

Senco Gold is a pan-India jewellery retail player with a history of more than five decades and has a fourth generation entrepreneur in the jewellery industry as its Promoter. It is the largest organised jewellery retail player in the eastern region of India based on number of stores and among eastern India based jewellery retailers, it is the widest geographical footprint in non-eastern states (Source: CRISIL Report). Mr Suvankar Sen (MD & CEO) has 22 plus experience in the jewellery industry. Mr Sen is supported by Mrs Ranjana Sen (Chairperson & WTD) and Mrs Joita Sen (WTD). Pre—Issue Promoter holding is 76.92 % and Post—Issue Promoter holding will be 68.48%.

Business Overview:

- Company primarily sells gold and diamond jewellery and also sell jewellery made of silver, platinum and precious and semi-precious stones and other metals.
- Its other offerings also include costume jewellery, gold and silver coins and utensils made of silver.
- Its products are sold under the “Senco Gold & Diamonds” tradename, through multiple channels, including its 75 Company Operated Showrooms and 61 Franchisee Showrooms (as on March 31, 2023) and various online platforms, including its website www.sencogoldanddiamonds.com.
- Company's strategy of operating through multiple channels enables it to allocate capital as required, as it continue to expand geographic presence and work towards an omni channel network.
- With a catalogue offering more than 120,000 designs for gold jewellery and more than 69,000 designs for diamond jewellery, it offers a large variety of designs of handcrafted jewellery, most of which are designed and manufactured in-house by its designers in close collaboration with skilled local craftsmen (generally termed Karigars) in Kolkata and across the country. Machine made light weight jewellery in gold and diamonds are also manufactured at its manufacturing facility based on designs prepared by its in house designers and also sourced from third partner manufacturing vendors.
- As on March 31, 2023, it has 136 showrooms, which have a total area of approximately 409,882 sq. ft., in 96 cities and towns over 13 states across India. Some of its Franchisee Showrooms are located in areas other than metros and tier-I, providing it greater reach in tier-II locations.
- It consistently work towards providing an omni channel experience both in-showroom as well as through its websites www.sencogoldanddiamonds.com, www.mygossip.in, www.everlite.in, www.mydigigold.com and www.mysenco.in and My Senco App complementing its ability to reach customers.
- It also has marketing arrangements with leading online marketplaces.
- For FY 2023, its revenue from operations split (without including franchisee fees and discount allowed) by region is as follows – West Bengal 69.50%, East & North 12.05%, Rest of India 15.10% and from others 3.36%.
- For FY 2023, its revenue from operations split (without including franchisee fees and discount allowed) by location is as follows – Metro 34.77%, Tier – I - 32.87%, Tier – II - 29% and others 3.36%.
- Senco has been serving customers for more than five decades now, and trying to make sure that the customers of India and across the world continue to associate themselves as lifestyle partner for their needs on a daily basis or special occasions in their life.

NSE SYMBOL:	SENCO
SECTOR:	JEWELLERY
ISSUE SIZE	Rs. 405 Crs.
PRICE BAND	Rs. 301 - 317
BID SIZE (Nos.)	47
FACE VALUE	Rs. 10.00
MARKET CAP	Rs. 2462 Crs
RATING	SUBSCRIBE

TENTATIVE DATES	
ISSUE OPEN DATE	4TH JULY 2023
ISSUE CLOSE DATE	6TH JULY 2023
BASIS OF ALLOTMENT	11TH JULY 2023
INITIATION OF RE-FUNDS	12TH JULY 2023
CREDIT OF SHARES	13TH JULY 2023
LISTING DATE	14TH JULY 2023

- It is continuously trying to focus on customer retention initiative through adoption of quality norms, loyalty programs, hyper local offerings, phygital approach and also making sure that it design jewellery in line with the latest market trends and regional variations.
- It has a dedicated design team, comprising 20 designers as on March 31, 2023 focused on developing new products and designs that meet customers' expectations.
- It offers a diverse jewellery collection, which includes gold jewellery, diamond jewellery, platinum jewellery and studded jewellery of various forms, across various price points to maximise its customer base.
- As of 31st March 2023, the contribution of Gold Jewellery was 89.69%, Diamond and precious stones 6.77%, Silver jewellery 0.96%, Platinum Jewellery 2.04%, fashion jewellery 0.24% and Novelty 0.12%.
- To ensure transparency to its customers, it has been BIS hallmarking its gold jewellery for all gold jewellery, since 2012, prior to the regulatorily mandated hallmarking which started from May 2021.
- From its roots in Kolkata, West Bengal, it has strategically expanded its presence to 13 states across India. As on March 31, 2023, it has 75 Company Operated Showrooms and 61 Franchisee Showrooms located across 96 cities and towns in India with an aggregate area of approximately 409,882 sq. ft.
- It uses a 'hub and spoke' approach to enter new geographies and optimize its inventory management, which means that it typically foray into large or new cities by way of its Company Operated Showrooms and then leverage its 'franchise' model to expand into tier-II and tier-III locations.

STRENGTHS

- It has a strong brand name with heritage / legacy of over five decades
- Largest organised jewellery retail player in the eastern region of India based on number of stores
- Strong 'Company Operated Showroom' base
- Established asset-light 'franchise' model leading to operating leverage;
- Calibrated focus on light, affordable jewellery with the intention to cater to the upwardly mobile and younger generation
- Established Systems and Procedures to mitigate risk and improve efficiencies
- Experienced management team and institutional investor support.

OBJECTS OF THE ISSUE

The Offer for Sale - Company will not receive any proceeds from the Offer for Sale of shares of Rs.135 crores. The Selling Shareholders will be entitled to their respective portion of the proceeds of the Offer for Sale.

Fresh Issue - The Company would also raise upto Rs.270 crores by offering fresh shares. Company proposes to utilise the Net Proceeds from the Fresh Issue towards funding the following objects.

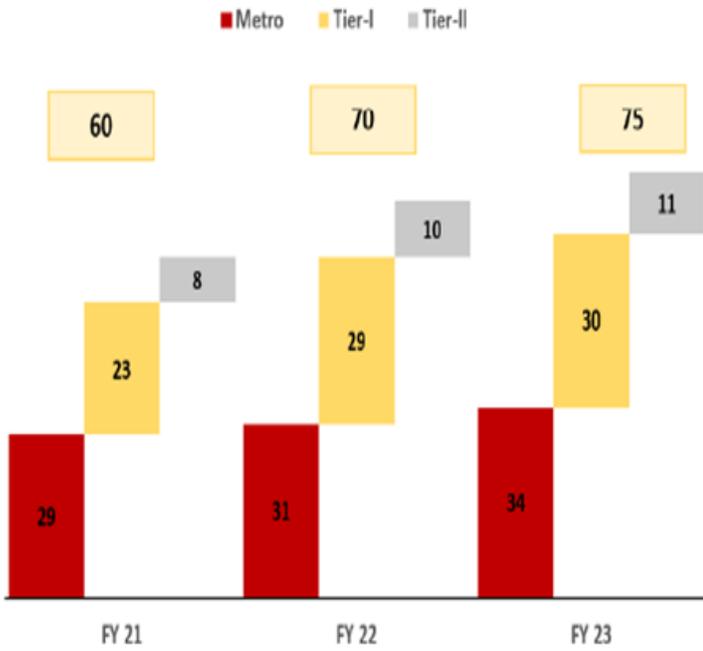
- Funding working capital requirements of the company and
- General corporate purposes.

RISKS

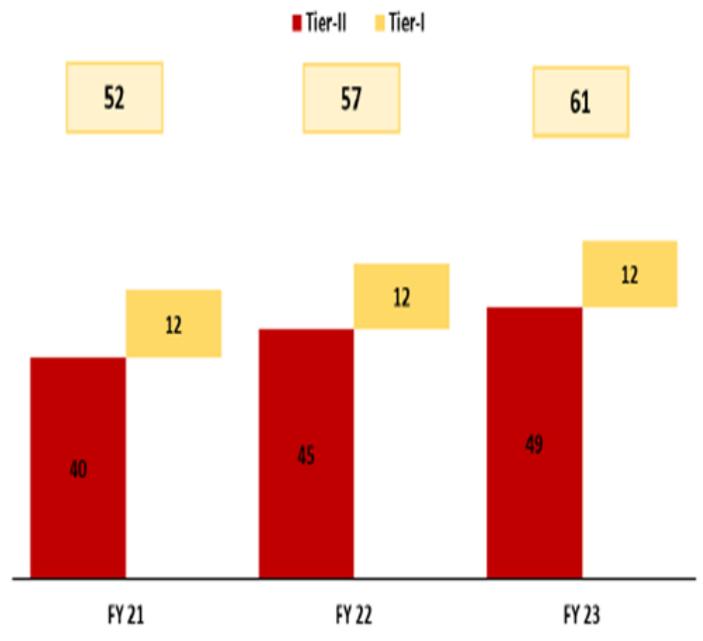
- Company require certain approvals, permits and licenses in the ordinary course of business, and any failure or delay to obtain or renew them or to comply with their conditions in the future may adversely affect its operations.
- It has been subjected to a 'search and seizure' operation by the income-tax department in the past, which has resulted in taxation and criminal proceedings being initiated against the Company.
- Its business depends on its ability to attract and retain skilled Karigars, designers and sales personnel and employees.
- Volatility in the market price of gold and diamonds has a bearing on the value of its inventory and may affect its income, profitability and scale of operations.
- It obtains gold on loan basis, primarily from bullion banks which remains subject to RBI regulations.

SHOWROOMS

COMPANY OWNED

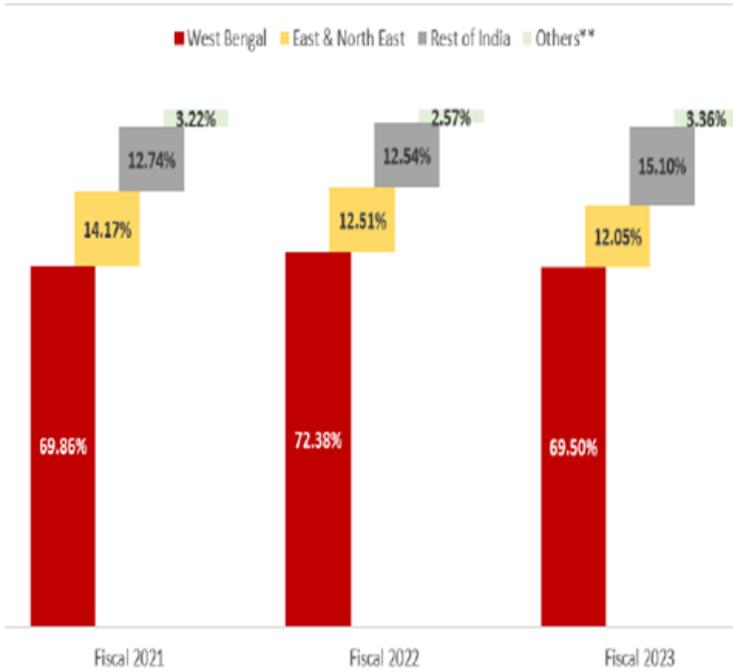


FRANCHISEE

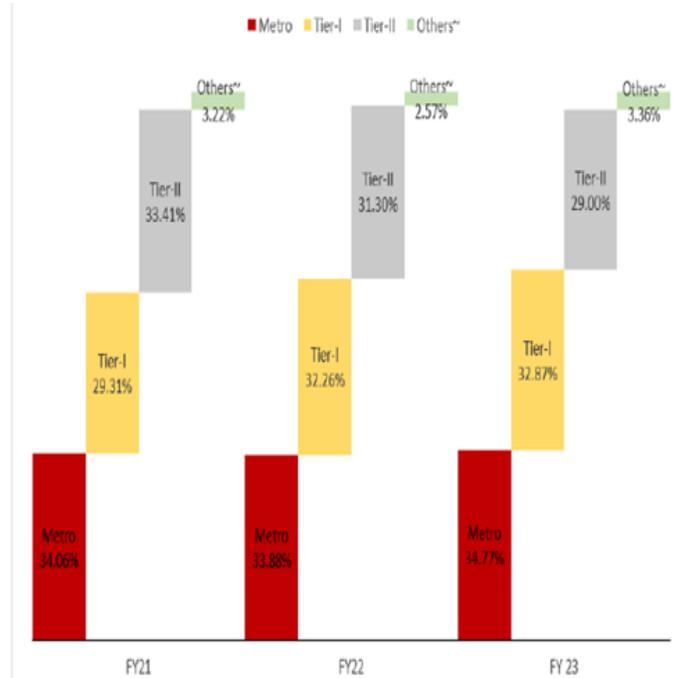


REVENUE SPLIT

OPERATION WISE



REGION WISE



RECOMMENDATION

At the upper band of offer price of Rs 317, the issue has been priced at P/BV of 2 times and P/E of 15.5 times on enhanced equity. Compared to nearest peers (Kalyan Jewellers and Titan company) (average P/BV of 29 x and average P/E of 58 x), Senco Gold is reasonably valued.

Investors - **SUBSCRIBE to SENCO GOLD LTD - IPO** considering legacy of over five decades, largest organised jewellery retail player in eastern India, asset-light 'franchise' model and consistent strong financial performance.

PEER COMPARISON

	Face Value (Rs.)	CMP In Rs. (03-07-2023)	TTM EPS (Rs.)	BV per share (Rs.)	P/E (X)	P/BV (X)	M. Cap / Sales
Kalyan Jewellers	10.00	147.05	4.44	4.17	33.8	35.9	1.1
Titan	1.00	3047.65	36.61	133.49	83.1	22.8	7.1
Senco Gold	10.00	317.00	20.41	158.22	15.5	2.0	0.5

***On upper band of issue price and enhanced equity*

PROFIT & LOSS A/C (CONSOLIDATED)
(In Rs. Crore.)

	FY 2021	FY 2022	FY 2023
INCOME			
Revenue from operations	2660.38	3534.64	4077.40
Other income	14.55	12.77	31.14
Total Income	2674.92	3547.41	4108.54
Expenses			
Cost of Materials consumed	1841.39	2833.55	2972.22
Purchases of Stock-in-Trade	290.35	564.38	846.08
Changes in inventories of finished goods and stock-in-trade	153.66	-417.39	-396.36
Employee benefits expense	52.18	74.77	93.38
Finance costs	66.64	70.88	86.05
Depreciation and amortisation expense	39.57	42.12	45.55
Other expenses	147.48	202.15	245.47
Total expenses	2591.26	3370.45	3892.39
Profit before tax	83.66	176.96	216.15
Tax expense			
Current tax	28.78	49.49	63.47
Tax of earlier years	0.00	0.06	-2.14
Deferred tax	-6.60	-1.69	-3.66
Total tax expense	22.18	47.86	57.67
Profit after tax for the year	61.48	129.10	158.48

BALANCE SHEET (CONSOLIDATED)
(In Rs. Crore.)

	FY 2021	FY 2022	FY 2023
ASSETS			
Property, plant and equipment	67.38	69.10	84.70
Capital work-in-progress	2.44	6.51	13.06
Right-of-use assets	141.73	151.62	192.67
Other Non-Current Assets	79.62	71.58	113.88
Total Non-current assets	291.17	298.81	404.32
Inventories	1039.47	1391.25	1885.46
Trade Receivables	27.56	39.40	45.42
Cash and Bank Balance	128.12	278.81	437.57
Other current assets	72.98	91.92	132.55
Total Current Assets	1268.13	1801.37	2501.00
TOTAL ASSETS	1559.30	2100.19	2905.32
EQUITY AND LIABILITIES			
Equity share capital	53.19	53.19	55.85
Instruments entirely equity in nature	13.30	13.30	13.30
Other equity	536.14	659.49	876.37
Total equity	602.62	725.97	945.52
LIABILITIES			
Borrowings	0.41	0.40	1.43
Lease Liabilities	132.76	145.10	188.40
Other non-current liabilities	1.65	0.92	25.77
Total non-current liabilities	134.82	146.42	215.60
Borrowings	532.04	862.57	1175.75
Lease Liabilities	14.60	17.86	21.35
Trade Payables	60.94	117.42	144.46
Other Current Liabilities	214.28	229.94	402.64
Total current liabilities	821.86	1227.80	1744.20
Total liabilities	956.68	1374.22	1959.80
TOTAL EQUITY AND LIABILITIES	1559.30	2100.19	2905.32

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