)	54.21	-	(1.25)%
<b>Peer Group</b>				
Page Industries Ltd	305.35	793.34	130.17	38.5%
Trent Ltd	(4.11)	66.32	NA	(7.7)%
Bata India Ltd	(6.95)	136.74	NA	(5.1)%
Aditya Birla Fashion & Retail Ltd	(8.23)	29.24	NA	(27.5)%
TCNS Clothing Co Ltd	(8.85)	99.47	NA	(9.2)%

**FINANCIALS (RESTATED CONSOLIDATED)**

Particulars (Rs. In Millions)	FY 2021	FY 2020	FY 2019
Equity Share Capital	789.95	789.95	789.95
Other Equity	2,039.41	2,073.07	1,493.39
<b>Net Worth</b>	<b>2,829.36</b>	<b>2,863.02</b>	<b>2,283.34</b>
Total Borrowings	104.39	27.9	82.81
<b>Revenue from Operations</b>	<b>2,506.68</b>	<b>3,920.14</b>	<b>2,852.47</b>
EBITDA	463.49	1,265.05	799.88
Profit Before Tax	(31.35)	682.86	422.14
<b>Net Profit for the year</b>	<b>(35.39)</b>	<b>526.34</b>	<b>309.41</b>

**DISCLAIMER:**

The information contained herein are strictly confidential and are meant solely for the information of the recipient and shall not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written permission of Swastika Investmart Ltd. ("SIL"). The contents of this document are for information purpose only. This document is not an investment advice and must not alone be taken as the basis for an investment decision. Before taking any decision to invest, the recipient of this document must read carefully the Red Herring Prospectus ("RHP") issued to know the details of IPO and various risks and uncertainties associated with the investment in the IPO of the Company. All recipients of this document must before acting on the given information/details, make their own investigation and apply independent judgment based on their specific investment objectives and financial position. They can also seek appropriate professional advice from their own legal and tax consultants, advisors, etc. to understand the risks and investment considerations arising from such investment. The investor should possess appropriate resources to analyze such investment and the suitability of such investment to such investor's particular circumstances before making any decisions on the investment. The Investor shall be solely responsible for any action taken based on this document. SIL shall not be liable for any direct or indirect losses arising from the use of the information contained in this document and accept no responsibility for statements made otherwise issued or any other source of information received by the investor and the investor would be doing so at his/her/its own risk. The information contained in this document should not be construed as forecast or promise or guarantee or assurance of any kind. The investors are not being offered any assurance or guaranteed or fixed returns on their investments. The users of this document must bear in mind that past performances if any, are not indicative of future results. The actual returns on investment may be materially different than the past. Investments in Securities market products and instruments including in the IPO of the Company are highly risky and they are generally not an appropriate avenue for someone with limited resources/ limited investment and low risk tolerance. Such Investments are subject to market risks including, without limitation, price, volatility and liquidity and capital risks. Therefore, the users of this document must carefully consider all the information given in the RHP including the risks factors before making any investment in the Equity Shares of the Company.

Swastika Investmart Ltd or its analysts did not receive any compensation or other benefits from the companies mentioned in the report or third party in connection with preparation of the research report. Accordingly, neither Swastika Investmart Ltd nor Research Analysts have any material conflict of interest at the time of publication of this report. Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Swastika Investment Ltd may have issued other reports that are inconsistent with and reach different conclusion from the information presented in this report. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. We have not received any compensation/benefits from the Subject Company or third party in connection with the Research Report.

**CORPORATE & ADMINISTRATIVE OFFICE** - 48, Jaora Compound, M.Y.H. Road, Indore - 452 001 | Phone 0731 - 6644000

**Compliance Officer:** Ms. Sheetal Duraphe Email: [compliance@swastika.co.in](mailto:compliance@swastika.co.in) Phone: (0731) 6644 241

**Swastika Investmart Limited**, SEBI Reg. No.: NSE/BSE/MSEI: INZ000192732 Merchant Banking: INM000012102 Investment Adviser: INA000009843 MCX/NCDEX: INZ000072532 CDSL/NSDL: IN-DP-115-2015 RBI Reg. No.: B-03-00174 IRDA Reg. No.: 713.