

Purple United Sales Limited IPO

About Company—

- ✦ Purple United Sales Limited specializes in the sale and distribution of childcare products, including apparel, consumables, toys, hard goods, and other items used by children aged 0–12 years.
- ✦ Company’s extensive distribution network comprises 24 exclusive brand outlets (EBOs), multiple shop-in-shops (**Key Accounts**), and a robust online presence through their own website, mobile app, and major e-commerce platforms such as Myntra, Amazon, Flipkart, FirstCry, Nykaa, Hopscotch, AJJIO and more.

(Period ended 30th Sep 2024)—

Particulars	Number	% of Revenue
Retails Stores	19	25.63%
Key Accounts	14	4.31%
Online	15	4.76%
Distributors	24	65.23%
Others		0.067%

Financials —

(Fig in Cr)

Particulars	30th Sep 24	FY’24	FY’23	FY’22
Revenue	30.50	42.77	25.69	16.52
Revenue Growth		66.48%	55.51%	14.05%
EBITDA	7.13	9.87	3.86	2.40
EBITDA Margin	23.38%	23.08%	15.01%	14.54%
PAT	3.29	4.82	1.49	1.77
PAT Margin	10.80%	11.26%	5.81%	10.72%
CFOA(OCF)	(0.37)	0.88	3.55	1.05
Cash Conversion Ratio (OCF/EBITDA)	Negative	8.92%	91.97%	43.75%

Objects of the Issue—

- ✦ Working Capital Requirement : 18 Cr.
- ✦ Expenditure for opening new stores : 5.35 Cr.

Positive and Negative Points—

Positive Points

- ✦ Manufacturing process is outsourced which provides an attractive return on capital for business.
- ✦ The entire IPO is a fresh issue, so the funds will go to the company.
- ✦ Decent growth in Revenue.
- ✦ Decent EBITDA and PAT Margins compared to peers.
- ✦ Good Business Profile.
- ✦ Focuses on a growing and consistent demand segment—childcare products.

Negative Points

- ✦ Unstable Cash Conversion Ratio
- ✦ The company’s profile and business operations are quite impressive, creating an image of a significantly large and established organization. However, a closer look at its financials presents a different picture, revealing that the company is relatively small in scale. This is why it has chosen to launch its IPO on the SME platform.
- ✦ The childcare market has low entry barriers, increasing competition risk.
- ✦ High D/E ratio as compared to peers.

Purple United Sales Limited IPO

Peer Comparison —

Companies	Revenue	EBITDA	PAT	D/E Ratio	Mcap	P/E
Purple United Sales (FY 2024)	42.77 Cr.	9.87 Cr. (23.08%)	4.82 (11.26%)	1.42	121 Cr.	25.10
S.P. Apparels Limited (TTM)	1,184 Cr.	158 Cr. (13%)	86 Cr. (7.26%)	0.41	2,316 Cr.	26.90
Iris Clothing Limited (TTM)	138 Cr.	26 Cr. (19%)	12 Cr. (8.70%)	0.62	545 Cr.	46.40
Karnika Industries Limited (TTM)	160 Cr.	24 Cr. (15%)	16 Cr. (10%)	0.73	434 Cr.	27

Conclusion —

Purple United Sales Limited presents a compelling business profile with its focus on the growing childcare products segment, leveraging an outsourced manufacturing model for better returns on capital. The company demonstrates decent revenue growth, EBITDA, and PAT margins compared to peers, which align with its well-established operations and decent valuation, making the IPO attractive to investors. However, challenges like an unstable cash conversion ratio, high debt-to-equity levels, and smaller scale relative to its perceived business profile highlight some risks. Listing on the SME platform further reflects the company’s relatively modest size. Overall, the IPO valuation appears reasonable, balancing growth potential with the inherent risks.



Follow us for
SME & Mainboard
IPO Updates
or visit our website
www.investorzone.in

Disclaimer: *The information provided regarding this IPO is intended solely for educational purposes. It should not be construed as financial advice, an endorsement, or a recommendation to invest. Potential investors are encouraged to conduct their own research and consult with a financial advisor before making any investment decisions. Investing in securities involves risks, and it is important to carefully consider all aspects before committing any capital.*