

Issue Details

Op. Date	18 th Jul – 2018
Closing Date	20 th Jul – 2018
Issue Price	Rs.714 – Rs.716
FV	Rs. 2 per eq. share
Listing at	NSE & BSE
BRLMs	Kotak Investment banking and CITI group.

Minimum Retail Application**Details at cut of price**

Number of Shares	20 shares
Issue Size (Rs. in Crs)	1,125
Discount to Retails	Nil

Shareholding Pattern**Pre offer****Post Offer**

Promoter	43.68%	32.42%
others	56.32%	67.58%

Objective of the Issue

To get the benefit of listing the equity shares on the exchange.

Issue Size**Allocations****Eq. Share**

QIB	50%	78.57 Crs
HNI	15%	23.57 Crs
RIL	35%	54.99 Crs

Valuations**Lower Band****Higher Band**

MCAP	40.2 Crs	40.3rs
EPS	17.34	17.34
BV	76.37	76.37
P/BV	9.35	9.38
p/e	41.76	41.29

Research Analyst

Foram Parekh

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TCNS Clothing Company Ltd. - Subscribe**Company Background**

TCNS is India's leading women's branded apparel Company in terms of total number of exclusive brand outlets as of May 2018, according to Technopak. The company designs, manufactures, market and retail a wide portfolio of women's branded apparel across multiple brands. TCNS has "W", "Aurelia" and "Wishful" brands which cater to across price segments. TCNS stands out in the ethnic wear segment on account of scaled up operations with 3 brands across price points. It also has a team of 37 designers with new products every 3 weeks. The company has a good Supply chain with 225 vendors and 78 job work suppliers with ~60% gross margins which enable spend on distribution and brand building. TCNS sell its products across India and through multiple distribution channels. As of March 31, 2018, TCN sold its products through 465 exclusive brand outlets, 1,469 large format store outlets and 1,522 multi-brand outlets, located in 31 states and union territories in India.

Investment Rationale

- Strongly positioned to leverage growth in the women's apparel industry in India
- Leading women's apparel company in India with a portfolio of established brands.
- Widespread distribution network and presence across a variety of retail channels

Outlook & Valuation

On FY2018 EPS of Rs 17.34 and on an upper price band of Rs 716, P/E works out to be 41x. On a historical basis, the company has reported a CAGR of above 40% in its top-line over past 5 years supported by higher valuations from its listed peers. Hence, we feel, the issue is a SUBSCRIBE on account of good brand portfolio and good financials.

Particulars	FY14	FY15	FY16	FY17	FY18
Total Income	170	301	485	701	838
EBITDA	21	51	-3.88	76.29	155
PAT	9	26	-41.50	15.80	98.10
EPS	1.9	5.7	-9.07	2.81	17.34
EBITDA M	12.35%	16.94%	NA	10.73%	18.45%
PAT M	5.29%	8.6%	NA	2.2%	11.71%

Source: RHP

Amt in Crs

The women's apparel market in India was estimated at US\$ 19 billion for Fiscal 2017 and is expected to grow at a rate of approximately 10% per annum to reach US\$ 42 billion by Fiscal 2025.

The company is present pan-India along with multi-distribution channel company which caters to the apparel requirements of modern Indian women.

The company strongly believes that their portfolio of leading and differentiated brands enables them to better cater to the needs of their customers

As of September 30, 2017, TCNS sold their products through 3,090 points

Investment Rationale

1. Strongly positioned to leverage growth in the women's apparel industry in India

The women's apparel market in India was estimated at US\$ 19 billion for Fiscal 2017 and is expected to grow at a rate of approximately 10% per annum to reach US\$ 42 billion by Fiscal 2025, according to Technopak. Increasing proportion of women in the working population in India, as well as increase in disposable incomes, are primary drivers for increase in demand for women's apparel. A combination of factors such as increasing disposable income, assurance of better design, quality and fit, rising aspiration levels and growing acceptance of ethnic wear as work wear is leading to a shift from traditional apparel such as sarees to ethnic wear such as salwar kameez and kurtas as well as a shift from unbranded to branded ethnic wear. The women's ethnic apparel market in India was US\$ 6.5 billion for the Fiscal 2017, i.e., 47% of the women's Indian apparel market, and is projected to reach US\$ 9.5 billion by Fiscal 2020

2. Leading women's apparel company in India with a portfolio of established brands.

TCNS is India's leading women's branded apparel company in terms of total number of exclusive brand outlets as of November 2017, according to Technopak. The company is present pan-India along with multi-distribution channel company which caters to the apparel requirements of modern Indian women. The company's product portfolio consists of top-wear, bottom-wear, drapes, combination-sets and accessories catering to a variety of women's wardrobe requirements, including every day wear, casual and work wear and occasion wear, sold at a range of price points. The company strongly believes that their portfolio of leading and differentiated brands enables them to better cater to the needs of their customers and increase the range and diversity of their products, leading to increased brand loyalty and repeat customers.

3. Widespread distribution network and presence across a variety of retail channels

Over the years, TCNS has invested in establishing processes, teams and technology to manage on pan-India and multi-distribution channel retail presence. As of September 30, 2017, TCNS sold their products through 3,090 points of sale comprising exclusive brand outlets, large format stores and multi-brand outlets located across cities in 29 103 states and two union territories in India. As of September 30, 2017, they also sold their products through six exclusive brand outlets in Nepal, Mauritius and Sri Lanka, as well as through online retailers and their own websites.

Research Analyst:Foram Parekh – Fundamental Analyst – Equity Email: foram.parekh@indiabulls.com**Indiabulls Ventures Limited is a SEBI Registered Research Analyst having registration number: INH100004906****Disclosure:**

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