

Sollfege Smart Electronics IPO

By **Dilip Davda** · SEBI Registered Research Analyst · Reg. No. INH000003127 Reviewed on 27 September 2026

- The company is engaged in premium segment of audio, video, home automation, smart leaving, lifestyle and wellness solutions.
- The company is gaining ground with improving lifestyle and love for music.
- The company marked marginal growth in its top and bottom lines for the reported periods.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors may park funds for medium to long term.
- In View Of The Likely Bank Strike From 28.09.26 To 30.09.26, The Ipos/Primary Offers That Are Falling Between These Three Days, Ipos Schedule Time Line May Change And The Revised Dates Will Get Effective For Opening And / Or Closing Schedules, As The Case May Be. Investors Are Requested To Make A Note Of This.

About the Company

Sollfege Smart Electronics Ltd. (SSEL) operates in the premium segment of audio, video, home automation, smart living, lifestyle, and wellness solutions in India. The Company is engaged in the distribution, integration, and implementation of technologically advanced, design-focused solutions tailored for high-end residential, commercial, and institutional spaces. Its offerings are aimed at customers who value seamless technology integration, superior performance, and refined living experiences.

The Company was originally incorporated as Denn Audio Private Limited and began its operations with a primary focus on the distribution of high-end audio and video equipment. Over the years, it has evolved significantly by expanding its product portfolio, strengthening its brand identity, and diversifying into adjacent luxury technology segments. These include smart home automation, lifestyle electronics, and wellness solutions. Through continuous alignment with changing consumer preferences, rapid technological advancements, and global premium lifestyle trends, Sollfege has transitioned from being a traditional electronics distributor to a comprehensive, integrated solutions provider.

This strategic transformation has enabled the Company to cater to a broader and more discerning customer base that seeks sophisticated, future-ready, and fully integrated living environments. The Company's growth trajectory is also reflected in its financial performance, with revenue from operations increasing from Rs. 18.53 crores in Fiscal 2024 to Rs. 22.21 crores in Fiscal 2026, demonstrating strong demand for its premium offerings and the effectiveness of its experience-driven business model.

Sollfege follows an “experience before purchase” philosophy. Its showrooms, particularly in Kolkata and Gurgaon, feature dedicated Experience Centres where customers can interact with products in real-world, fully functional environments. This allows them to evaluate the performance and suitability of premium audio, video, and home automation solutions before making purchase decisions. The Company’s sales and technical teams are trained in solution-based selling. They engage closely with customers to understand their needs, preferences, and budgets, and provide customized solutions accordingly. Detailed proposals with multiple options are presented, enabling informed decision-making. This approach has led to improved customer conversion rates and opportunities for premium product adoption. The Company also provides end-to-end services, including site assessment, system design, installation, and after-sales support, ensuring long-term customer satisfaction and relationship building.

SSEL maintains strong relationships with architects, interior designers, and builders, which helps drive project-based sales and positions it as a trusted partner in premium developments. It actively participates in leading design and lifestyle exhibitions, where it showcases its products through immersive and interactive displays. Additionally, the Company has invested in digital platforms, including its website and social media channels, to engage with a growing base of aspirational customers who rely on online research and digital interactions.

The Company has established long-term relationships with globally recognized OEM brands such as Bose, Yamaha, Panasonic, Sonos, LG, and others. These partnerships ensure access to high-quality and technologically advanced products. The Company also works with leading national distributors, enabling efficient procurement, competitive pricing, and timely delivery. In addition, it sources select products from local dealers to optimize costs and enhance value for customers without compromising on quality. As of August 31, 2026, it had 32 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden IPO of 3960000 equity shares of Rs. 10 each at affixed price of Rs. 55 per share to mobilize Rs. 21.78 cr. The minimum application to be made is for 4000 shares and in multiples of 2000 shares thereon, thereafter. The issue opens for subscription on September 30, 2026 and will close on October 05, 2026. The shares will be listed on BSE SME. The IPO constitute 39.60% of the post-IPO paid-up capital of the company. The company is spending Rs. 1.76 cr. for this IPO process, and from the net proceeds of the issue, the company will utilize Rs. 8.54 cr. for capex on 12 new showrooms, Rs. 9.67 for working capital, and Rs. 1.80 cr. for general corporate purposes.

The IPO is solely lead managed by Finshore Management Services Ltd., while KFin Technologies Ltd. is the registrar to the issue. MNM Stock Broking Pvt. Ltd. is a market maker. The IPO is underwritten to the tune of 15% by Finshore Management and 85% by MNM Stock Broking Pvt. Ltd.

After issuing initial equity capital at par value, the company converted further equity shares at a fixed price of Rs. 71 per share in January 2025. It has also issued bonus shares in the ratio of 100 for 1 in March 2019, and 3 for 1 in July 2025. The average cost of the acquisition of shares by the promoters is Rs. 5.89 per share.

Post-IPO, company's current paid-up equity capital of Rs. 6.04 cr. (6040000 equity shares) will stand enhanced to Rs. 10.00 cr. (10000000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 55.00 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 19.84 cr. / Rs. 1.76 cr. (FY24), Rs. 21.28 cr. / Rs. 2.13 cr. (FY25), Rs. 22.22 cr. / Rs. 2.19 cr. (FY26). The company posted marginal growth in its top and bottom lines for the reported periods. Rising trade receivables year-on-year, raise alarms.

For the last three fiscals, the company has posted an average EPS of Rs. 3.71, and an average RoNW of 24.77%. The issue is priced at a P/BV of 2.86 based on its NAV of Rs. 19.24 per share as of March 31, 2026, and at a P/BV of 1.65, based on its post-IPO NAV of Rs. 33.40 per share.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 25.11, and based on FY25 earnings, the P/E stands at 25.82. The issue appears fully priced based on its recent average earnings.

The company has posted PAT Margins of 8.87% (FY24), 9.99% (FY25), 9.86% (FY26) and RoCE margins of 54.65%, 27.79%, 23.57%, respectively for referred periods.

Dividend Policy

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

Comparison with Listed Peers

As per the offer document, the company has no listed peers to compare with.

Merchant Banker's Track Record

This is the 20th mandate from Finshore Management Services, in the last three fiscals (including the ongoing one). Out of the last 10 listings, 6 opened at discount, 1 at par, and the rest listed with a premium ranging from 0.64% to 9.09% on the listing date. The merchant banker has a poor track record.

Conclusion / Investment Strategy

SSEL is engaged in premium segment of audio, video, home automation, smart leaving, lifestyle and wellness solutions. The company is gaining ground with improving lifestyle and love for music. The company marked marginal growth in its top and bottom lines for the reported periods. Based on its recent average financial data, the issue appears fully priced. Well-informed investors may park funds for medium to long term.

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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