

Company Overview

Go Fashion (India) Ltd. (GFIL) is a women's bottom-wear brand in India, with a market share of approximately 8% in the branded women's bottom-wear market in Fiscal 2020. GFIL is engaged in the development, design, sourcing, marketing and retailing of a range of women's bottom-wear products under the brand, 'Go Colors'. It is among the few apparel companies in India to have identified the market opportunity in women's bottom-wear and have acted as a 'category creator' for bottom-wear. GFIL is the first company to launch a brand exclusively dedicated to women's bottom-wear category and have leveraged this advantage to create a direct-to-consumer brand with a diversified and differentiated product portfolio of premium quality products at competitive prices.

Objects of the issue

The IPO proceed will be used towards the following purposes;

1. Funding roll out of 120 new EBOs (Exclusive Brand Outlets);
2. Funding working capital requirements; and
3. General corporate purposes

Investment Rationale**One of the largest players of women's bottom-wear brands in India with a diverse product portfolio**

Go Fashion is the first company to launch a brand exclusively dedicated to the women's bottom wear category, which was the first such brand creating women focused bottom-wear offering a wide range of high-quality products, across styles like ethnic, fusion, western, etc. and across categories like churidars, leggings, jeggings, denim and linen bottom-wear products. It is a key player in India's women's bottom-wear market, with over 30 different product styles with a range of over 120 different colors. Their diverse product portfolio available in varied price ranges, styles and colors ensures that they are well positioned to cater to the needs of women of varied ages, economic backgrounds and segments and address the growing demand in this segment. Further, the fragmented nature of the industry and the lack of organized players and limited competition enable them well to benefit from the growth in the bottom-wear segment.

Multi-channel retail presence across India

Go Fashion has a multi channel pan India distribution network with focus on EBO's, enhancing brand visibility. The company serve its customers primarily through their extensive network of 459 exclusive brand outlets ("EBOs") (including 12 kiosks operated on a "company owned and company operated" ("COCO") model and 11 franchise stores) that are spread across 23 states and union territories in India, as of September 30, 2021. Further, the company also retails their products through 1,270 LFSSs, such as Reliance Retail Limited, Central, Unlimited, Globus Stores Private Limited and Spencer's Retail among others, across 499 cities spanning the entire country covering 31 states and union territories. Apart from the above, they sell their products through online marketplaces and through their own website

Valuation and Outlook

Go Fashion (India) Limited ("Go Fashion") is among the largest women's bottom-wear brands in India. They are among the few apparel companies in India to have identified the market opportunity in women's bottom-wear and have acted as a 'category creator' for bottom-wear. Moreover, the company's well-diversified product portfolio, first mover advantage, strong unit economics, multi-channel pan India distribution, extensive procurement base with highly efficient and technology-driven supply chain management and in-house expertise in developing and designing products are favorable for the future growth of the company. In terms of valuations, the company is trading at a P/BV of 13.17 based on its FY21 Book value, which seems to be attractively priced for the investors. Considering the above factors, we give a "SUBSCRIBE" rating on this issue for the long term.

Issue Details

Offer Period	17th Nov - 22nd Nov, 2021
Price Band	INR.655 to INR.690
Bid Lot	21
Listing	BSE&NSE
Issue Size (no. of shares in mn)	14.6
Issue Size (INR. in bn)	10.1
Face Value	10

Issue Structure

QIB	75%
Retail	15%
HNI	10%
BRLM	JM Financial, DAM Capital, ICICI Securities
Registrar	KFin Technologies Pvt. Ltd.

Particulars	Pre Issue %	Post Issue %
Promoter	57.47	52.78
Public	42.53	47.22
Total	100	100

(Assuming issue subscribed at higher band)

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Income Statement (In mn)

Particulars(Rs in million)	FY19	FY20	FY21	3MFY21
Revenue				
Revenue from operations	2,852	3,920	2,506	309
Total revenue	2,852	3,920	2,507	310
Expenses				
Fees and Commission Expense	-	-	-	
Cost of materials consumed	835	1,062	488	75
Changes in inventories of finished goods and work-in-progress	-174	-367	214	-74
Subcontracting Charges	204	275	118	24
Purchase of Stock in Trade	284	604	218	109
Excise Duty	-	-	-	
Employee benefit expenses	419	619	614	158
Other expenses	483	460	388	74
Total Operating expenses	2,053	2,655	2,043	369
EBITDA	800	1,265	464	(59)
Depreciation and amortisation expense	321	465	604	160
Other income	57	48	315	92
EBIT	536	848	175	(127)
Finance costs	113	164	205	57
Exceptional Item				
Share in Profit/(Loss) of Joint Ventures	-	-	-	
PBT	422	683	(31)	(184)
Current tax	136	204	26	
Tax related to earlier years	-2	-1	-1	
Deferred Tax charge	-21	-46	-20	6
Total tax	113	157	4	6
PAT	309	526	(35)	(190)
Diluted EPS	5	9	-1	-4

Cash Flow Statement (In mn)

Particulars	FY19	FY20	FY21	3MFY21
Cash Flow from operating activities	333	572	899	(249)
Cash flow from investing activities	(53)	(185)	(473)	392
Cash flow from financing activities	(309)	(438)	(371)	(88)
Net increase/(decrease) in cash and cash equivalents	(29)	(50)	55	55
Cash and cash equivalents at the beginning of the period	52	23	(27)	28
Cash and cash equivalents at the end of the period	23	(27)	28	83

Source: RHP, BP Equities Research



Balance Sheet (In mn)

Particulars	FY19	FY20	FY21	3MFY21
Liabilities				
Share Capital	789	789	789	789
Other Equity	1,493	2,073	2,039	1,849
Non-Controlling Interest	2,283	2,863	2,829	2,639
Net worth				
Long-Term Borrowings	7.24	14	21	24
Long-Term Provisions	1,440	1,794	2,173	1,650
Other Non Current Liabilities	1,448	1,808	2,194	1,675
Total Non Current Liabilities	138	105	107	117
Trade payables	-	0	18	17
current tax liability	-	-	-	-
Deferred Tax Liabilities	82	27	104	0
Borrowings	15	29	34	25
Other Financial Liabilities	15	273	45	637
Lease Liabilities	48	53	116	160
Other current liabilities	9	31	33	33
Short Term Provisions	310	520	460	992
Total Current Liabilities	-	-	-	-
Total liabilities	4,041	5,192	5,484	5,306
Assets				
Tangible Assets	473	602	583	577
Right of Use Assets	1,377	1,947	2,006	2,059
Capital work in Progress	19	80	85	80
Good will	-	-	-	-
Intangible Assets	4	7	5	4
Equity Accounted Investment	-	-	-	-
Other Financial Assets	179	203	236	240
Income tax assets (net)	31	56	76	70
Other non-current assets	1	12.6	7	17
Total Non current assets	2,088	2,910	3,002	3,042
Investment	234	88	464	171
Trade Receivables	400	556	471	386
Cash and Bank Balances	106	1	132	83
Other current assets	169	197	268	373
Bank Balances	330	324	264	152
Other Financial Assets	17	55	71	70
Inventories	694	1,058	809	1,026
Total Current Asset	1,953	2,282	2,482	2,264
Net Current Assets	1,643	1,762	2,022	1,272
Total Assets	5,484	5,306	5,192	4,041

Source: RHP, BP Equities research

Key Risks

- ⇒ All of the products are sold under a single brand, 'Go Colors'. An inability to effectively market products and brand, or any deterioration in public perception of the brand, could affect customer footfall and consequently adversely impact their business, financial condition, cash flows and results of operations.
- ⇒ They have incurred losses in Fiscal 2021. In the event we incur net loss in the future, our business and financial condition may be adversely affected.
- ⇒ The current and continuing impact of the ongoing COVID-19 pandemic on their business and operations has been significant and they may continue in future

**Disclaimer Appendix****Analyst (s) holding in the Stock : Nil****Analyst (s) Certification:**

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