



IPO Note

Safe Enterprises Retail Fixtures Limited

Recommendation: **AVOID!**

Company Background –

- **Incorporation:** Originally incorporated as a partnership on Aug 01, 1976. The registered office is located in Thane.
- **Business Activity:** The company is engaged in the business of designing, manufacturing, supplying and installation of shop fittings and retail fixtures, offering a wide range of customized in-store solutions across multiple retail segments such as fashion & apparels, electronics, departmental store etc.
- **Revenue Stream:** The company generates majority of the revenue from sale of furniture and fittings.
- **Human Resource:** The company has 266 full-time employees as on Mar 31, 2025.

Objects of the Issue –

- Capital expenditure towards setting up of a new manufacturing unit.
- Investment in subsidiary, Safe Enterprise Retail Technologies Private Limited for financing its capital expenditure towards installation of additional plant and machinery.
- Investment in subsidiary, Safe Enterprise Retail Technologies Private Limited to meet working capital requirements.
- Working capital requirements.
- General corporate purposes.

Promoters Name –

Saleem Shabbir Merchant, Mikdad Saleem Merchant, Huzefa Salim Merchant, and Munira Salim Merchant.

Rationale for Recommendation – The company was incorporated in 1976 as a partnership firm. The IPO is reasonably priced with a post-issue P/E of 16.19. While the management is satisfactory, and the company has shown consistent growth in revenue, EBITDA, and profits, the business is heavily reliant on a single large customer, which accounted for over 76% of revenue in FY23-25. The increasing dependence on this customer, along with a lack of long-term contracts and high supplier concentration, raises significant business risk. Given the fragmented industry with many competitors and the potential vulnerability from this reliance, we recommend **avoiding this IPO** and waiting to assess post-IPO performance.

IPO Details

Opening Date	June 20, 2025
Closing Date	June 24, 2025
Allotment Date	June 25, 2025
Listing Date	June 27, 2025
Stock Exchange	NSE SME
Lot Size	1,000 Shares
Issue Price Per Share	₹131 to ₹138
Issue Size	169.74 Cr.
Fresh Issue	169.74 Cr.
Offer for Sale	-
Application Amt	₹ 1,38,000 (1,000 shares)

INDUSTRY – Retail Fixtures

Avg. P/E ratio as per RHP is 21.31

KPI's	KPIs		
	FY 23	FY 24	(In Lakhs)
Revenue	7,721.57	10,091.49	13,831.31
EBITDA	2,912.22	4,494.00	6,791.47
Net Profit	1,208.90	2,308.84	3,918.54
RoCE	96.25%	93.54%	62.53%
ROE	81.44%	79.64%	54.37%
P/E	39.20	20.51	12.08

Promoter Share Holding Pattern

Pre-Issue	Post-Issue
95.19%	71.02%

Valuation Parameters

Particulars	Pre-Issue	Post Issue
EPS	11.42	8.52
BVPS	21.48	16.02
P/E	12.08	16.19
P/BV	6.43	8.61
Mkt Cap (In Cr)	473.40	634.53

Lead Managers –

Hem Securities Private Limited

Registrar –

Maashitla Securities Private Limited

Business Overview -

The company is engaged in the business of designing, manufacturing, supplying and installation of shop fittings and retail fixtures across multiple retail segments such as fashion & apparels, electronics, departmental store etc. It offers fully customised retail fixture solutions to meet the specific requirement of each customer. Its products include quality modular fixtures which includes storage racks, storage systems, cabinets, partition systems, digital display screens, touch enabled monitors, display tables, full glass counter, single/double horizontal stand, cash counter etc. for retailers across varied store categories.

The company has one experience centre at Cochin, Kerela, where anyone can walk in and experience their latest technology enabled shopfittings and retail fixture solutions. Additionally, the company has 2 franchisees in Navi Mumbai and Hyderabad and 2 distributors in Dubai and Kansas City. The experience centre and franchisees help provide a platform to architects and interior designer to work with retailers.

The company has 2 subsidiaries; Safe Enterprises Retail Technologies Private Limited, incorporated on Feb 24, 2020. It focuses on development and distribution of innovative shop fittings solutions such as electrified shop fittings including LED lighting, digital screens, display stands etc. Its manufacturing unit is located in Pune, Maharashtra. And, its second subsidiary is Inscite Advisory Services LLP incorporated on Jan 23, 2018. It provides financial consultancy and advisory services,

Geographic – Wise Revenue Breakup:

(in Lakhs)

State Name	FY 23	%	FY 24	%	FY 25	%
Maharashtra	2,527.89	34.35%	1,984.09	20.61%	2,315.04	17.23%
Karnataka	631.06	8.57%	887.37	9.22%	1,458.62	10.86%
Telangana	527.45	7.17%	1,240.48	12.89%	1,079.71	8.04%
Uttar Pradesh	369.72	5.02%	531.77	5.53%	1,031.13	7.68%
Gujarat	867.85	11.79%	1,061.51	11.03%	1,000.34	7.45%
Others	2,365.65	32.14%	3838	39.88%	6,375.8	47.46%
Export	70.23	0.95%	81.44	0.85%	173.82	1.29%
Total*	7,359.85	100.00%	9,624.66	100.00%	13,434.46	100.00%

*The reason why the total revenue figure does not match with the financial statement is because the financial statements are consolidated.

Manufacturing Facility:

The company has 3 manufacturing facilities. One is located in Thane and the other two in Navi Mumbai. The capacity utilisation is as under.

Product	FY 23	FY 24	FY 25
Unit I			
Installed Capacity	5,534.80	6,490.60	7,006.13
Capacity Utilised (%)	65.46%	88.55%	89.42%
Unit II			
Installed Capacity	2,430.20	2,801.90	3,116.87
Capacity Utilised (%)	69.41%	89.68%	91.77%
Unit III			
Installed Capacity	33,63,000	36,01,213	39,10,000
Capacity Utilised (%)	63.16%	84.21%	87.90%
Subsidiary			
Installed Capacity	3,200.0	5,100.0	5,212.0
Capacity Utilised (%)	79.7%	85.01%	90.69%

Competition -

- 1. Market Competition:** High competition because of a number of regional and national players offering similar products.
- 2. Geographic Competition:** High because of a number of large retail fixtures businesses situated in Delhi, Ahmedabad, Bangalore, and Mumbai that operate pan India.
- 3. Barriers to Entry:** There are moderate barriers to entry as setting up of manufacturing facilities and designing products demands capital investment and technical expertise.
- 4. Threat of Substitutes:** Moderate threat of substitutes as retailers can switch to in house solutions, digital displays, other businesses offering similar products, etc.
- 5. Bargaining Power of Customers:** Customers have a high bargaining power as mostly they are large organised retailers who would buy products in higher volumes.
- 6. Bargaining Power of Suppliers:** Suppliers have low bargaining power as a few suppliers do not dominate the industry because of widely available raw materials, especially wood.

Business Strategies -

1. Setting up of a new manufacturing unit at Village Nahren, Taluka Ambernath, Thane, Maharashtra, measuring 16,290 sq. mtr.
2. Enhancing brand image and meeting quality standards through continuous quality review and collective measures.
3. Expand geographical presence and strengthen position especially in Punjab, Rajasthan, Uttar – Pradesh, Gujarat, Uttarakhand, and Delhi
4. Maintaining cordial relationship with suppliers, customers, and employees.

Risk Factors -

1. There are 4 tax litigations against the company worth ₹133.7 lakhs and 1 tax litigation against the promoter worth ₹1.03 lakhs.
2. The group company have incurred losses in the past. Inscite Fintech Solutions Pvt. Ltd, had incurred loss amount of Rs. 0.88 Lakhs, Rs. 4.34 Lakhs and Rs. 40.95 Lakhs in FY 22, FY 23, and FY 24 Respectively.
3. The company is heavily dependent on one large customer for sale of its products. The top 1 customer contributed 76.37%, 85.86%, 84.44% in FY 23, FY 24, and FY 25 respectively.
4. The company is dependent on few numbers of suppliers. Its top 10 suppliers contributed 75.65%, 70.88%, 63.86% in FY 23, FY 24, and FY 25 respectively.
5. The company has concentrated geographic presence. Its sales from top 5 states were 67.56%, 59.78%, 51.92% in FY 23, FY 24, and FY 25 respectively.

PEER ANALYSIS -

Particulars	Safe Enterprise Retail Fixtures Limited			Naman In-Store India Limited*		
	FY 23	FY 24	FY 25	FY 23	FY 24	FY 25
EBITDA Margin	15.66%	22.88%	28.33%	2.91%	6.40%	4.00%
NP Margin	37.72%	44.53%	49.10%	7.45%	14.15%	10.32%
RoCE	96.25%	93.54%	62.53%	55.75%	33.67%	14.09%
ROE	81.44%	79.64%	54.37%	69.48%	24.23%	7.91%
EPS	3.52	6.73	11.42	5.68	10.16	5.34
P/E	39.20	20.51	12.08	-	11.33	12.36

*Company was not listed during FY 23 therefore the P/E is nil.

INDUSTRY OVERVIEW -**Retail Fixtures****- Manufacturing Industry:**

The Indian manufacturing industry is a key pillar of economic growth, contributing **16–17% to GDP** pre-pandemic, with government initiatives like 'Make in India' and 'National Manufacturing Policy' targeting **25% by end of 2025**. Key government schemes like the **Production Linked Incentive (PLI)** have attracted **₹1.43 lakh crore (US\$ 16.5 billion)** in FDI over the last five years—a 69% increase. The industry has the potential to reach **₹87.57 lakh crore (US\$ 1 trillion)** by FY26, supported by strong policy frameworks, digital adoption, and global supply chain integration. India is also projected to add **₹43.43 lakh crore (US\$ 500 billion)** annually to the global economy by 2030.

- Retail Industry:

It contributes significantly to the Indian economy, accounting for over **10%** of the country's Gross Domestic Product (GDP). India is currently the world's fifth-largest global destination in retail. A primary driver of growth is India's sizeable middle class and largely untapped retail market. With growing urbanization and increasing consumer purchasing power, especially in metropolitan areas, Indian consumers are shifting their preferences toward branded goods across a range of categories—such as apparel, cosmetics, footwear, beverages, food, watches, and jewelry.

According to the Boston Consulting Group (BCG), the Indian retail sector is projected to reach a valuation of **USD 2 trillion by 2032**, underscoring its long-term growth potential. India's retail development is not limited to metros; tier II and tier III cities are also witnessing significant retail activity, contributing to broader market expansion.

- Interior Design Industry

The market is projected to reach **US\$ 81.2 billion by 2030**, growing at a **CAGR of 14.3%**. As of 2023, the **commercial interior design segment** holds a **75% market share**, fueled by the growth in India's commercial real estate market and the transition in work culture that prioritizes functional and aesthetic workspaces. The residential segment, holding the remaining 25%, is also expanding with rising consumer preferences for stylish and optimized living spaces.

Growth drivers include rising middle class and boom in real estate. The real estate market was valued at **US\$ 280 billion in 2023** and is forecast to reach **US\$ 562 billion by 2032** (IMARC Group). Property sales in **CY2023** reached a record **271,818 units sold** in top cities, showing a **26% YoY growth**.

- Textiles and Apparel Industry

India is the **second-largest global producer of textiles and garments** and one of the **top – 5 largest exporters**, with a **4.6% share of global share** that is expected to reach **US\$ 65 billion by FY26**. The domestic textiles and apparel market is expected to grow at a **CAGR of 10%** to reach **US\$ 350 billion by 2030**. The global apparel market, in parallel, is projected to grow at a **CAGR of 8%** to reach **US\$ 2.37 trillion**, while global textile and apparel trade is estimated to reach **US\$ 1.2 trillion by 2030**.

The Indian government has set a target of achieving **US\$ 100 billion in textile exports by FY30**, a sharp jump from **US\$ 34.43 billion in FY24**. To support this, the **Rs. 10,683 crore (US\$ 1.44 billion)** Production-Linked Incentive (PLI) scheme is being implemented over 2025–2030, focusing on boosting man-made fibre (MMF) apparel, MMF fabrics, and 10 technical textile segments. India's textile industry currently contributes **2.3% to GDP** but is expected to **double its GDP contribution to around 5% by 2030**.

Key Management -

Key Management Persons Name -	Saleem Shabbir Merchant
Age	68
Designation and No. of years of experience	Promoter, Chairman & Managing Director, 48+ years of experience
Qualification	Secondary Education
Other Directorships	Inscite Fintech Solutions Pvt. Ltd, Safe Enterprises Shopfittings Pvt. Ltd, Safe Enterprises Retail Technologies Pvt. Ltd, Insync Retail Project Management Pvt. Ltd, Saleem and Munira Merchant Charitable Foundation

Key Management Persons Name -	Mikdad Saleem Merchant
Age	35
Designation and No. of years of experience	Promoter, Whole - Time Director & CFO, 13+ years of experience
Qualification	B. Com, ICAI
Other Directorships	Sociograph Solutions Pvt. Ltd, Inscite Fintech Solutions Pvt. Ltd, Safe Enterprises Shopfittings Pvt. Ltd, Safe Enterprises Retail Technologies Pvt. Ltd, Insync Retail Project Management Pvt. Ltd, Saleem and Munira Merchant Charitable Foundation, We Techshiksha Labs Pvt. Ltd

Key Management Persons Name -	Huzefa Salim Merchant
Age	42
Designation and No. of years of experience	Promoter and Whole - Time Director, 16+ years of experience
Qualification	B. A.
Other Directorships	Inscite Fintech Solutions Pvt. Ltd, Safe Enterprises Shopfittings Pvt. Ltd, Safe Enterprises Retail Technologies Pvt. Ltd, Insync Retail Project Management Pvt. Ltd, Saleem and Munira Merchant Charitable Foundation

Key Management Persons Name -	Munira Salim Merchant
Age	67
Designation and No. of years of experience	Promoter, Non - Executive Director, 22+ years of experience
Qualification	B. Com
Other Directorships	Inscite Fintech Solutions Pvt. Ltd, Safe Enterprises Shopfittings Pvt. Ltd, Safe Enterprises Retail Technologies Pvt. Ltd, Insync Retail Project Management Pvt. Ltd, Saleem and Munira Merchant Charitable Foundation

- There is **dual chairmanship** which is unfavourable.
- **Kedar Mangesh Latke** is an independent director. His qualifications include ICSI and 10 years of experience.
- **Seema Shashank Mhatre** is an independent director. Her qualifications include ICSI and 11 years of experience.
- **Mikdad Saleem Merchant (CFO)**, holds a bachelor's degree in commerce and ICAI.
- **Mohini Raju Waghade (CS & CO)**, is a member of ICSI.

FINANCIAL SNAPSHOT

Statement of Profit and Loss			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
Revenue from Operations	7,721.57	10,091.49	13,831.31
Other Income	13.63	46.10	141.86
Total Income	7,735.20	10,137.59	13,973.17
Expenses			
Cost of Materials Consumed	4,048.15	4,725.64	5,986.91
Change in Inventories of Finished Goods, WIP and Stock-in-Trade	-38.73	-60.21	-525.42
Employee Benefit Expenses	774.77	917.23	1,572.32
Finance Cost	52.93	57.49	79.90
Depreciation and Amortization Expense	1,017.10	1,355.94	1,853.72
Other expenses	25.16	14.83	6.03
Total Expenses	5,879.38	7,010.92	8,973.46
EBITDA	2,912.22	4,494.00	6,791.47
EBITDA Margin	37.72%	44.53%	49.10%
Profit/(Loss) before tax	1,855.82	3,126.67	4,999.71
Tax Expense			
Current tax	652.30	1,098.30	1,358.66
Deferred Tax	-5.38	-6.18	-9.07
Total Tax	646.92	1,092.12	1,349.59
Profit/(Loss) From Continuing Operations	1,208.90	2,034.55	3,650.12
Share of Profit/Loss from Associates	-	274.29	268.42
Profit/(Loss) for the Year	1,208.90	2,308.84	3,918.54
Net Profit Margin	15.66%	22.88%	28.33%
Statement of Assets and Liabilities			Amt in Lakhs.
Particulars	FY 22	FY 23	FY 24
EQUITY AND LIABILITIES			
1. Shareholder's Funds			
Share Capital	1,484.47	2,463.51	1,715.22
Reserves and Surplus	-	435.64	5,492.36
Total Shareholder's Fund	1,484.47	2,899.15	7,207.58
Minority Interest	-	-	159.51
Total Equity	1,484.47	2,899.15	7,367.09
2. Non-Current Liabilities			
Long-term Borrowings	96.74	58.50	24.16
Deferred Tax liability	9.57	3.38	9.61
Other Long Term Liabilities	286.06	283.56	355.04
Long Term Provisions	92.19	110.03	140.93
Total Non-Current liabilities	484.56	455.47	529.74
3. Current Liabilities			
Short-term Borrowings	29.96	31.07	0.17
Trade Payables			
(a) MSME	251.06	368.01	17.37
(b) Other Than MSME	782.75	572.34	903.50
Other Current Liabilities	669.68	1,081.34	1,335.80
Short-term Provisions	236.65	32.46	40.48
Total Current liabilities	1,970.10	2,085.22	2,297.32
Total Liabilities	2,454.66	2,540.69	2,827.06
Total Equity and Liabilities	3,939.13	5,439.84	10,194.15

Particulars	FY 22	FY 23	FY 24
ASSETS			
1. Non-Current Assets			
Property, Plant and Equipment	487.92	453.73	965.06
Intangible Assets	0.38	0.38	29.92
Capital Work in Progress	-	-	14.94
Non-Current Investments	91.01	901.71	153.13
Long-Term Loans and Advances	-	412.53	1,045.13
Other Non- Current Assets	155.26	901.15	1,735.80
Total Non-Current assets	734.57	2,669.50	3,943.98
2. Current Assets			
Inventories	100.85	195.46	959.29
Trade Receivables	2,062.69	2,157.88	2,381.05
Cash and Bank Balance	682.92	133.53	2,738.89
Short Term Loans and Advances	319.09	252.45	76.53
Other Current Assets	39.01	31.02	94.41
Total Current assets	3,204.56	2,770.34	6,250.17
Total Assets	3,939.13	5,439.84	10,194.15

Cash Flow Statement			Amt in Lakhs.
Particulars	FY 23	FY 24	FY 25
Net Cash Flow from Operating Activities	854.10	1,354.18	3,105.37
Net Cash Flow from Investing Activities	-266.05	-677.82	-1,046.22
Net Cash Flow from Financing Activities	-99.80	-1,105.86	-751.15

Key Ratios

Per Share Data				Valuation Ratios (x)			
	FY 23	FY 24	FY 25		FY 23	FY 24	FY 25
Diluted EPS	3.52	6.73	11.42	EV/EBITDA	0.32	0.64	0.69
BV per share	-	-	21.48	Market Cap / Sales	-	-	3.42
Operating Ratios				P/E	39.20	20.51	12.08
EBITDA Margins	37.72%	44.53%	49.10%	Price to Book Value	-	-	6.43
NP Margin	15.66%	22.88%	28.33%	Solvency Ratios			
Inventory days	4.78	7.09	25.32	Debt / Equity	0.09	0.03	0.003
Debtor days	97.77	78.26	62.83	Current Ratio	1.63	1.33	2.72
Creditor days	94.94	72.30	56.02	Quick Ratio	1.58	1.23	2.30
Return Ratios				Asset Turnover	1.96	1.86	1.36
RoCE	96.25%	93.54%	62.53%	Interest Coverage Ratio	35.80	54.58	61.80
RoE	81.44%	79.64%	54.37%				

INTERPRETATION –

- The company's top line and bottom-line figures have seen a consistent increase. Revenue increased by 30.69% and 37.84% in FY 24 and FY 25 which was due to increase in sale of shop fittings and retail fixtures.
- The EBITDA and PAT also increased over the years. The PAT increased by 90.99% in FY24 and 69.72% in FY25.
- The profitability margins also increased over the years. It was due to overall decrease in expenses (majorly cost of materials consumed).
- During FY 25, there was a spike in cost of materials consumed and changes in inventory due to an increase in purchases made by the company. This is also why inventory days rose during the same period.
- Employee benefit expenses saw an increase of 71.42% during FY 25 because of increase in remuneration of directors, wages, and salary.

LEAD MANAGER TRACK RECORD –

The lead manager to the issue is **Hem Securities Limited**.
A table has been set below highlighting the details of the IPO of the last companies handled by the Lead Manager in recent times –

Hem Securities Limited-

Sr. No.	Company Name	Issue Size in Cr.	Issue Price/Share (In INR)	Listing Date	CMP* (INR)
1.	Tankup Engineers Limited	19.53	140	May 29, 2025	321.85
2.	Readymix Construction Machinery Limited	37.66	123	Apr 30, 2025	96.20
3.	Unified Data-Tech Solutions Limited	144.47	273	Feb 13, 2025	341.90
4.	Enviro Infra Engineers Limited	650.43	148	Nov 29, 2024	215.65
5.	Danish Power Limited	197.9	380	Oct 29, 2024	1083.05
6.	Sahasra Elecronics Solutions Limited	186.16	283	Oct 04, 2024	287.00
7.	Forge Auto International Limited	31.1	108	Oct 04, 2024	90.00
8.	Unilex Colours and Chemicals Limited	31.32	87	Oct 03, 2024	44
9.	WOL 3D India Limited	25.56	150	Sep 30, 2024	129.05
10.	Manba Finance Limited	150.84	120	Sep 30, 2024	142.44

*CMP for the above-mentioned companies is taken as of 17th June 2025.
As per the offer document, the above-mentioned mandates all have opened at a premium on the listing day.

Recommendation -

The company was incorporated as a partnership on Aug 01, 1976 and has good experience in the industry. The entity has limited operational history as a company limited as it transitioned from a partnership to a private limited company during FY 25.

It has a post issue P/E of 16.19. It means that the shares are fairly priced.

The management of the company has is satisfactory.

The company's top line, EBITDA and bottom line has increased consistently over the years and looks sustainable in the long run.

However, it is heavily dependent on a single large customer that accounted for 76.37%, 85.86%, 84.44% of the company's revenue in FY 23, FY 24, and FY 25 respectively and their reliance has increased over the years. Since the company does not have any long-term contract with their largest customer, they might face difficulty in the future if they lose this customer. There is also a concentration of suppliers as the top 10 suppliers contributed 75.65%, 70.88%, 63.86% of its purchases in FY 23, FY 24, and FY 25 respectively.

There are many large and small players in the organised and unorganised segment.

Thus, investors can **AVOID** this IPO for now and evaluate post IPO performance.

Disclaimer

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