



## By Dilip Davda IPO & Biz Brief:

Email:  
[dilip\\_davda@rediffmail.com](mailto:dilip_davda@rediffmail.com)

### SCOTTS GARMENTS LTD IPO OPENS ON 25.04.13

After the news of SEBI clearance for IPO of Just Dial, primary market operators were eagerly waiting for the official announcement and pricing details of the said IPO, but with a great

Best Seller-Denmark, Old Navy, H & M -USA, C & A Buying -Germany, Vila A/s- Denmark, Rhodi Suppliers - UK etc. Its manufacturing capacity as on 31.03.12 was 217.08 lakh pieces per

450000 equity shares for its employees and has also made pre-IPO placement of 1739130 equity share at a price of Rs. 115 per share on 26.12.12. It issued bonus in the ratio of 12 for 1

Veteran stock market analyst contributing to print and electronic media since 1985 and visiting stock analyst on DD News - Mumbai.

**ASKING HIGHER PRICE FOR IPO AGAINST PRE-IPO PLACEMENT PRICE IS NOT JUSTIFIED. ALTHOUGH GARMENT INDUSTRY IS POISED FOR BRIGHT PROSPECTS AHEAD AS PER RECENT BUDGET, CONSIDERING LISTING IN "T" GROUP FOR INITIAL PERIOD, IT IS BETTER TO BUY AT DISCOUNT POST LISTING.**

### IT IS BETTER TO BUY AT DISCOUNT POST LISTING.

surprise to all, we have the announcement from Scotts Garments Ltd, that is taking the onus of be-

month and has windmill power generation capacities of 4.05 MW in south-

on 28.03.2006 and during 2007-2009 issued equity shares in different price bands ranging between Rs. 20 to Rs. 80 per share.

Issue opens for subscription on 25.04.13 and will close on 29.04.13. Minimum application is to be made for 100 shares and in multiples thereof thereafter. Shares will be listed on BSE and NSE post allotments.

crore. Thus fiscal 2012 witnessed quantum jumps with higher other income. For the first seven months ended 31.10.12 it has posted turnover of Rs. 335.33 crore with a net profit of Rs. 20.41 crore. If we attribute this earning on annualized basis on post IPO Company's equity of Rs. 38.98 crore then the asking price is at a P/E of around 14.5 and at a P/BV of 1.4 plus considering its NAV of Rs. 90.98. Thus it appears to be aggressively priced against its peers that are trading at a P/E of 10 to 16.

On BRLM's performance front, Keynote Corporate had mandate for 17 IPOs out of which 8 failed to give listing day gains. For Canara Bank this is perhaps first mandate after very long.

**Remarks: Asking higher price for IPO against pre-IPO placement price is not justified. Although garment industry is poised for bright prospects ahead as per recent budget, considering listing in "T" group for initial period, it is better to buy at discount post listing.**

**SOME MAY CLAIM IT IS A WORTHY BET, BUT CONSIDERING THE PRE-IPO PLACEMENT PRICE, THE CURRENT IPO PRICE IS TOTALLY UNJUSTIFIED IN PRESENT SCENARIO OF SUBDUED SECONDARY MARKET, IT'S GRADING 3/5 ALSO INDICATES "AVERAGE" FUNDAMENTALS SO IT IS BETTER TO BUY AT DISCOUNT POST LISTING.**

### WONDERLA HOLIDAYS FILES DRHP WITH SEBI

Wonderla Holidays Limited has filed a DRHP with SEBI for an initial public offering of 14,500,000 equity shares of face value of Rs. 10 each for cash at a price to be decided through a 100% book-building process. The Issue would constitute 25.66% of the fully diluted post Issue paid up equity share capital of the Company. The Equity Shares offered in the Issue are proposed to be listed on the BSE and NSE. The Book Running Lead Managers to the Issue are Edel-

weiss Financial Services Limited and ICICI Securities Limited. The Company currently owns and operates two amusement parks under the brand name 'Wonderla', situated at Kochi and Bangalore. It also owns and operates a resort beside the amusement park in Bangalore under the brand name 'Wonderla Resort'. The Company is in the process of setting up their third amusement park in Hyderabad, and the Issue proceeds will primarily be utilized towards this purpose.



ing the first main line IPO for the fiscal 2013-14. Details of the Scotts Garment IPO are as under:

Scotts Garments Ltd. (SGL) is a garment manufacturing company in India having state of the art facilities for manufacturing of high quality fashion garments mainly for global markets. Its facility is fully backed by product development, design studio, and efficient sampling infrastructure supported by facilities like embroidery, printing, dyeing and washing. Its list of international clients includes

ern region. For last three fiscals its exports contributed above 91% in the total turnover.

The company is now planning to set up Trouser manufacturing unit at Doddabalapur in Karnataka and Knitting and Fabric Processing unit at Kolhapur in Maharashtra. To part finance this along with raising general corpus fund and working capital, it is offering 10506954 equity share of Rs. 10 each via book building process and fixed a price band of Rs. 130-132 to mobilize around Rs. 136 crore. Company has reserved

BRLM to the issue are Keynote Corporate Services Ltd. and Canara Bank. Link Intime India is the registrar to the issue. CARE has assigned IPO Grade 3 to this IPO indicating at average fundamentals of the company.

For the fiscals 2010-2011 and 2012 respectively the company reported total turnover of Rs. 434.36 crore, 503.75 crore and 566.13 crore (including other income of Rs. 4.19 crore, 8.47 crore and 65.88 crore) with a net profit of Rs. 27.84 crore, Rs. 34.93 crore and Rs. 84.03