



ALL ABOUT

EMI

Electronics Mart India Limited

SECTOR - CONSUMER DURABLES

Issue Opens - OCTOBER 4 - OCTOBER 7

Price Band

₹56 to ₹59

Face Value

₹10

Lot Size

254 SHARES

Issue Size

₹500 CR

Issue Type

BOOK BUILT

RESEARCH@GANESHSTOCK.COM



Important Events

Issue Size

INR 500.00 Cr cr

Fresh Issue

INR500 Cr

Offer for Sale

300,003,000 Equity shares

Basis of Allotment

Oct 12, 2022

Initiation of Refunds

Oct 13, 2022

Credit of Shares to Demat

Oct 14, 2022

Electronics Mart India

Oct 17, 2022

IPO Listing Date

Promoters

- PAVAN KUMAR BAJAJ (CHAIRMAN AND MANAGING DIRECTOR)
- KARAN BAJA (CEO AND WHOLE-TIME DIRECTOR)
- ASTHA BAJAJ (EXECUTIVE AND WHOLE-TIME DIRECTOR)
- ANIL RAJENDRA NATH

PROMOTERS PRE ISSUE SHARE HOLDING IS 100% AND POST ISSUE SHARE HOLDING 77.97%





ABOUT COMPANY

- **Electronics Mart India Ltd. (EMIL) is the 4th largest and one of the fastest growing consumer durables and electronics retailers in India and as of Financial Year 2021, it is the largest regional organized player in the southern region in revenue terms with dominance in the states of Telangana and Andhra Pradesh.**
- **The company commenced business operations in 1980 and since then there has been a steady rise in revenue from operations. It has been one of the fastest growing consumer durable & electronics retailers in India with a revenue CAGR of 17.90% from Financial Year 2016 to Financial Year 2021**
- **As of August 31, 2022, the company had 112 stores across 36 cities / urban agglomerates with a retail business area of 1.12 million sq. ft. It offers a diversified range of products with a focus on large appliances (air conditioners, televisions, washing machines, and refrigerators), mobiles and small appliances, IT, and others.**
- **EMIL operates business activities across three channels retail, wholesale, and e-commerce. As of August 31, 2022, it had 2091 employees on its payroll.**





PRODUCT PORTFOLIO

They operate their business activities across three channels of retail, wholesale and e-commerce.

Retail

Total 99 stores, 88 stores are Multi Brand Outlets (“MBOs”) with name of (“Bajaj Electronics) and 11 stores are Exclusive Brand Outlets (“EBOs”) name of “Tirupati Electronics” and 2 specialized stores under the name “Kitchen Stories”

Wholesale:

They are also engaged in the wholesale business of consumer durables

E-Commerce:

In 2017, we diversified our operations by venturing into the e-commerce space through our website. Our e-commerce website currently functions as a catalogue for the products we retail at our stores.

OBJECTS OF THE OFFER

THE NET PROCEEDS FROM THE ISSUE ARE PROPOSED TO BE UTILIZED BY THE COMPANY FOR THE FOLLOWING OBJECTS:

- 1. FUNDING OF CAPITAL EXPENDITURE FOR EXPANSION AND OPENING OF STORES AND WAREHOUSES.**
- 2. FUNDING INCREMENTAL WORKING CAPITAL REQUIREMENTS.**
- 3. REPAYMENT / PREPAYMENT, IN FULL OR PART, OF ALL OR CERTAIN BORROWINGS AVAILED BY THE COMPANY.**
- 4. GENERAL CORPORATE PURPOSES.**



TRACK RECORD OF FINANCIAL PERFORMANCE

- REVENUE FROM OPERATIONS FOR FISCAL 2019, FISCAL 2020 AND FISCAL 2021 WAS ₹ 28,236.48 MILLION, ₹ 31,724.77 MILLION AND ₹ 32,018.76 MILLION, RESPECTIVELY.
- THE GROWTH IN THE REVENUE FROM OPERATIONS FELL DOWN FROM 12.35% FOR THE PERIOD FISCAL 2019 - FISCAL 2020 TO 0.93% FOR FISCAL 2020-FISCAL 2021.
- EMIL HAS POSTED TURNOVER/NET PROFITS OF RS. 3179.02 CR. / RS. 81.61 CR. (FY20), RS. 3207.37 CR. / RS. 58.62 CR. (FY21), AND RS. 4353.07 CR. / RS. 103.89 CR. (FY22). FOR Q1 OF FY23, IT EARNED A NET PROFIT OF RS. 40.66 CR. ON A TURNOVER OF RS. 1410.25 CR.
- EBITDA WAS ₹ 2,159.94 MILLION, ₹ 2,276.41 MILLION AND ₹ 2,038.81 MILLION FOR THE FINANCIAL YEARS ENDED 2019, 2020 AND 2021, RESPECTIVELY
- EBITDA Margin (EBITDA as a percentage of total revenue was 7.65%, 7.18%, and 6.37% for the FY ended 2019, 2020 and 2021, respectively. and registered revenue growth of 0.93% and 12.35% in Financial Year 2021 and Financial Year 2020,
- EMIL HAS REPORTED AN AVERAGE EPS OF RS. 2.84 AND AN AVERAGE RONW OF 15.82%.





STRENGTHS

- 4th largest consumer durable and electronics retailer in India
- consistent track record of growth and industry leading profitability.
- Increasing market presence and geographic reach with cluster-based expansion.
- Diversified product offering & optimal product assortment leveraging their deep knowledge and understanding of regional markets

RISKS

- Presently do not own the trademark or logo under which they currently operate.
- Company is dependent on external suppliers for its product requirements.
- large part of their revenues is dependent on a limited number of brands.
- Competition from online retailers who are able to offer products at competitive prices and are also able to offer wide range of products may adversely affect their business and their financial condition, results of operations and cash flows.



Valuation and Outlook

IN TERMS OF VALUATION, PRICE BAND OF THE ISSUE IS INR 56- INR 59 PER SHARE. ON A PRICE RANGE ABOVE INR 59 AND FY 22 EPS OF INR 3.5, THE P/E RATIO IS 17.0X. COMPARED TO THE ONLY PUBLICLY TRADED COMPETITOR IN THE INDUSTRY, ADITYA VISION, IN FY21, EMIL IS BIGGER IN TERMS OF ZERO. STORES, SALES AND REVENUE PER STORE.

ON THE OTHER HAND, ADITYA VISION HAS A BETTER PAT MARGIN IN FY21 AND FY22. EVEN IN FY21 IMPACTED BY COVID-19, EMIL'S REVENUE DID NOT DECLINE AND BUSINESS CONTINUED TO HAVE INTEREST. EMIL EXPERIENCED STRONG REVENUE GROWTH OF 35.8% IN FY22 AND A REVENUE COMPOUND ANNUAL GROWTH RATE OF 17.1% IN FY20-22.

FOLLOWING RELEVANT INDUSTRY TRENDS, INCREASING CONSUMER DURABLES PENETRATION, STRONG SALES PER STORE METRICS, ESTABLISHING NEW RELATIONSHIPS WITH LEADING BRANDS AND EMIL'S PLANS TO ADD MORE STORES IN NCR, REDUCE DEBT. EMIL'S VALUATION LOOKS REASONABLE.

WE WOULD RECOMMEND " **SUBSCRIBE** " TO AN IPO FOR THE **LONG TERM AS WELL GOOD LISTING GAINS.**