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Electronics Mart India Limited (EMI)



About Company

Recommendation: Subscribe

Incorporated in 1980, Electronics Mart India Ltd (“EMI”) is the 4th largest and one of the fastest-growing consumer durables and electronics retailers in India. Being south Indian players it is also the largest player in the Southern region in revenue terms with dominance in the states of Telangana and Andhra Pradesh. EMI Ltd is a multi-brand consumer durable and electronics retailer offers a diversified range of products with focus on large appliances (air conditioners, televisions, washing machines and refrigerators), mobiles and small appliances, IT and others operating business activities across three channels retail, wholesale, and e-commerce. Their offering includes more than 6,000 SKUs across product categories from more than 70 consumer durable and electronic brands. Out of 112 stores, 100 stores are Multi Brand Outlets (“MBOs”) and 12 stores are Exclusive Brand Outlets (“EBOs”). Its business model is a mix of ownership and leases rental model, as it focuses to secure retail spaces which ensure high visibility and easy accessibility to customers.

Price Band	: Rs 56 to 59/- per share
Bid Lot size	: 254 Shares
Issue size	: Rs 500 Cr
Face Value	: Rs 10/-
Min App Amount	: Rs 14986 /- at upper band
Issue Period	: 04 th to 07 th October 2022
Indicative credit of equity shares	: 14-10-2022
Indicative listing date	: 17-10-2022

Important Note: All retail applications compulsory in UPI mode*. Currently IPO through UPI Mechanism in Retail Category is available only on BHIM App. Application made using third party UPI Id Or ASBA Bank A/c are liable to be rejected.

Msearch View & Recommendation: We believe EMI Ltd IPO gives investors an opportunity to invest in the 4th largest consumer durable and electronics retailer in India with a large presence in South India. With being largest in the states of Telangana and Andhra Pradesh EMI enjoys favorable pricing from top brands due to its scale of business. We are very optimistic on the Indian growing consumer durable and electronics industry and we believe that organized players like EMI, VIJYSALES, TATA CROMA and RELIANCE RETAIL will do well in the long term as the industry is getting bigger.

We also believe that Indian consumers typically like to have physical touch and try to feel kind of people when they buy high priced consumer durable electronic appliances wherein EMI plays a vital role to serve their needs even though margins remain under low single digits. We liked the holistic asset light business approach as part of their business on EBO and a major part of business comes from the EBO model which generates better yields compared to competition. EMI also aims to continue to deepen its store network in existing clusters to increase its market share in other metros like NCR, We see EMI would make good business as we are in the festival session and EMI is well placed to tap growing demand.

On valuations parse at upper price band (Rs 59/-), the issue is asking for a market cap of Rs 2270 Cr and based on annualized FY23 earnings, P/E stands at 13.96x on post-issue equity, which seems the issue is fairly priced when compared to peers and visible sector growth in festivals session. We also feel EMI would face the heat and risk when it comes to high e-commerce competition from Amazon and flipkart, but looking at historical performance EMI has sustained and delivered sustainable healthy growth both in terms of topline as well as bottom lines which gives investors confidence. Hence, considering all the rationales and risks along with market mood we advise investors to “**SUBSCRIBE WITH RISK FOR LISTING GAIN ONLY**” as we believe there is something left on the table based on fair valuations.

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BASIC FINANCIAL DETAILS				
Particulars Rs (in Cr)	2020	2021	2022	June 30 (2022)
Equity Share Capital	300	300	300	300
Reserves as stated	133.70	191.92	296.51	337.97
Net worth as stated	433.08	491.92	596.51	637.97
Revenue from Operations	3172.48	3201.88	4349.32	1408.45
Revenue Growth (%)	-	35.85%	0.93%	
EBITDA as stated	227.84	203.88	291.94	97.04
Profit Before Tax	112.18	79.56	139.76	55.10
Net Profit for the period	81.61	58.62	103.89	40.66
EPS (Rs)	2.72	1.95	3.46	1.36
RONW%	18.84%	11.92%	17.42%	6.37%
NAV (Rs)	14.44	16.40	19.88	21.27

Data as on 31st March 2022

Source: Company RHP

COMPARISON WITH LISTED INDUSTRY PEERS Rs (in Cr)								
Companies	MCap	FV	Total Revenue FY 2022 (in Cr)	EPS	NAV	P/E	P/Bv	RoNW
Electronics Mart India Ltd	2270	10	4349.32	3.46	19.88	21.8x	21.27	17.42%
Aditya Vision Ltd	1715	10	899.11	30.46	72.77	47.10x	21.76	41.88%

Data as on 31st March 2022, Mcap: Cline, P/E not annualized



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