

OFFER BACKGROUND

Ravi Modi Family Trust (acting through its trustee, Modi Fiduciary Services Private Limited), is one of the promoters of Vedant Fashions Limited (the 'Promoter'). The Seller proposes to sell up to 1,69,94,600 Equity Shares of the Company (representing 7.00% of the total issued and paid up Equity Share capital of the Company) ('Base Offer Size'), on May 18, 2023, ('T day') (for non-Retail Investors only) and on May 19, 2023 ('T+1 day') (for Retail Investors and for non-Retail Investors who choose to carry forward their unallotted bids) with an option to additionally sell 69,87,824 Equity Shares (representing 2.88% of the total issued and paid up Equity Share capital of the Company) (the 'Oversubscription Option', and in the event that the Oversubscription Option is exercised, the Equity Shares forming part of the Base Offer Size and the Oversubscription Option will represent 9.88% of the total issued and paid up Equity Share capital of the Company, i.e. 2,39,82,424 Equity Shares, and will collectively, hereinafter be referred to as 'Offer Shares' while in the event that such Oversubscription Option is not exercised, the Equity Shares forming part of the Base Offer Size will hereinafter be referred to as 'Offer Shares') through a separate, designated window of the BSE Limited ('BSE') and National Stock Exchange of India Limited ('NSE', and together with BSE, the 'Stock Exchanges'), in accordance with the SEBI OFS Guidelines (such offer for sale hereinafter referred to as the 'Offer')

THE SYNOPSIS OF THE OFFER FOR SALE IS AS FOLLOWS:

Name of the Seller (Promoter /Promoter Group)	Ravi Modi Family Trust (acting through its trustee, Modi Fiduciary Services Private Limited)
Name of the company whose shares are proposed to be sold and ISIN	Vedant Fashions Limited
Name of the stock exchanges where orders shall be placed	BSE and NSE
Name of the designated stock exchange	BSE
Date and time of opening and closing of the sale	Date: May 18, 2022 for Non-Retail; Open: 9.15am; Close: 3.30 pm Date : May 19, 2022 for retail; Open : 9:15am; Close : 3.30pm
Total number of equity shares being offered in the Sale	To sell up to 1,69,94,600 Equity Shares of the Company (representing 7.00% of the total issued and paid up Equity Share capital of the Company) ('Base Offer Size'), on May 18, 2023, ('T day') (for non-Retail Investors only) and on May 19, 2023 ('T+1 day') (for Retail Investors and for non-Retail Investors who choose to carry forward their unallotted bids) with an option to additionally sell 69,87,824 Equity Shares
Name of the broker(s)	Axis Caoital Limited Kotak Securities Limited
Retail Discount	No discount
Floor Price	Rs. 1161
Allocation Methodology	The allocation shall be at or above the Floor Price on price priority method at multiple clearing prices ("Clearing Prices") basis in accordance with the SEBI OFS Circulars.

Stock Data

Latest Data as on May17, 2023	
Latest Equity(Subscribed)	24.28
Latest Reserve	1375.60
Latest EPS -Unit Curr.	17.67
Latest Bookvalue -Unit Curr.	57.66
Face Value	1.00
Stock Exchange	BSE
Latest Market Price--Unit Curr.	1246.85
Latest P/E Ratio	70.56
Latest P/BV	21.62
52 Week High -Unit Curr.	1501.00
52 Week High-Date	06/10/2022
52 Week Low -Unit Curr.	905.00
52 Week Low-Date	24/02/2022
Market Capitalisation	30271.02
Dividend Yield -%	0.72

PE Chart



Valuation Chart



Key Findings

- Vedant Fashions Limited, formerly Vedant Fashions Private Limited, is an India-based company. The Company is principally engaged in manufacturing, trading, and sale of readymade ethnic wear for men, women, and kids primarily in India. The Company distributes its products under the brand names, such as Manyavar, Mohey, Mebaz, Twamev, and Manthan. The Company's products include men's ethnic and celebration wear items such as Indo-western, sherwanis, kurtas, jackets, and accessories such as jutti, safa, mala, and women's ethnic and celebration wear items such as lehengas, sarees, stitched suits, gowns and kurtis. Its portfolio of products includes a range of attires and accessories. The Company's online channel includes Website, mobile application and e-commerce platforms through which customers can view digitally catalog and select a product from its diverse product offering and place an order.
- In financial year 2023 our overall consumer sales growth stands at 26.3% over financial year 2022 Our SSSG (Same store sales growth) growth has been 18.1% in financial year 2023 over financial year 2022. In quarter four financial year 2023, overall consumer sales grew by 21.2% over quarter four financial year 2022 and the SSSG growth has been 14% over quarter four of last year. In financial year 2023 its consumer sales growth stands at 47.1% when compared to pre-COVID financial year of 2020 while the financial year 2023 SSSG growth has been 17.6% over the pre- COVID financial year of 2020. In the fourth quarter of the financial year, overall consumer sales growth stands at 45.8% compared to quarter four financial year 2020.
- The company continues to report industry-leading gross margin of around 66% during Q4 of FY23. The EBITDA margins were around 50.2% and the EBITDA stood at INR171 crores during Q4 of FY23 with a growth of around 17% compared to Q4 of FY22. It has reported revenue from operation of INR1,355 crores during FY23 delivering a very strong growth of 30% compared to FY22.
- The company has a track record of generating significant cash driven by a healthy cash conversion ratio. The company continues to generate high cash conversion ratio of around 83% in FY23. This has been computed based upon operating cash flow over PAT during the period. Moreover, the operating cash flow generated during the year is 116% of net working capital deployed as on 31st of March 2023. The company also witnessed improvement in net working capital days from 94 days in FY22 to 83 days in Fy23 which is computed based upon internal MIS. The sale of our customers was around INR1,861 crores during FY23 with a significant growth of around 26.3% over FY22 along with a very strong growth of around 18.1% in SSG compared to FY22.

Conclusion

The company is debt-free and its business model is driven by the strength of its system-driven technology infrastructure, its established systems and processes and its longstanding relationships with its vendors. The company's aggressive expansion strategy played a crucial role in this growth, with the opening of 54 exclusive brand outlets, including four new international stores in the USA, UAE, Canada, and the UK. According to the management of the company, the growing demand for ethnic wear, both in India and internationally, and sets the stage for a bright future for Vedant Fashions and its brands. We expect the stock to see a price target of Rs.1483 in 8 to 10 month time frame on an expected P/Ex 70.56 of and FY223 (EPS) of 21.02. it may give 19% return from current market price of Rs.1249.

View : Fundamentally good for long term purpose

Size of offer for sale: Rs.1973.07 crores and if oversubscribed Rs.2784.35 crores

Shareholding Pattern (%)

Description as on	31/03/2023	31/12/2022	30/09/2022	30/06/2022
Total Foreign	3.53	3.53	3.36	3.35
Total Institutions	9.88	9.71	9.74	9.94
Total Non Promoter Corporate Holding	0.26	0.26	0.26	0.00
Total Promoters	84.88	84.89	84.91	84.91
Total Public & Others	1.46	1.62	1.74	1.81

Shareholding of securities of persons belonging to the category Public and holding more than 1% of the total number of shares

Description as on	31/03/2023	31/12/2022
Kotak Mahindra Mutual Fund	1.19	
Kotak Mahindra Trustee Co Ltd		1.11
Motilal Oswal Focused 25 Fund		1.18
Motilal Oswal Mutual Fund	1.57	
Sbi Equity Hybrid Fund		3.86
Sbi Mutual Fund	3.8	

Allocation methodology

A minimum of 25% of the equity shares being offered in the Sale shall be reserved for allocation to mutual funds registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996, as amended ("Mutual Funds") and insurance companies registered with the insurance Regulatory and Development Authority under the Insurance Regulatory and Development Authority Act, 1999, as amended ("Insurance Companies"), subject to receipt of valid bids/orders at the Clearing Prices. In the event of any under subscription by Mutual Funds and Insurance Companies, the unsubscribed portion shall be available to the other bidders.

No single bidder other than Mutual Funds and Insurance Companies shall be allocated more than 25% of the size of the Sale.

Oversubscription option

In case the Oversubscription Option is not exercised, the equity shares of the Company forming part of the Base Offer Size will hereinafter be referred to as "Offer Shares") through a separate, designated window of the BSE Limited (the "BSE") and the National Stock Exchange of India Limited ("NSE", and together with the BSE, the "Stock Exchanges"). The Offer shall be undertaken exclusively through the Seller's Brokers named below on a separate window provided by the Stock Exchanges for this purpose.-

Conditions for withdrawal of the Sale

The Seller reserves the right to not to proceed with the Sale at any time prior to the time of opening of the Sale on the Sale Date. In such a case, there shall be a cooling off period of 10 trading days from the date of withdrawal before an offer is made again. The Stock Exchanges shall suitably disseminate details of such withdrawal.

Conditions for cancellation of the Sale

In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.

Conditions for participating in the Sale

In the event (i) the aggregate number of orders received in the Sale at or above the Floor Price is less than the total number of Sale Shares or (ii) of any default in settlement obligations, the Seller reserves the right to either conclude the Sale to the extent of valid bids / orders or cancel the Sale in full. The decision to either accept or reject the Sale shall be at the sole discretion of the Seller.

Non-institutional buyers shall deposit 100% of the order value in cash up-front with the Clearing Corporation at the time of placing bids for the Sale. In case of institutional investors who place orders with 100% of the order value deposited upfront, custodian confirmation shall be within trading hours.

In case of institutional investors who place orders without depositing 100% of the order value upfront, custodian confirmation shall be as per the existing rules for secondary market transactions.

The funds collected shall neither be utilized against any other obligation of the trading member nor co-mingled with other segments.

Modification or cancellation of orders would be allowed during the duration of the offer only for:

(I) Orders placed by institutional investors and by non-institutional investors, with 100% of the order value deposited upfront: Such orders can be modified or canceled at any time during the trading hours.

(ii) Orders placed by institutional investors without depositing 100 % of the order value upfront: Such orders cannot be modified or cancelled by the investors or stock brokers, except for making upward revision in the price or quantity.

The buyer shall also be liable to pay any other fees, as may be levied by the Stock Exchanges, including Securities Transaction Tax.

In case of any permitted modification or cancellation of the order / bid, the funds shall be released/ collected on a real-time basis by the clearing corporation.

In case of default in pay-in by any investor, 10% of the order value shall be charged as penalty from the investor and collected from the broker. This amount shall be credited to the Investor Protection Fund of the stockexchange.

QUARTERLY PERFORMANCE

	Qtr Ending Mar.23	Qtr Ending Mar.22	VAR %
Total Income	341.63	296.25	15
OPM (%)	49.14	48.61	
OP	167.89	144.01	17
Other income	13.44	11.1	21
PBIDT	181.33	155.11	17
Net Finance Charges	8.44	8.64	-2
PBDT	172.89	146.47	18
Depreciation	27.44	26.89	2
PBT	145.45	119.58	22
Tax expense	36.59	30.89	18
PAT	108.86	88.69	23
Profit after Minority Interest and Share of profit of Associates	108.87	88.7	23
EPS (Rs)	4.48	3.65	23

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