



# Naman In-Store (India) Limited

IPO Note

Recco - **AVOID**



IPO Details		Company Background				
<b>Opening Date</b>	Mar 22, 2024	<ul style="list-style-type: none"> <li>○ Naman In-Store (India) Limited was originally incorporated in the year 2010 and has its registered office in Mumbai, Maharashtra, India.</li> <li>○ Naman In-Store (India) is a retail furniture &amp; fixture company with a broad spectrum of offerings and in-store solutions to various industries and retail stores.</li> <li>○ Company manufactures modular furniture for offices, beauty store, low-housing kitchens, educational institution as well as supermarket shelving solutions.</li> <li>○ Company specializes in the design and execution of turnkey projects by bringing together under the same roof all the resources necessary to meet the needs of any fit-out project.</li> <li>○ As of September 30<sup>th</sup>, 2023, the Company had 491 employees on its payroll.</li> </ul>				
<b>Closing Date</b>	Mar 27, 2024					
<b>Stock Exchange</b>	NSE SME					
<b>Lot Size</b>	1,600 Shares					
<b>Issue Price</b>	₹84 to ₹89 per share					
<b>Issue Size</b>	Aggregating up to 25.35 Cr.					
<b>Fresh Issue</b>	Aggregating up to 25.35 Cr.					
<b>Offer for Sale</b>	-					
<b>Application Amount</b>	₹ 1,42,400					
IPO Objective						
1. Funding capital expenditure of the company to acquire land on a leasehold basis at Butibori, MIDC, and proposes to shift the company's existing manufacturing facilities.						
2. Construction of factory building.						
3. General corporate purposes.						
Pre-Issue Shareholding		Market Capitalization (In Cr.)				
Category	No. of Shares	% of Total Shares	Pre-Issue	Post-Issue		
Promoter & Promoter Group	77,00,000	100.00%	₹ 69	₹ 94		
Public	-	-				
Promoter of the Company		Financial Summary (In Lacs.)				
1. Raju Paleja		For the Period Ended	Mar-21	Mar-22	Mar-23	Sep-23
2. Bhavika Paleja		<b>Total Assets</b>	1,755.18	3,180.01	5,793.03	7,818.34
3. Jay Shah		<b>Net Assets</b>	131.64	202.88	584.59	1,203.48
4. Mehul Naik		<b>Total Borrowing</b>	1,023.91	1,883.91	2,944.09	3,166.06
5. Abdul Shahid Shaikh		<b>Total Revenue</b>	1,341.28	5,109.30	14,993.50	7,929.71
		<b>Profit After Tax</b>	5.07	21.25	381.71	618.89
Competitive Strengths		Tentative Timeline				
1. Experienced Management and Motivated Team.		<b>Opening Date</b>		Mar 22, 2024		
2. Skilled and dedicated manpower.		<b>Closing Date</b>		Mar 27, 2024		
3. Compliance with Quality Standards.		<b>Basis of Allotment</b>		Mar 28, 2024		
4. Integrated Manufacturing Facilities.		<b>Initiation of Refunds</b>		Apr 01, 2024		
5. Strong & Long-term relationships with Clients.		<b>Credit of Shares to Demat</b>		Apr 01, 2024		
		<b>Listing Date</b>		Apr 02, 2024		

## Company Background and Analysis

Naman In-Store India Limited was originally incorporated on July 23, 2010. The company is one of the prominent display and retail furniture & fixture company with a broad spectrum of offerings and in-store solutions to various industries and retail stores. Further, the company manufacture modular furniture for offices, beauty store, low-housing kitchens, educational institution as well as supermarket shelving solutions.

The company specialise to provide one-stop solutions across multiple retail stores and industries. The company manufactures in-store customised furniture and fixtures in wood, metal and plastic and in respect of kiosks, full shops, Countertop Units (CTU), Countertop Display Unit (CDU), Point of Sales Merchandising (POSM), etc. The company operate on a B2B (Business-to-Business) model. As on September 30, 2023 company has served around 32 retail customers and their franchises and 04 industrial customers. The company's manufacturing facilities located at Vasai, Maharashtra, having constructed area of approx. 1,41,687 Sq. Ft and have 2 warehouses located in Kaman, Maharashtra and 1 at Bengaluru.

The company's product portfolio and revenue bifurcation for the same is as follows –

1. Retail Furniture and Fixtures – It offers modular office partition systems, office chairs, cabinets and Wardrobe, storage racks, storage systems, executive chairs, office workstations etc. It develops different types of retail outlets for Beauty shops, Tobacco pan masala shops, Paint Shops, Fashion Apparel Outlets, etc. Also designs and develops furniture for residential purposes, colleges, schools, libraries, laboratories, and research institutes.
2. Industrial Metal Products – It offers products such as Electrical Control Panels, Petrol Pump Kiosks, HVAC Outer Housing, Battery Rack, UPS cabinets, Server Racks etc.

(Amt in Lakhs)

Particulars	Mar-21		Mar-22		Mar-23		Sep-23	
	Amt	%	Amt	%	Amt	%	Amt	%
Retail	1,317.16	98.45	4,084.86	80.10	12,149.27	81.08	6,148.53	77.62
Industrial	1.59	0.12	670.18	13.14	2,536.82	16.93	1,631.62	20.60
Others	19.15	1.43	344.36	6.75	298.48	1.99	141.63	1.79
<b>Total</b>	<b>1,337.90</b>	<b>100.00</b>	<b>5,099.40</b>	<b>100.00</b>	<b>14,984.57</b>	<b>100.00</b>	<b>7,921.78</b>	<b>100.00</b>

To conclude, the company was incorporated in the year 2010 and has good experience in the industry. The company is in the business of retail furniture & fixtures. The company generates the majority all of its revenue from the Retail Furniture and Fixture segment.



## **Business Strategies**

### **1. Continue to develop customer relationship –**

The company plans to grow the business primarily by increasing the number of customers, as the company believes that increased customer relationships will add stability to the business.

### **2. Continue to recruit, retain and train qualified personnel –**

The company believes the successful implementation of the business and growth strategies depends on the ability to hire and cultivate experienced, motivated and well-trained members of the management and employee teams. The company intends to continue to recruit, retain and train qualified personnel.

### **3. Expand the operations in the geographies where they have a presence and also in other geographies –**

The company intends to leverage the existing business model and reach new customers and also reach new geographies, such as the USA with the aid of the marketing strategy which is to participate in various domestic and international exhibitions, direct interaction with prospective customers on the receipt of enquiries and also market the products to the existing customers. The company intends to expand the volume of the business from clients by enhancing the solutions offering.

### **4. Improving functional efficiency –**

The company intends to improve operating efficiencies to achieve cost reductions to have a competitive edge over its peers. The company believes that this can be done through technology and design improvements.



## **Competitive Scenario and Peer Mapping**

### **Competition**

The industry in which the company operates is highly and increasingly competitive due to the presence of many small-time players in the unorganized sector. The company faces competition from domestic competitors. The company faces domestic competition from Elemental Design, Disha Retail Fixtures in Bangalore, Shark Shopfits, Kalpakaru in Delhi, to name a few. Competition in the Indian retail sector is expected to remain intense in 2024. Both domestic and international retailers will intensify their efforts to gain market share. The entry barriers to this industry are slightly lower which could impact additional competition. The bargaining power with the suppliers is slightly high and the bargaining power with the consumers is also on the slightly higher side based on the industry in which the company operates.

### **Peer Analysis**

As per the offer document, the company believes they do not have any listed peers for comparison.

**Industry Overview**

Exhibit 1: Retail market size (US\$ Billion).

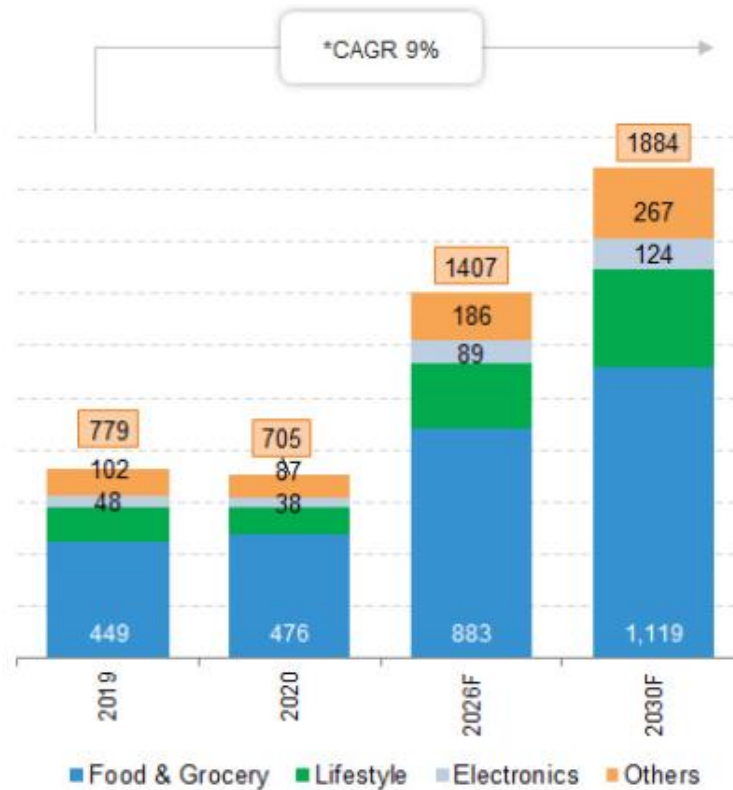
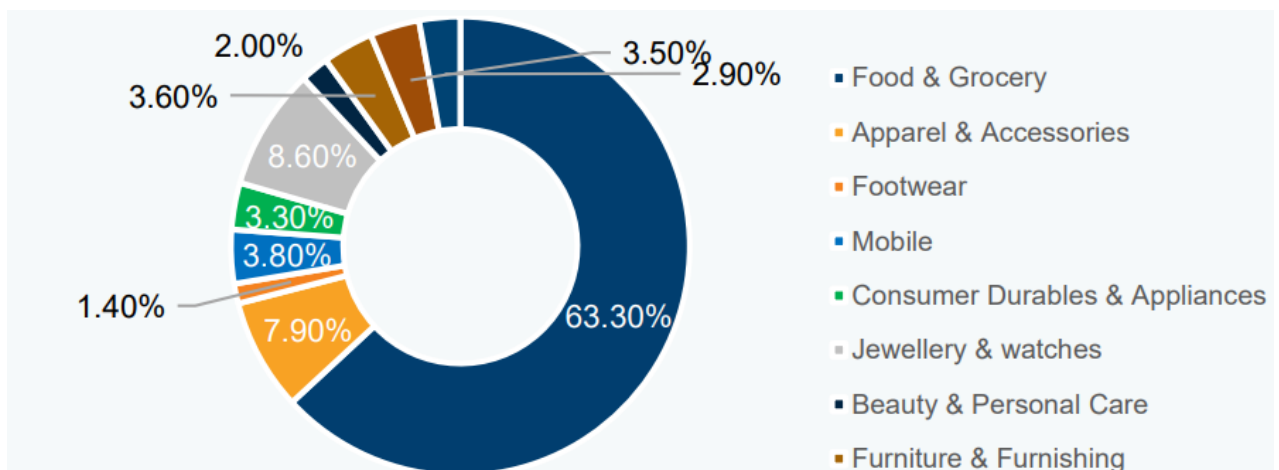


Exhibit 2: Category-wise Break-up of Total Retail Market in FY22.



(Source: ibef.org)



## **Indian Retail Sector**

India's retail sector is experiencing robust growth driven by several factors. The country is experiencing a steady increase in national wages, rapid urbanization, and the emergence of the digital economy. Lower-tier cities no longer have to rely solely on physical stores, as an expanding network of last-mile logistics suppliers enables access to preferred brands through online platforms. The retail landscape in India offers a wide array of choices, including global e-commerce platforms, single-brand shopping websites, multi-retail apps, and social media sellers.

Furthermore, discretionary spending power is on the rise, with the average per capita income in India surpassing US\$ 2000 and projected to exceed US\$ 12,000 by 2047. The substantial middle class and underserved consumer base in non-metropolitan cities have attracted the interest of several international retail giants seeking expansion into new markets. Branded products, such as apparel, cosmetics, jewelry, footwear, watches, food, and beverages (F&B), and furnishings are gaining popularity and becoming essential lifestyle items for both business and leisure purposes.

India ranks among the best countries to invest in Retail space. Factors that make India so attractive include the second largest population in the world, a middle-income class of 158 million households, increasing urbanization, rising household incomes, connected rural consumers, and increasing consumer spending. FMCG, apparel & footwear, and consumer electronics are the largest retail segments, constituting 65%, 10%, and 9% respectively of the retail market.

## **Market Size**

As per Kearney Research, India's retail industry is projected to grow at 9% over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$ 1.8 trillion by 2030. Revenue of India's offline retailers, also known as brick-and-mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US\$ 1.39- 2.77 billion) in FY20. India's direct selling industry is expected to be valued at US\$ 2.14 billion by the end of 2021.

E-retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart 'How India Shops Online 2021' the e-retail market is expected to grow to US\$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years. Despite unprecedented challenges, the India consumption story is still robust. Driven by affluence, accessibility, awareness, and attitude, household consumption stood at Rs. 130-140 trillion (US\$ 1.63-1.75 trillion) in 2021.

India has the third-highest number of e-retail shoppers (only behind China, the US). The new-age logistics players are expected to deliver 2.5 billion Direct-to-Consumer (D2C) shipments by 2030. Online used car transaction penetration is expected to grow by 9x in the next 10 years. According to recent industry reports, the e-commerce industry witnessed a phenomenal 36.8% YoY growth in terms of order volumes. As consumers prefer to shop online throughout the year, this fast-changing consumer preference for online shopping reveals the mature status acquired by e-commerce brands in India.

(Source: prospectus)

## Key Managerial Personnel

**Raju Paleja**, aged 53 years, is one of the Promoters, Chairman and Managing Director of the Company. He holds a Bachelor of Science degree. He has more than 24 years of experience in similar industry. He is responsible for providing overall guidance and vision in development of new factory unit and taking decisions in day-to-day business activities of the Company.

**Jay Shah**, aged 39 years, is one of the Promoters and Whole-Time Director of the Company. He has completed higher secondary education. He has all over 19 years of experience in manufacturing of metal and wooden fixtures. He is Production head of the company.

**Mehul Naik**, aged 47 years, is one of the Promoters, and Whole-Time Director of the Company. He has completed the certificate course in Mechanical Drafting and Estimating. He has more than 26 years of overall experience in Marketing and Sales field. He heads Sales and Marketing Department of the company.

**Bhavika Paleja**, aged 43 years, is one of the Promoters of the company. She has an experience of more than 6 years as a store manager.

**Abdul Shahid Shaikh**, aged 49 years, is one of the Promoters, and Whole-Time Director of the Company. He has completed Diploma in Mechanical Engineering, and Diploma in Business Entrepreneurship & Management and has undergone Industrial Training. He has more than 30 years of experience in manufacturing field. He is technical head of the company and responsible for the overall supervision of manufacturing facilities.

**Foram Desai**, aged 39 years, is the Whole-time Director of the Company. She holds a Bachelor of Commerce degree. She has more than 9 years of experience in Finance and Taxation. She heads Finance Department of the Company. She is responsible for overall financial planning.

**Anand Khanna**, aged 71 years, is a Non-executive Independent Director of the Company. He holds the degree of Bachelor of Science (Honors), degree of Master of Technology in Metallurgical Engineering. He also holds the degree of Doctor of Philosophy.

**Niraj Seth**, aged 59 years, is a Non-executive Independent Director of the Company. He holds the degree of Bachelor of Electronics (Electronics & Telecommunication). He is associated with Amada India Private Limited since 1999 at various positions till date and currently as President- Sales Turnover.

**Feni Shah**, aged 32 years, is a Non-Executive Independent Director of the Company. She holds a Bachelor of Commerce degree and LLM degree. She is the founder of Feni Shah & Associates, practicing company secretary.

**Harshangiben Solanki**, aged 48 years, is a Non-Executive Independent Director of the Company. She holds the degree of Bachelor of Science in Chemistry, Diploma in Interior Design from School of Environmental Design. She has been working as a freelancer on a PAN India basis in the areas of Interior, Retail and Furniture Design.

**Sudhir Soundalgekar**, aged 59 years, is a Non-Executive Independent Director of the Company. He holds Diploma in Architecture, and Bachelor of Architecture. He holds certification of (EMBA) in Project Management. He has more than 20 years of experience in Project Management.

To conclude, the company has 5 promoters, out which 4 are involved in the management and have vast experience in the industry. The Remaining Directors of the company also have good knowledge and experience in their respective fields which helps in the overall growth of the company.



**Financial Snapshot**

<b>Profit and Loss Statement</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
Revenue from Operations	1,337.90	5,099.41	14,984.57	7,921.79	
Other Income	3.38	9.89	8.93	7.92	
<b>Total Income</b>	<b>1,341.28</b>	<b>5,109.30</b>	<b>14,993.50</b>	<b>7,929.71</b>	
<b>Expenses</b>					
Cost of raw materials consumed	862.50	3,874.00	9,832.95	5,016.50	
Purchase of Stock in Trade					
Change in inventories of finished goods and work-in-progress	-281.20	-525.53	-112.94	-943.99	
Employee benefits expense	194.93	300.15	654.83	440.83	
Finance costs	33.84	113.43	313.11	192.95	
Depreciation and Amortization expense	33.39	148.77	227.52	170.78	
Other expenses	488.20	1,169.88	3,545.54	2,175.34	
<b>Total Expenses</b>	<b>1,331.66</b>	<b>5,080.70</b>	<b>14,461.01</b>	<b>7,052.41</b>	
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization</b>	<b>73.47</b>	<b>280.91</b>	<b>1,064.19</b>	<b>1,233.11</b>	
<b>EBITDA Margin</b>	<b>5%</b>	<b>6%</b>	<b>7%</b>	<b>16%</b>	
<b>Profit/(Loss) before extraordinary items and tax</b>	<b>9.62</b>	<b>28.60</b>	<b>532.49</b>	<b>877.30</b>	
<b>Profit/(Loss) before tax</b>	<b>9.62</b>	<b>28.60</b>	<b>532.49</b>	<b>877.30</b>	
Current Tax /MAT Payable	1.50	4.46	122.65	240.78	
Tax adjustment for earlier years					
Deferred Tax	4.55	7.35	28.13	17.63	
MAT Credit entitlement	-1.50	-4.46	-	-	
Total Tax Expense	4.55	7.35	150.78	258.41	
<b>Profit/(Loss) for the year</b>	<b>5.07</b>	<b>21.25</b>	<b>381.71</b>	<b>618.89</b>	
<b>Net Profit Margin</b>	<b>0.38%</b>	<b>0.42%</b>	<b>2.55%</b>	<b>7.80%</b>	

<b>Balance Sheet</b>					<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>	
<b>EQUITY AND LIABILITIES</b>					
<b>1. Shareholders' funds</b>					
Share Capital	90.00	140.00	140.00	140.00	
Reserve and Surplus	41.64	62.88	444.59	1,063.48	
<b>Total Equity</b>	<b>131.64</b>	<b>202.88</b>	<b>584.59</b>	<b>1,203.48</b>	
<b>Minority Interest</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>Total Equity</b>	<b>131.64</b>	<b>202.88</b>	<b>584.59</b>	<b>1,203.48</b>	
<b>2. Non-current liabilities</b>					
Long Term Borrowings	490.78	743.03	902.83	1,151.16	
Deferred Tax Liabilities (Net)			25.42	43.05	
Other Long-term Liabilities	1.00	6.00	6.00	6.00	
Long-term Provisions	9.21	14.52	24.80	26.87	
<b>Total Non-current liabilities</b>	<b>500.99</b>	<b>763.55</b>	<b>959.05</b>	<b>1,227.08</b>	
<b>3. Current liabilities</b>					
Financial Liabilities					
Short-term borrowings	533.13	1,140.88	2,041.26	2,014.90	
Trade payables					
Due to MSME	0.74	984.61	0.05	4.53	
Due to Others	539.99	-	1,994.95	3,062.63	
Other Current Liabilities	42.13	68.80	180.83	166.36	
Short-term Provisions	6.56	19.29	32.30	139.36	





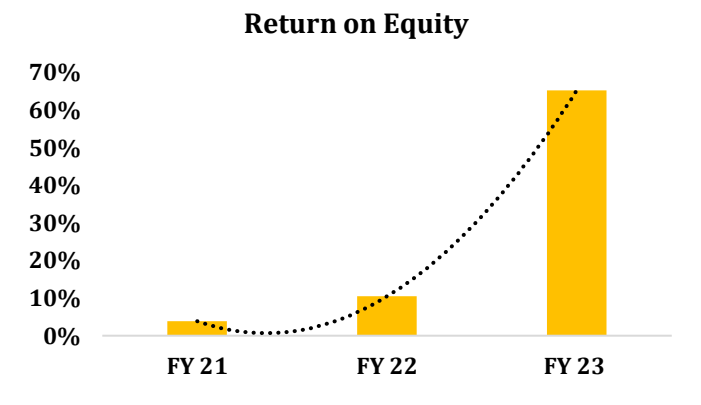
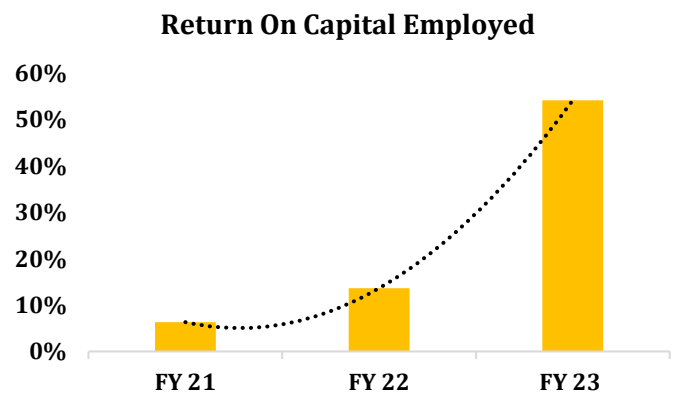
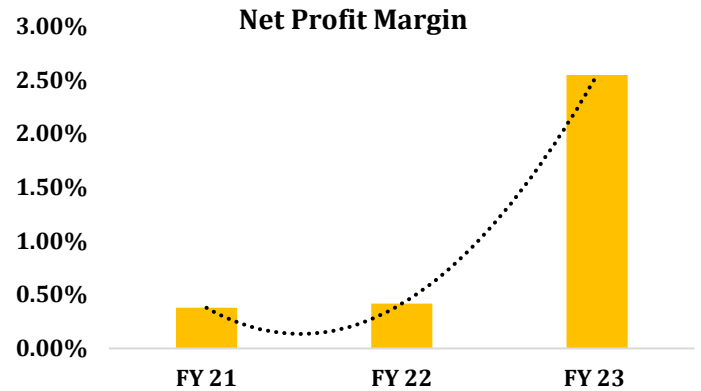
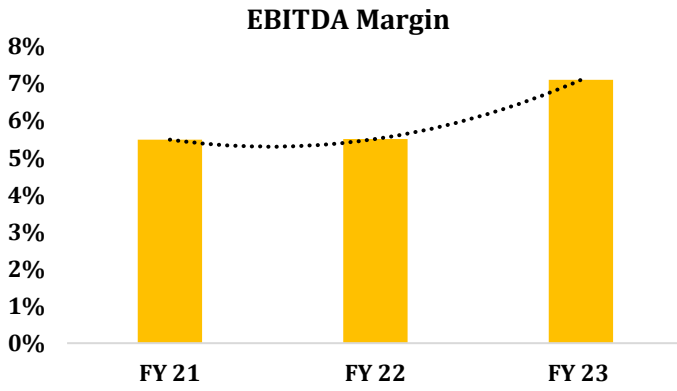
<b>Balance Sheet</b>				<b>(In Lacs)</b>
<b>Total Current liabilities</b>	<b>1,122.55</b>	<b>2,213.58</b>	<b>4,249.39</b>	<b>5,387.78</b>
<b>Total Liabilities</b>	<b>1,623.54</b>	<b>2,977.13</b>	<b>5,208.44</b>	<b>6,614.86</b>
<b>Total Equity and Liabilities</b>	<b>1,755.18</b>	<b>3,180.01</b>	<b>5,793.03</b>	<b>7,818.34</b>
<b>ASSETS</b>				
<b>1. Non-current assets</b>				
Property, Plant and Equipment	594.06	805.37	1,243.26	1,811.33
Intangible assets	4.00	1.66	2.61	2.97
Non-current investments	5.75	14.38	23.38	23.38
Deferred Tax Assets (net)	10.06	2.71	-	-
other non-current assets	63.51	115.55	352.56	308.32
<b>Total Non-Current assets</b>	<b>677.38</b>	<b>939.67</b>	<b>1,621.81</b>	<b>2,146.00</b>
<b>2. Current assets</b>				
Inventories	466.79	1,335.75	1,583.59	2,638.56
Trade receivables	450.10	638.49	2,286.30	2,603.97
Cash and Bank Balances	18.23	47.43	198.69	173.93
Short-term loans and advances	141.82	217.35	92.33	237.74
Other Current Assets	0.86	1.32	10.31	18.14
<b>Total Current assets</b>	<b>1,077.80</b>	<b>2,240.34</b>	<b>4,171.22</b>	<b>5,672.34</b>
<b>Total Assets</b>	<b>1,755.18</b>	<b>3,180.01</b>	<b>5,793.03</b>	<b>7,818.34</b>

<b>Cash Flow Statement</b>				<b>(In Lacs)</b>
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23</b>
Net Cash Flow from Operating Activities	-394.46	-400.99	-88.96	677.59
Net Cash Flow from Investing Activities	-625.69	-366.37	-666.84	-346.48
Net Cash Flow from Financing Activities	983.27	796.56	747.06	-355.87

<b>Ratio Sheet</b>				
<b>Particulars</b>	<b>FY 21</b>	<b>FY 22</b>	<b>FY 23</b>	<b>Sep-23*</b>
<b>Per Share Data</b>				
Diluted EPS	0.56	2.35	27.26	11.62
BV per share	1.16	1.80	5.17	40.69
<b>Operating Ratios</b>				
EBITDA Margins	5.49%	5.51%	7.10%	15.57%
PAT Margins	0.38%	0.42%	2.55%	8.28%
Inventory days	127.35	95.61	38.57	60.95
Debtor days	122.79	45.70	55.69	60.15
Creditor days	193.66	86.47	73.97	118.90
<b>Return Ratios</b>				
RoCE	6%	14%	54%	40%
RoE	4%	10%	65%	29%
<b>Valuation Ratios (x)</b>				
EV/EBITDA	15.48	7.26	3.13	2.90
Market Cap / Sales	6.33	1.66	0.57	0.53
P/E	158.93	37.87	3.26	7.66
Price to Book Value	76.40	49.57	17.20	2.19
<b>Solvency Ratios</b>				
Debt / Equity	7.78	9.29	5.04	2.63
Current Ratio	0.96	1.01	0.98	1.05
Quick Ratio	0.54	0.41	0.61	0.56
Asset Turnover	0.76	1.60	2.59	1.01
Interest Coverage Ratio	1.18	1.16	2.67	5.51

\*Annualized Figures

**Financial Charts**





### Key Risk Factors

1. The Directors of the company is party to certain litigation and claims amounting to Rs. 0.87 lakhs. Any adverse decision may make them liable to liabilities/penalties and may adversely affect the reputation, business and financial status.
2. The Company has negative operating cash flows for the FY ended 2021, 2022, and 2023. Sustained negative cash flow could adversely impact the business, financial condition and results of operations.

### Track Record of Lead Manager

The BRLM to the issue is GYR Capital Advisors Private Limited. A table has been set below highlighting the details of the IPO of the last 10 companies handled by the BRLM in recent times -

#### GYR Capital Advisors Private Limited -

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Koura Fine Diamond Jewellery Limited	5.50	55.00	March 14, 2024	64.1
2.	Thaai Casting Limited	47.20	77.00	February 23, 2024	150.00
3.	Maxposure Limited	20.26	33.00	January 23, 2024	75.00
4.	Kay Cee Energy and Infra Limited	15.93	54.00	January 05, 2024	183.00
5.	Trident Techlabs Limited	16.03	35.00	December 29, 2023	176.00
6.	Maitreya Medicare Limited	14.89	82.00	November 07, 2023	214.00
7.	Basilic Fly Studio Limited	66.35	97.00	September 11, 2023	345.00
8.	Srivari Spices and Foods Limited	8.99	42.00	August 18, 2023	264.00
9.	Essen Specility Films Limited	66.33	107.00	July 06, 2023	173.00
10.	MCON Rasayan India Limited	6.84	40.00	March 20, 2023	119.00

The company has had 22 mandates in the past three years (including the current year)

\*CMP for the above-mentioned companies is taken as of March 20<sup>th</sup>, 2024.

As per the offer document, from the above-mentioned mandates, all the mandates are opened at a premium, on the listing date.



## **Recommendation**

The company has been in the industry since 2010 and thus has vast experience in the industry. The company has seen a sudden hike in the top line of its financials for the FY ended 2023. The company faces high competition. The management outlook of the company is good.

The P/E on a post-IPO and annualized basis is around 7.66 times which makes it fairly priced by looking at the performance of the company.

The company operates in a very competitive segment. The company is planning to expand its geographical reach to the USA which can drive good growth for the company. The sudden hike in the top line of the financials raises concerns and the company has had negative operating cash flows for three consecutive years. The sudden hike in the profitability margins does not look attractive and may not be sustainable going forward. Thus, we recommend **AVOID** applying to this IPO.



## **Disclaimer**

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