IPO REVIEW

Studds Accessories IPO

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- The company is the largest two-wheeler helmets player in India having global play.
- It enjoys virtual monopoly with a renowned brand “Studd” and “SMK”.
- It marked a steady growth in its top and bottom lines for the reported periods.
- Based on its recent financial data, the issue appears fully priced.
- Growing two-wheeler market augurs well for SAL.
- Well-informed investors may park funds for medium to long term.

About the Company

Studds Accessories Ltd. (SAL) is the largest two-wheeler helmets player in India in terms of revenue in Fiscal 2024 and also the world’s largest two-wheeler helmet player by volume in Calendar Year 2024. (Source: CARE Report). It is an established manufacturer with nearly five decades of experience (Source: CARE Report). As on March 31, 2025, its Manufacturing Facilities I, II and III have a combined annualized capacity of producing 9.04 million units. The company sold around 7.40 million helmets in Fiscal 2025. Its ‘SMK’ brand was launched in 2016 and is being successfully sold in India and exported to overseas market (Source: CARE Report). Both of its brands, namely, “Studds” and “SMK”, have been marketed and sold in more than 70 countries as of August 31, 2025.

SAL designs, manufactures, markets and sells two-wheeler helmets under the ‘Studds’ and ‘SMK’ brands and other accessories (such as two-wheeler luggage, gloves, helmet locking device, rain suits, riding jacket and eye wear) under ‘Studds’ brand. Its products are sold pan-India and in more than 70 countries internationally, with key export markets situated across Americas, Asia (excluding India), Europe and rest of the world. The company also manufactures helmets for Jay Squared LLC, which are sold under the “Daytona” brand in the United States of America, as well as for O’Neal under their branding, supplying to markets in Europe, United States of America and Australia.

The company is focused on capturing the opportunity for two-wheeler helmets globally which is estimated to grow at a CAGR of 5.10% in value terms between calendar year 2024 to calendar year 2029 primarily fueled by increasing urbanization, rising disposable incomes, heightened safety awareness, and government regulations mandating helmet use (Source: CARE Report). Safety remains the cornerstone of SAL’s product philosophy, driving its efforts to meet rigorous safety standards while ensuring style, design, utility and quality. It is focused on positioning SMK as an aspirational brand, that appeals to the safety-conscious preferences of customers in India and globally, while also catering to diverse price points and design sensibilities.

Owing to its operational history of nearly five decades, SAL's flagship brand 'Studds' is recognized as a popular brand in the two-wheeler helmet market in India. (Source: CARE Report). It had a market share of 27.30% in terms of volume and 25.50% in terms of value, in the domestic market in Fiscal 2024. (Source: CARE Report). As on August 31, 2025, it sold products through 363 active distributors in India and exported to more than 70 countries. It has also entered into agreements/arrangements for supply of helmets and motorcycle lifestyle accessories with motorcycle OEMs such as Honda Cars India Limited, Hero MotoCorp Limited, Suzuki Motorcycle India Private Limited, Eicher Motors Limited (Royal Enfield) and India Yamaha Motor Private Limited. The company supplies its products to government and institutional customers such as the Central Police Canteens and the Canteen Stores Department. As of August 31, 2025, it had 3067 employees on its payroll.

Issue Details / Capital History

The company is coming out with its maiden book building route secondary IPO of 7786120 equity shares of Re. 5 each (worth Rs. 455.49 cr. at the upper cap). The company has announced a price band of Rs. 557 – Rs. 585 per equity shares. The issue opens for subscription on October 30, 2025, and will close on November 03, 2025. The minimum application to be made is for 25 shares and in multiples thereon, thereafter. Post allotment, shares will be listed on BSE and NSE. The issue constitutes 19.79% of the post-IPO paid-up equity capital. This being a pure Offer for Sale (OFS), no funds are going to the company. The issue is made for unlocking the listing benefits and providing exit to some of its stakeholders.

The two Book Running Lead Managers (BRLMs) to this issue are IIFL Capital Services Ltd., and ICICI Securities Ltd., while MUFG Intime India Pvt. Ltd., is the registrar to the issue. Kotak Securities Ltd. is a syndicate member.

After having issued initial equity shares at par, the company has issued further equity shares in the price range of Rs. 17.50 – Rs. XXX per share (based on FV of Rs. 5), between December 1995 and XXX. It has also issued bonus shares in the ratio of 1 for 1 (July 1991), 1 for 1 (September 1994), 1 for 2 (July 1995), 8 for 1 (July 2018), and 1 for 1 (January 2025). The average cost of acquisition of shares by the promoters/selling stakeholders Rs. 0.00, Rs. 0.08, Rs. 0.36, Rs. 0.45. Rs. 0.66, Rs. 0.97, Rs. 1.43, Rs. 1.68, and Rs. 2.39 per share.

Post-IPO, its current paid-up equity capital of Rs. 19.68 cr. will remain same as this is a pure secondary issue. Based on the upper cap of the IPO price band, the company is looking for a market cap of Rs. 2302.17 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has (on a consolidated basis) posted a total income/net profit, of Rs. 506.48 cr. / Rs. 33.15 cr. (FY23), Rs. 535.84 cr. / Rs. 57.23 cr. (FY24), and Rs. 595.89 cr. / Rs. 69.64 cr. (FY25). For Q1 of FY26 ended on June 30, 2025, it posted a net profit of Rs. 20.25 cr. on a total income of Rs. 152.01 cr. The company marked growth in

its top and bottom lines for the reported periods.

For the last three fiscals, the company has posted an average EPS of Rs. 15.10 and an average RoNW of 14.30%. The issue is priced at a P/BV of 4.90 based on its NAV of Rs. 119.37 as of June 30, 2025, as well as on post-IPO NAV.

If we attribute FY26 annualized earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at P/E of 28.43. Based on FY25 earnings, the P/E stands at 33.05. Thus, the issue appears fully priced.

The company has posted PAT margins of 6.64% (FY23), 10.82% (FY24), 11.93.% (FY25), 13.57% (Q1-FY26), and RoCE margins of 12.81%, 18.98%, 20.25%, 5.65% respectively for the reported periods.

Dividend Policy

The company has paid dividend of 80% for FY23 and FY24, 50% for FY25. It has already adopted a dividend policy in March 2025, 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

The two BRLMs associated with the offer have handled 93 pubic issues in the past three fiscals, out of which 24 issues closed below the offer price on the listing date.

Conclusion / Investment Strategy

SAL is the largest two-wheeler helmets player in India having global play. It enjoys virtual monopoly with a renowned brand “Studd” and “SMK”. It marked a steady growth in its top and bottom lines for the reported periods. Based on its recent financial data, the issue appears fully priced. Growing two-wheeler market augurs well for SAL. 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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