

Wakefit Innovations Ltd.

IPO Note



Not rated

An Execution-Heavy D2C Model Navigating India's Home-Furnishings Opportunity.

Wakefit is a single-entity D2C home and furnishings company with no subsidiaries. Promoters Ankit Garg and Chaitanya Ramalingegowda hold 43% pre-IPO equity, alongside marquee institutional investors such as Peak XV, Verlinvest, Investcorp, Elevation Capital, Paramark KB and SAI Global. The company operates across three segments—mattresses 60%, furniture 30% and furnishings 10%—with furniture being the fastest-growing and structurally higher-margin category. Given that furniture constitutes 66% of India's home and interiors market, this segment represents largest long-term opportunity.

Wakefit's business model is anchored in full-stack control from design to manufacturing and last-mile delivery. Its infrastructure backbone comprises 1 Mother Warehouse, 7 Inventory Holding Points (INHPs) and 18 Points of Delivery (PODs), supported by an owned fleet and trained installers. This deep operational moat, difficult for competitors to replicate, enables scalable production, predictable installation, and efficient inventory management. Wakefit further strengthens its reach through 125+ COCO stores and an omnichannel presence, while its mattress-led flywheel lowers customer acquisition cost.

Financially, Wakefit remains mattress-heavy with significant cross-buying from furniture and decor. Revenue grew at a robust 26.27% CAGR between FY22–FY25. Losses narrowed in FY24 and the company delivered a loss in FY25 INR 35cr, and ROE -6.7%, ROCE -7.0% are negatives in FY25. Marketing intensity has steadily reduced from 11.8% of revenue in FY23 to 5.1% in H1FY25.

Key risks include thin net margins, working-capital pressure, and susceptibility to premium or design-led competitors, while reliance on mattresses (60% of revenue) heightens category-concentration risk. Wakefit's presence remains South-heavy, and weaker penetration in north and northeast limits scalability; expanding manufacturing and distribution capacity is essential to reduce logistics costs and improve margins.

Key Consolidated Financial Data (INR Cr, unless specified):

	Net Revenue	EBITDA	Net Profit	EBITDA (%)	Net (%)	EPS (₹)	BVPS (₹)	RoE (%)	RoCE (%)	P/E (X)	EV/EBITDA (X)
FY22	632.6	-78.7	-106.5	-12.4	-16.8	-3.3	10.4	-31.2	-30.1	-59.8	-79.9
FY23	812.6	-92.1	-145.7	-11.3	-17.9	-4.5	15.5	-28.8	-27.6	-43.7	-67.0
FY24	986.4	36.1	-15.1	3.7	-1.5	-0.5	16.6	-2.8	-5.0	-423.3	172.6
FY25	1,273.7	59.9	-35.0	4.7	-2.7	-1.1	15.9	-6.7	-7.0	-182.1	105.4

Source: Ventura Research & Company update

Issue Structure and Offer Details:

Wakefit Ltd IPO is a book build issue of INR 6,373.16 cr. The issue is a combination of fresh issue of 377.18 cr shares aggregating to INR 911.71 cr and offer for sale of 4.67 cr shares aggregating to INR 1,288.89 cr.

Issue Structure	
Investor Category	Allocation
QIB	Not less than 75.00% of the net offer
NII (HNI)	Not more than 15.00% of the net offer
Retail	Not more than 10.00% of the net offer

Number of shares based on a higher price band of INR 195

Source: Company Reports

Objects of the Issue:

1. **Capital expenditure** to be incurred by the Company for setting up of **117 new COCO – Regular Stores**– INR 30.8 cr
2. **Expenditure for lease, sub-lease rent and license fee payments** for our existing COCO – Regular Stores– INR 161.4 cr.
3. **Capital expenditure** to be incurred by the Company for purchase of **new equipment and machinery**– INR 15.4 cr.
4. **Marketing and advertisement expense** towards enhancing brand awareness- INR 108.4 cr.
5. **General corporate purposes** -INR 61.18 cr

Financial Summary

Fig in INR Cr	FY22	FY23	FY24	FY25	Fig in INR Cr	FY22	FY23	FY24	FY25
Income Statement									
Revenue	632.6	812.6	986.4	1,273.7	Per share data & Yields				
YoY Growth (%)	54.8	28.5	21.4	29.1	Adjusted EPS (INR)	(3.3)	(4.5)	(0.5)	(1.1)
Raw Material Cost	373.6	466.0	465.0	573.3	Adjusted Cash EPS (INR)	(2.5)	(3.0)	1.5	1.9
RM Cost to Sales (%)	59.1	57.3	47.1	45.0	Adjusted BVPS (INR)	10.4	15.5	16.6	15.9
Employee Cost	91.5	105.8	134.6	165.7	Adjusted CFO per share (INR)	(4.5)	(0.6)	2.5	2.3
Employee Cost to Sales (%)	14.5	13.0	13.6	13.0	CFO Yield (%)	(2.3)	(0.3)	1.3	1.2
Other Expenses	246.2	332.9	350.6	474.7	Adjusted FCF per share (INR)	(7.1)	(1.4)	2.1	(0.3)
Other Exp to Sales (%)	38.9	41.0	35.5	37.3	FCF Yield (%)	(3.7)	(0.7)	1.1	(0.1)
EBITDA	(78.7)	(92.1)	36.1	59.9	Solvency Ratio (X)				
Margin (%)	(12.4)	(11.3)	3.7	4.7	Total Debt to Equity	0.0	0.0	0.0	0.0
YoY Growth (%)	96.7	17.0	(139.2)	66.0	Net Debt to Equity	(0.2)	(0.4)	(0.3)	(0.1)
Depreciation & Amortization	24.0	47.3	63.9	96.2	Net Debt to EBITDA	1.1	2.2	(4.1)	(1.0)
EBIT	(102.8)	(139.3)	(27.8)	(36.4)	Return Ratios (%)				
Margin (%)	(16.2)	(17.1)	(2.8)	(2.9)	Return on Equity	(31.2)	(28.8)	(2.8)	(6.7)
YoY Growth (%)	126.8	35.6	(80.0)	30.7	Return on Capital Employed	(30.1)	(27.6)	(5.0)	(7.0)
Other Income	4.4	7.4	31.0	31.7	Return on Invested Capital	(39.7)	(46.4)	(7.0)	(7.9)
Bill discounting & other charges	8.2	13.7	18.2	30.4	Working Capital Ratios				
Fin Charges Coverage (X)	(12.5)	(10.1)	(1.5)	(1.2)	Payable Days (Nos)	48	49	53	45
Exceptional Item	0.0	0.0	0.0	0.0	Inventory Days (Nos)	79	52	48	47
PBT	(106.5)	(145.7)	(15.1)	(35.0)	Receivable Days (Nos)	8	8	10	2
Margin (%)	(16.8)	(17.9)	(1.5)	(2.7)	Net Working Capital Days (Nos)	39	10	5	4
YoY Growth (%)	184.7	36.8	(89.7)	132.5	Net Working Capital to Sales (%)	10.8	2.8	1.5	1.0
Tax Expense	0.0	0.0	0.0	0.0	Valuation (X)				
Tax Rate (%)	0.0	0.0	0.0	0.0	P/E	(59.8)	(43.7)	(423.3)	(182.1)
PAT	(106.5)	(145.7)	(15.1)	(35.0)	P/BV	18.7	12.6	11.7	12.2
Margin (%)	(16.8)	(17.9)	(1.5)	(2.7)	EV/EBITDA	(79.9)	(67.0)	172.6	105.4
YoY Growth (%)	187.5	36.8	(89.7)	132.5	EV/Sales	9.9	7.6	6.3	5.0
Min Int/Sh of Assoc	0.0	0.0	0.0	0.0	Cash Flow Statement				
Net Profit	(106.5)	(145.7)	(15.1)	(35.0)	PBT	(106.5)	(145.7)	(15.1)	(35.0)
Margin (%)	(16.8)	(17.9)	(1.5)	(2.7)	Adjustments	1.5	80.0	87.1	109.8
YoY Growth (%)	187.5	36.8	(89.7)	132.5	Change in Working Capital	(42.6)	45.2	8.5	1.9
Balance Sheet					Less: Tax Paid	0.0	0.0	0.0	0.0
Share Capital	1.8	18.1	20.3	20.3	Cash Flow from Operations	(147.6)	(20.5)	80.6	76.7
Total Reserves	339.2	486.9	523.7	500.7	Net Capital Expenditure	(93.3)	(39.8)	(28.6)	(115.9)
Shareholders Fund	341.0	505.0	544.0	521.0	Change in Investments	43.1	(161.4)	(118.7)	113.8
Long Term Borrowings	0.0	0.0	0.0	0.0	Cash Flow from Investing	(50.2)	(201.2)	(147.2)	(2.1)
Deferred Tax Assets / Liabilities	0.0	0.0	0.0	0.0	Change in Borrowings	198.4	288.3	(15.2)	(40.7)
Other Long Term Liabilities	102.9	113.5	137.6	202.3	Less: Finance Cost	(8.2)	(13.7)	(18.2)	(30.4)
Long Term Trade Payables	0.0	0.0	0.0	0.0	Proceeds from Equity	0.0	0.0	42.2	0.0
Long Term Provisions	0.8	1.3	7.6	8.5	Buyback of Shares	0.0	0.0	0.0	0.0
Total Liabilities	444.7	619.8	689.2	731.8	Dividend Paid	0.0	0.0	0.0	0.0
Net Block	227.0	289.6	329.4	415.4	Cash flow from Financing	190.2	274.6	8.7	(71.1)
Capital Work in Progress	43.0	3.5	2.1	0.7	Net Cash Flow	(7.6)	53.0	(57.9)	3.5
Intangible assets under development	0.0	0.0	0.0	0.0	Forex Effect	0.0	0.0	0.0	0.0
Non Current Investments	0.0	0.0	0.0	0.0	Opening Balance of Cash	16.2	8.6	61.5	3.6
Long Term Loans & Advances	19.6	16.6	22.7	24.4	Closing Balance of Cash	8.6	61.5	3.6	7.1
Other Non Current Assets	0.0	96.6	0.0	72.7					
Net Current Assets	155.1	213.6	335.0	218.5					
Total Assets	444.7	619.8	689.2	731.8					

Source: Ventura Research

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