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**Issue Offer**

**Fresh Issue of 4,960,000 Equity shares aggregating up to INR 649.76 Mn**

**Issue Summary**

Price Band (INR)	131
Face Value (INR)	10
Implied Market Cap (INR mn.)	2452.6
Market Lot	1000
Issue Opens on	Sept 20,2024
Issue Close on	Sept 24, 2024
No. of share pre-issue	13,762,386
No. of share post issue	18,722,386
Listing	NSE,SME

**Issue Break-up (%)**

QIB Portion	50%
Reatil Portion	35%
NII Portion	15%

**Registrar**

Kfin Technologies Limited

**Book Running Lead Managers**

Beeline Capital Advisors Pvt. Ltd.

**Shareholding Pattern**

	Pre-Issue	Post-Issue
Promoters	88.82%	65.29%
Public & Others	11.18%	34.71%

**Objects of the issue**

- Capital expenditure to be incurred for setting up new EBOs
- Funding Working Capital Requirement
- General corporate purposes

**Abhishek Jain**

[abhishek.jain@arihantcapital.com](mailto:abhishek.jain@arihantcapital.com)

022-422548871

**Natasha Singh**

[natasha.singh@arihantcapital.com](mailto:natasha.singh@arihantcapital.com)

022-42254876

**S D Retail Ltd. under the "SWEET DREAMS" brand, designs, manufactures, outsources, and retails sleepwear for men, women, and kids, with a focus on modern Indian women. Offering pyjamas, night sets, loungewear, and athleisure, Company combines in-house and contract-based production. It sells through physical stores (EBOs and MBOs) and online platforms like Myntra and Amazon. The company focuses on Essentials (year-round) and Fashion (seasonal) lines.**

**Investment Rationale**

**Pan-India Distribution Network and Expansion of EBOs :** Company has established a pan-India distribution network through EBOs , large format stores, and MBOs, covering metro areas and Tier-3 cities. Company's EBOs serve as experience centres, with a dedicated team managing their launch and operations. The company operates 33 EBOs, with notable growth in the Western and Northern regions. Additionally, company has a strong online presence via its website and major e-commerce platforms.

**In-House Design Expertise and Innovation in Sleepwear and Athleisure :** Company differentiates itself with bold, stylish sleepwear designs, created by an in-house team of graphic designers and illustrators. This team draws on global trends to develop a wide range of seasonal collections. Company's sampling facility enables rapid prototyping of new ideas, which are showcased at bi-annual tradeshows. Over two decades, Company has gathered valuable insights into consumer preferences, expanding into categories like athleisure for diverse occasions such as pyjama parties and travel. This innovation keeps the brand fresh and fosters customer loyalty.

**Strategic Expansion of Retail Network with Focus on EBOs:** The company continues to expand its retail network with a focus on opening more EBOs using a cluster-based model. The company plans to grow through COFO (Company Owned, Franchise Operated) and COCO (Company Owned, Company Operated) stores, initially targeting Tier I cities, with plans to expand into Tier II and III cities. Company aims to strengthen its presence in the North and West while targeting the South and East regions. By directly operating EBOs, SDRL enhances its brand experience, offers premium products, and eliminates inefficiencies by bypassing retailers and distributors. This strategy supports nationwide growth and positions the brand for increased revenue and market penetration.

**Leveraging E-Commerce and Digital Channels for Omni-Channel Growth:** The company plans to strengthen its online sales channels to capitalize on India's growing e-commerce trend driven by increased internet and mobile connectivity. The company aims to create an Omni-channel experience by investing in digital platforms and enhancing its social media presence across Instagram, Facebook, and YouTube. SDRL also collaborates with influencers, including celebrities and micro-influencers, to boost regional brand awareness. Additionally, it leverages partnerships with e-commerce marketplaces to further expand its reach.

**Valuation and View :** The company is expanding its retail and online presence to strengthen its market position. Company has established a pan-India network of 33 EBOs, LFS, and MBOs, with significant growth in the Western and Northern regions. The company differentiates itself with bold, stylish designs from its in-house team, and a rapid prototyping process for seasonal collections. The company is focused on expanding its EBO network using both COFO and COCO models, targeting Tier I, II, and III cities to enhance brand experience and eliminate inefficiencies. Concurrently, company is enhancing its online sales channels by investing in digital platforms, social media, and influencer collaborations, while leveraging e-commerce partnerships to expand its reach and capitalize on India's e-commerce growth. **At the upper band of INR 131, the issue is valued at a P/E ratio of 32.28x, based on a FY24 EPS of INR 4.06. We are recommending a "Subscribe for Listing Gain" for this issue.**

**Arihant Research Desk**

Email: [instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

Tel. : 022-42254800

**Head Office**

#1011, Solitaire Corporate Park  
Building No. 10, 1<sup>st</sup> Floor  
Andheri Ghatkopar Link Road  
Chakala, Andheri (E)  
Mumbai – 400093  
Tel: (91-22) 42254800  
Fax: (91-22) 42254880

**Registered Office**

6 Lad Colony  
Y.N Road  
Indore - 452003, (M.P.)  
Tel: 0731-4217100  
Fax: (91-731) 3016199

**Stock Rating Scale**

BUY  
ACCUMULATE  
HOLD  
NEUTRAL  
REDUCE  
SELL

**Absolute Return**

>20%  
12% to 20%  
5% to 12%  
-5% to 5%  
-5% to -12%  
<-12%

**Research Analyst  
Registration No.**

INH000002764

**Contact**

SMS: 'Arihant' to 56677

**Website**

[www.arihantcapital.com](http://www.arihantcapital.com)

**Email Id**

[instresearch@arihantcapital.com](mailto:instresearch@arihantcapital.com)

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Arihant Capital Markets Ltd.

1011, Solitaire Corporate park, Building No. 10, 1st Floor,  
Andheri Ghatkopar Link Road, Chakala, Andheri (E)  
Tel. 022-42254800 Fax. 022-42254880