

# IPO Note

---

## SENCO GOLD LIMITED

July 04, 2023





July 04, 2023

## Details of the Issue

Price Band	₹ 301 - ₹ 317
Issue Size	₹ 405 Cr
Face Value	₹ 10
Bid Lot	47
Listing on	BSE, NSE
Post Issue Mcap	₹ 2,462 Cr
Investment Range	₹ 14,147 - ₹ 14,899

## Important Indicative Dates (2023)

Opening	04 - Jun
Closing	06 - July
Basis of Allotment	11 - July
Refund Initiation	12 - July
Credit to Demat	13 - July
Listing Date	14 - July

## Lead Manager

IIFL securities Limited
Ambit Private Limited
SBI Capital market limited

## Offer Details

Offer Size	₹ 405 Cr
Fresh Issue	₹ 270 Cr
OFS	₹ 135 Cr

Type	In Rs Cr	No of Shares (Mn)		% of Issue
		Upper	Lower	
QIB	202.50	6.38	6.72	50%
NIB	60.75	1.91	2.01	15%
Retail	141.75	4.70	4.47	35%
Empl.	-	-	-	-
Total	405	2.56	2.71	100

[Invest Now](#)

## Company Profile

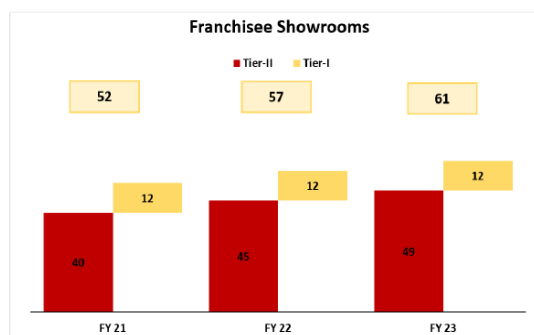
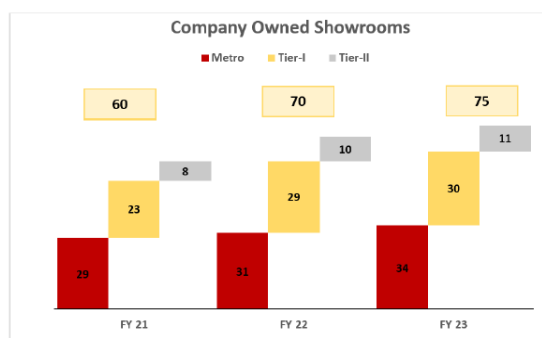
Senco Gold Limited, founded in 1994, is a renowned Indian jewelry retailer known for its brand "Senco Gold & Diamonds." They offer a wide range of jewelry made from gold, diamonds, silver, platinum, precious and semi-precious stones, and other metals. The company has a vast catalog of over 108,000 gold jewelry designs and 46,000 diamond jewelry designs, most of which are created in-house by their team of 20 designers and skilled local craftsmen. They also manufacture lightweight machine-made jewelry and source from third-party vendors. Senco Gold caters to different customer segments through brands like Everlite (lightweight jewelry), Gossip (silver and fashion jewelry), Aham (jewelry for men), and D'Signia Showrooms (premium designer jewelry). They have a total of 136 showrooms, including company-operated and franchisee showrooms, located in 99 cities across 13 states in India.

## Business Highlights &amp; Services

Senco is the leading pan-India jewelry retailer with over five decades of experience, led by a fourth-generation entrepreneur in the industry. As the largest organized jewelry retail player in eastern India, they have the widest presence in non-eastern states among jewelry retailers in the region. Its extensive range includes gold, diamond, silver, platinum, precious and semi-precious stone jewelry, as well as costume jewelry, coins, and silver utensils. Operating under the brand "Senco Gold & Diamonds," it reaches customers through 75 company-operated showrooms, 61 franchisee showrooms, and an online platform. With a vast catalog of 120,000 gold and 69,000 diamond jewelry designs, in-house designers collaborate with skilled local craftsmen to create exquisite handcrafted pieces. It also produces machine-made lightweight jewelry and partners with third-party vendors.

As of March 31, 2023, it possesses 136 showrooms spanning across 96 cities and towns in 13 states of India, with a combined area of approximately 409,882 sq. ft. Franchisee showrooms are strategically located in non-metro and tier-II areas, expanding presence in these regions.

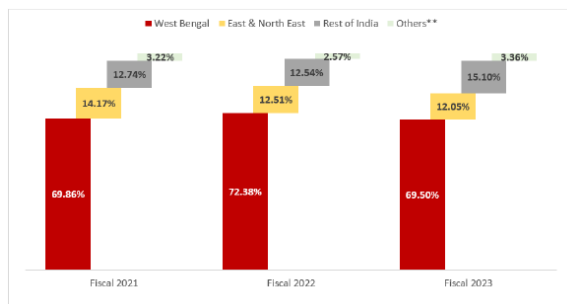
Company showroom growth for Fiscals 2023, 2022 and 2021 is as follows:





Additionally, company prioritize delivering an omni-channel experience through websites and Senco App, enabling to connect with customers seamlessly. Moreover, it have established marketing partnerships with prominent online marketplaces. To adapt to the COVID-19 pandemic, it has introduced video calling and tele calling services, allowing customers to conveniently purchase jewelry from anywhere, including the comfort of their homes. centralized digital infrastructure, encompassing inventory tracking and customer management, remains a key focus for continuous improvement, ensuring efficient and swift service delivery.

**Revenue from operations split (without including franchisee fees and discount allowed) by region and location is as follows:**



With a legacy of over five decades, Senco has established itself as a preferred lifestyle partner for customers in India and worldwide, catering to their daily needs and special occasions. They prioritize customer retention through various initiatives, including adherence to quality standards, loyalty programs, hyper-local offerings, a phygital approach, and designing jewelry that aligns with current market trends and regional preferences. Their team of 20 designers, as of March 31, 2023, focuses on creating new products and designs that meet customer expectations. Company also offer customized jewelry to fulfill individual requirements in terms of design, size, polish, and weight. jewelry manufacturing primarily involves over 170 experienced artisans, known as Karigars, who operate under Karigar Agreements in Kolkata, West Bengal, and other parts of India. Additionally, manufacture machine-crafted jewelry and source products from third-party vendors. The presence of skilled Karigars in West Bengal has been advantageous, as they have been associated with company for many years.

Senco offers a diverse collection of jewelry, including gold, diamond, platinum, and studded jewelry, catering to various price points ranging from approximately ₹2,000 to ₹500,000. This strategy allows them to maximize their customer base and cater to regional preferences. Their expertise in selling lightweight jewelry, with gold content between 1 gram to 10 grams and diamonds less than 50 cents, has helped them reach a wide range of customers across different age groups. Their presence in tier-II and tier-III cities also helps them access a broader customer base, as these cities account for a significant portion of online sales volume according to CRISIL estimates. To target the younger generation and the upwardly mobile population, Senco has introduced brands like Everlite (lightweight jewelry), Gossip (silver and fashion jewelry), and the Aham collection (jewelry for men). These brands focus on smaller average ticket sizes. As the working-age population continues to grow, the demand for lightweight, daily-wear fashion jewelry is expected to rise, and Senco aims to tap into this market. For customers seeking heavier or premium designer jewelry or a premium shopping experience, Senco has D'Signia Showrooms and the Vivaha collection. The average ticket size in their standard showrooms is approximately ₹48,000.00, while D'Signia Showrooms have an average ticket size of approximately ₹51,000.00, and Everlite Showrooms have an average ticket size of approximately ₹29,000.00 for the fiscal year 2023.

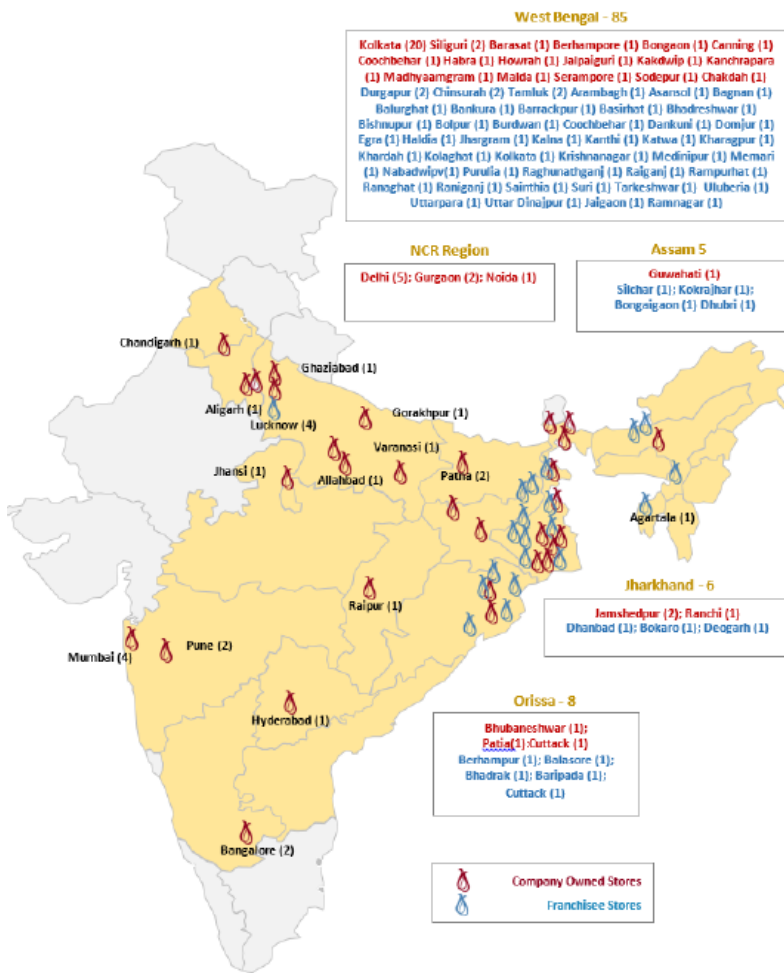
Senco's marketing campaigns drive footfall to their showrooms, emphasizing their diverse collection, particularly lightweight gold jewelry. Advertising expenses represented a small percentage of revenue in fiscal years 2023 (1.99%), 2022 (1.43%), and 2021 (0.98%). They collaborate with celebrity brand ambassadors like Kiara Advani, Vidya Balan, and Sourav Ganguly to enhance brand presence. Regional celebrities such as Sunita Devi, Isha Saha, and Madhumita Chakraborty are also involved in specific markets. Their loyalty program has 696,723 active customers, offering benefits for repeat purchases and referrals. Additionally, Senco partners with a third-party provider for financing options, including installment-based payments for high-value diamond jewelry.

Senco strictly follows the hallmarking process for gold jewelry and certifies all diamonds through SGL Labs. They source the majority of their gold through gold metal loan facilities to mitigate price fluctuations. Loose diamonds are procured from reputable manufacturers, and jewelry is crafted by skilled artisans in West Bengal or organized manufacturers in various locations. Senco prefers suppliers registered with the Gem and Jewellery Export Promotion Council and ensures compliance with Kimberley certification for conflict-free diamonds.



# Senco Gold Limited

## Geographical Footprint



State	Zone	As at March 31, 2023	As at March 31, 2022	As at March 31, 2021
West Bengal	East	85	80	69
Uttar Pradesh	North	11	11	10
Delhi	North	5	5	5
Maharashtra	West	6	5	5
Bihar	East	2	2	2
Jharkhand	East	7	5	4
Karnataka	South	2	2	2
Odisha	East	7	7	7
Assam	East	5	4	4
Chhattisgarh	East	1	1	1
Haryana	North	3	3	1
Telangana	South	1	1	1
Tripura	East	1	1	1
<b>Total</b>		<b>136</b>	<b>127</b>	<b>112</b>

## Showroom

As on March 31, 2023, semco have 75 Company Operated Showrooms and 61 Franchisee Showrooms (including four franchisee owned and Company operated Showrooms).

Particulars	Fiscal 2021	Fiscal 2022	Fiscal 2023
Number of showrooms at the beginning of the year	56	60	70
Number of showrooms added during the year	4	10	5
Number of showrooms closed during the year	-	-	-
Number of showrooms at the end of the years	60	70	75

Total	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Senco	Everlit	D'Signia	Senco	Everlit	D'Signia	Senco	Everlit	D'Signia
Showroom Count Opening	117	2	8	106	1	5	103	1	3
Addition	11	0	0	13	1	3	4	0	2
Closing	2	0	0	2	0	0	1	0	0
Showroom count at the end of the year	126	2	8	117	2	8	106	1	5

Company operated	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Senco	Everlit	D'Signia	Senco	Everlit	D'Signia	Senco	Everlit	D'Signia
Showroom Count Opening	60	2	8	54	1	5	52	1	3
Addition	5	0	0	6	1	3	2	0	2
Closing	0	0	0	0	0	0	0	0	0
Showroom count at the end of the year	65	2	8	60	2	8	54	1	5





Franchisee owned	Fiscal 2023			Fiscal 2022			Fiscal 2021		
	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia	Senco	Everlite	D'Signia
Showroom Count Opening	57	0	0	52	0	0	51	0	0
Addition	6	0	0	7	0	0	2	0	0
Closing	2	0	0	2	0	0	1	0	0
Showroom count at the end of the year	61	0	0	57	0	0	52	0	0

### Product & Brand

Senco offers a diverse range of jewelry, including gold, diamonds, studded gold, silver, platinum, and coins. They also sell costume jewelry and silver utensils. Their collection spans wedding, festival, daily wear, men's, kids', and personalized jewelry. They cater to various price points, serving different socio-economic classes and markets. Kolkata's skilled Karigars excel in intricate filigree work, delicate gold wirework, beads, and Takashi workmanship involving gold etching and curving.



**Everlite:** Everlite by Senco is a lightweight jewelry collection crafted for the modern Indian woman. With prices ranging from approximately ₹ 5,000 to ₹ 60,000, the collection offers affordable options for daily wear. It features themed collections such as Denim, Venus, Nature, Tribe, Magnificence, and Floral, inspired by nature and geometric shapes. Everlite aims to provide women with stylish and versatile jewelry pieces that complement their active lifestyles.

**Aham:** Aham collection has been designed especially for the cosmopolitan man and can be used as part of daily wear as well as in social occasions. To cater to the needs of male customers, it have launched the Aham collection which offers a collection of rings, bracelets, cufflinks, ear-studs, chains and pendants in diamond, platinum, gold and silver.

**The Vivaha Collection:** Senco's Vivaha Collection offers intricate gold and diamond jewelry for weddings, including styles like Filigree, Temple, Antique, Polki, Kundan, and unique diamond pieces. From waistbands to necklaces, the collection features a diverse range of accessories for the bride, groom, and their families.

**DG Gold:** Senco has launched DG Gold, a digital platform accessible through [www.mydigigold.com](http://www.mydigigold.com), allowing customers to buy, redeem, and sell gold. Customers can purchase a minimum of 50 mg of 24-carat gold with 99.5% purity. To ensure safekeeping, Senco has partnered with Sequel Logistics for locker services, where an equivalent amount of physical gold is deposited. The purchased gold can be redeemed for jewelry at Senco Showrooms or sold online through DG Gold.

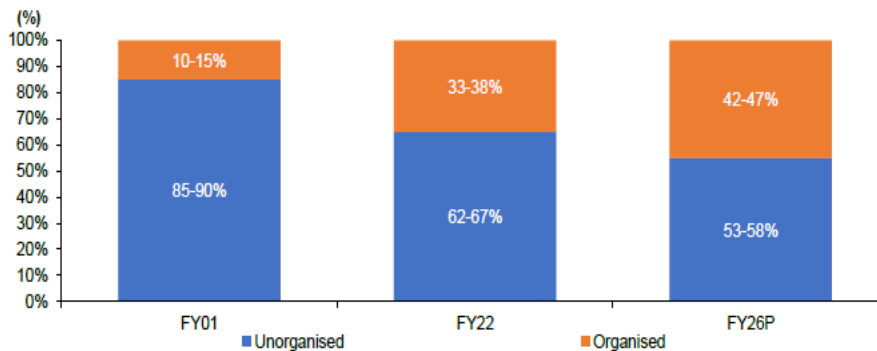
**DG Silver:** Senco has introduced DG Silver, a digital platform available at [www.mydigisilver.com](http://www.mydigisilver.com), allowing customers to purchase, redeem, and sell silver. Customers can buy a minimum of 50 mg of 99.9% pure silver or its equivalent value. To ensure secure storage, Senco has partnered with a third-party for locker services, where an equivalent amount of physical silver is deposited. The purchased silver can be redeemed for jewelry at Senco showrooms or sold online through DG Silver.



## Industry outlook

India, being one of the largest consumers of gold, ranks fourth globally in gold recycling. Approximately 11% of India's gold supply comes from recycled gold, driven by factors like gold price movements and economic conditions. Fashion-conscious customers prefer trading their gold jewelry for newer designs when gold prices increase. Gold recycling benefits jewelry manufacturers due to its cost-effectiveness. The government has supported gold recycling through initiatives like the Gold Monetisation Scheme, encouraging individuals to deposit idle gold and earn interest. In India, jewelry is retailed through national chain stores, regional chain stores, and local standalone stores, with organized retailers catering to women, men, and children.

Organised segment to continue gaining share in the retail jewellery market



## Peer comparison

Name of the company	Face Value (₹)	Total Income (₹ Cr)	EPS	NAV (₹)	P/E	RoNW(%)
Senco Gold Ltd	10	4,109	22.87	137	NA	18.96%
<b>Peers Group</b>						
Kalyan Jewellers India Ltd	10	14,109	4.2	35.29	29.29	12.79%
Titan CompanyLtd	1	40,883	36.61	133.49	81.13	30.67%

## Competition

Senco Gold faces competition from organized and unorganized sectors in the jewelry retail business, including online sellers and marketplaces. In India, jewelry retail operates through national, regional, and local showrooms. Despite organized players gaining market share, unorganized retailers still dominate the market. Entry barriers include significant working capital, access to diamond supplies and skilled personnel, upscale distribution channels, brand recognition, and monitoring the manufacturing and distribution network. Major organized jewelry retailers in India include Titan (Tanishq), PCJ, KJIL, JIPL, TBZ, TJL, and Malabar Gold. In the eastern region, PC Chandra, Anjali Jewellers, and MP Jewellers are prominent. The unorganized segment holds the majority share in India's jewelry market, although the organized sector is growing faster. Independent showrooms and family-run operations based on trust traditionally dominate the industry.

## Utilization of IPO Proceeds

The company propose to utilize the Net proceeds of fresh issue towards funding of the objective:

- Funding working capital requirements of the Company of ₹ 196 Cr.
- General corporate purposes.

Companies Competitive Strength :

- Senco have a strong brand name with heritage and a legacy of over five decades.
- Largest organised jewellery retail player in the eastern region of India based on number of stores.
- Strong 'Company Operated Showroom' base complemented by an established asset-light 'franchise' model leading to operating leverage.
- Calibrated focus on light, affordable jewellery with the intention to cater to the upwardly mobile and younger generation.
- Established Systems and Procedures to mitigate risk and improve efficiencies.
- Experienced management team and institutional investor support.

Key Strategies Implemented by Company

- Further expand presence through a strong and diverse distribution channel.
- Expanding Hospitality portfolio by developing new hotels and expanding restaurants operations.
- Focus on increasing the overall operating margins by adapting optimal product mix.
- Continue to invest in marketing and brand building initiatives through hyperlocal strategy.
- Focus on catering to the younger generation and the upwardly mobile in India.
- Leverage technology to enhance operational efficiency, customer experience and delight.

Particulars (Rs Cr)	2022	2021	2020
Equity Share Capital	56	53.19	53.19
Reserves	876.37	659.49	536.14
Net worth as stated	945	725.77	602.15
Revenue from Operation	4,077	3,535	2,660
Revenue Growth (%)	15.36%	32.86%	-
EBITDA as Stated	303.08	252.63	174.85
EBITDA margin (%)	7.43%	7.15%	6.57%
Profit Before Tax	216	176.96	83.66
Net Profit for the period	158.48	129.10	61.48
Net Profit (%) as Stated	3.89%	3.65%	2.31%
EPS (₹ )	22.87	19.37	9.25
RoNW (%)	18.96%	19.43%	10.65%
ROCE(%)	14.22%	15.58%	13.22%

Valuations and Recommendation:

- Senco Gold earning arrives at ₹ 158.48 Cr for FY23. At upper price band of ₹ 317, Company is looking for post issue market cap of ₹ 2,462 Cr, Which implies a earning multiple (P/E) of 15.53(x).
- Senco is the largest organized jewelry retailer in the eastern region of India, with a history of over five decades. They operate through multiple channels, allowing flexible capital allocation and expanding their geographic presence. Customer retention is a priority through quality standards, loyalty programs, and hyper-local offerings. Senco focuses on market trends and regional preferences in jewelry design. They balance owned showrooms with an asset-light franchisee model and employ a hub-and-spoke approach for entering new markets and optimizing inventory management. We recommend "Subscribe" rating to the Issue.



## Notes

### GEPL Capital Pvt. Ltd

**Head Office:** D-21/22 Dhanraj Mahal, CSM Marg, Colaba, Mumbai 400001

**Reg. Office:** 922-C, P.J. Towers, Dalal Street, Fort, Mumbai 400001

**Research Analyst – Mr. Harshad D. Gadekar** | + 022-6618 2685 | [Harshadgadekar@geplcapital.com](mailto:Harshadgadekar@geplcapital.com)

**Disclaimer:** This report has been prepared by GEPL Capital Private Limited ("GEPL Capital "). GEPL Capital is regulated by the Securities and Exchange Board of India. This report does not constitute a prospectus, offering circular or offering memorandum and is not an offer or invitation to buy or sell any securities, nor shall part, or all, of this presentation form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities. This report is for distribution only under such circumstances as may be permitted by applicable law. Nothing in this report constitutes a representation that any investment strategy, recommendation or any other content contained herein is suitable or appropriate to a recipient's individual circumstances or otherwise constitutes a personal recommendation. All investments involve risks and investors should exercise prudence in making their investment decisions. The report should not be regarded by the recipients as a substitute for the exercise of their own judgment. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of GEPL Capital as a result of using different assumptions and criteria. GEPL Capital is under no obligation to update or keep current the information contained herein. The securities described herein may not be eligible for sale in all jurisdictions or to certain categories of investors. Options, derivative products and futures are not suitable for all investors, and trading in these instruments is considered risky. Past performance is not necessarily indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or related instrument mentioned in this report. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other instruments. There is no representation that any transaction can or could have been effected at those prices and any prices do not necessarily reflect GEPL Capital's internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions, by GEPL Capital or any other source may yield substantially different results. GEPL Capital makes no representation or warranty, express or implied, as to, and does not accept any responsibility or liability with respect to, the fairness, accuracy, completeness or correctness of any information or opinions contained herein. Further, GEPL Capital assumes no responsibility to publicly amend, modify or revise any forward-looking statements, on the basis of any subsequent development, information or events, or otherwise. Neither GEPL Capital nor any of its affiliates, directors, employees or agents accepts any liability for any loss or damage arising out of the use of all or any part of this report. In no event shall GEPL capital be liable for any direct, special indirect or consequential damages, or any other damages of any kind, including but not limited to loss of use, loss of profits, or loss of data, whether in an action in contract, tort (including but not limited to negligence), or otherwise, arising out of or in any way connected with the use of this report or the materials contained in, or accessed through, this report. GEPL Capital and its affiliates and/or their officers, directors and employees may have similar or an opposite position in any securities mentioned in this document (or in any related investment) and may from time to time add to or dispose of any such securities (or investment). The disclosures contained in the reports produced by GEPL Capital shall be strictly governed by and construed in accordance with Indian law. GEPL Capital specifically prohibits the redistribution of this material in whole or in part without the written permission of GEPL Capital and GEPL Capital accepts no liability whatsoever for the actions of third parties in this regard.