IPO REVIEW

Brandman Retail IPO

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- The company is engaged in retailing and distribution of premium international brands.
- As of December 31, 2025, it had overall 19 outlets in various metros.
- The company posted robust growth in margins from FY24 onwards, that raise eyebrows and concern over its sustainability going forward.
- Based on the super financial data for recent years, the issue appears aggressively priced.
- Only well-informed/cash surplus/risk seekers may park moderate funds, others can ignore.

About the Company

Brandman Retail Ltd. (BRL) is engaged in the distribution and retail of premium international brands through non-exclusive distribution agreements. Its sales are carried out through multiple channels, including Exclusive Brand Outlets (“EBOs”) operated under specific brand arrangements, Multi-Brand Outlets (“MBOs”) under its trademark “Sneakrz,” e-commerce marketplaces and its own website. In addition to the offline stores, the Company has entered into agreements with retailers of shoes under which, the Company supplies its products to stores and the same are thereafter sold to end-customers

through online and offline modes. This multi-channel presence allows the company to cater to customers across physical retail formats as well as online platforms.

The Company operates its offline business through two formats – EBOs and MBOs. All these stores follow a Company-Owned and Company-Operated (COCO) model. In this model, the Company undertakes the entire capital and operational responsibility, including store set-up, rentals, staffing, and daily management. This model enables complete control over store operations and customer experience.

BRL’s stores are largely located in high-street markets and shopping malls to ensure access to urban consumer footfall. The Company follows a cluster-based expansion model, opening new stores in cities or districts close to existing operations. This enables better supply chain efficiency, optimized logistics, inter-store inventory sharing, and localized understanding of consumer preferences.

Inventory across all retail outlets is managed in real-time through an integrated enterprise retail planning (“ERP”) system. Allocation of goods is planned based on past sales patterns, projected demand, seasonality, and special events such as festivals. Stock movement follows standardized processes such as First-in-First-Out and First-Expire-First-Out to minimize waste. Slow-moving items are identified through regular reporting from stores and addressed through clearance measures. As

of December 31, 2025, it had 19 retail outlets (including owned 14 EBOs and 5 leased outlets).

The Company runs EBOs across various states of India, located in cities such as Ahmedabad, Ambala, Dehradun, New Delhi, Gurugram, Lucknow, Jalandhar, Noida, and Bathinda. These outlets primarily retail the products of “Brand 1,” for which the Company has entered into a non-exclusive distribution agreement. As of December 31, 2025, it had 161 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route IPO of 4891200 equity shares of Rs. 10 each to mobilize Rs. 86.09 cr. at the upper cap. The company has announced a price band of Rs. 167 - Rs. 176 per share. The minimum application to be made is for 1600 shares and in multiples of 800 shares thereon, thereafter. The issue opens for subscription on February 04, 2026 and will close on February 06, 2026. The IPO constitute 26.50% of the post-IPO paid-up capital of the company. The shares will be listed on NSE SME Emerge. From the net proceeds of the IPO, it will utilize Rs. 38.50 cr. for working capital, Rs. 27.90 cr. for capex on 15 exclusive Brand outlets and Multi Brand Outlets, and the rest for general corporate purposes.

The IPO is solely lead managed by Gretex Corporate Services Ltd., and Bigshare Services Pvt. Ltd. is the registrar to the issue. GRETEX group’s Gretex Share Broking Pvt. Ltd. and Shree Bahubali Stock Broking Ltd. are the market makers. The IPO is underwritten to the tune of 50% each by Gretex Corporate and Gretex Share Broking.

The company has issued initial equity capital at par value. It issued further equity shares at a fixed Price of Rs. 147 between October and November 2025. It has also issued bonus shares in the ratio of 50 for 1 in March 2025. The average cost of acquisition of shares by the promoters is Rs. NA, Rs. 0.11, and Rs. 0.24 per share.

Post-IPO, company’s current paid-up equity capital of Rs. 13.57 cr. will stand enhanced to Rs. 18.46 cr. Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 324.85 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted total income/ net profit, of Rs. 46.31 cr. / Rs. 0.42 cr. (FY23), Rs. 123.49 cr. / Rs. 8.27 cr. (FY24), Rs. 136.30 cr. / Rs. 20.95 cr. (FY25). For 3Qs of FY26 ended on December 31, 2025, it posted a net profit of Rs. 19.67 cr. on a total income of Rs. 97.21 cr. The company posted growth in its top and bottom lines for the reported periods. Robust growth in bottom line appears to be a window dressing for paving the way for fancy valuations for the IPO. It has marked outperforming margins, that raise eyebrows.

For the last three fiscals, the company has reported an average EPS of Rs. 10.43, and an average RoNW of 78.59%. The issue is priced at a P/BV of 3.78 based on its NAV of Rs. 46.57 per share as of

December 31, 2025, but its post-IPO NAV data is missing from the offer documents.

If we attribute FY26 annualized super earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 12.39, and based on FY25 earnings, the P/E stands at 15.51. The issue appears aggressively priced.

For the reported periods, the company has posted PAT margins of 0.90% (FY23), 6.71% (FY24), 15.49% (FY25), 20.64% (3Qs-FY26), and RoCE margins of 28.03%, 93.22%, 75.08%, 36.92% respectively, for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It has adopted a dividend policy in August 2025, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Redtape Ltd., Bata India, Lehar Footwears, Liberty Shoes, as its listed peers. They are currently trading at a P/E of 37.3, 59.0, 18.5, and 31.4 (as of February 02, 2026 – till 11.00 am.). However, they are not truly comparable on an apple-to-apple basis. This compare is nothing but an eyewash.

Merchant Banker's Track Record

This is the 27th mandate from Gretex Corporate in the last three fiscals. From the last 11 listings, all opened with premium ranging from 1.43% to 22.81% on the date of listing. The Lead Manager has an average track record.

Conclusion / Investment Strategy

BRL is engaged in retailing and distribution of premium international brands. As of December 31, 2025, it had overall 19 outlets in various metros. The company posted robust growth in margins from FY24 onwards, that raise eyebrows and concern over its sustainability going forward. Based on the super financial data for recent years, the issue appears aggressively priced. Only well-informed/cash surplus/risk seekers may park moderate funds, others can ignore.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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