

December 08, 2025

Wakefit Innovations Limited

IPO Note

IPO Snapshot

| Parameter | Value |
|---------------------|-------------------|
| Issue Opens On | December 08, 2025 |
| Issue Closes On | December 10, 2025 |
| Price Band (INR) | 185–195 |
| Issue Size (INR Cr) | 1,289 |
| Recommendation | Subscribe |

Company Overview

Wakefit has strategically evolved from its direct-to-consumer (D2C) roots into a prominent omnichannel provider of home and furnishing solutions, leveraging its brand strength to compete effectively in the dynamic Indian market. The company's core business involves the design, manufacture, and sale of mattresses, furniture, and home furnishings. Wakefit operates on a full-stack, vertically integrated model, managing its value chain from product engineering to customer delivery. Its omnichannel strategy combines sales through its proprietary channels; its website and a growing network of Company-Owned and Company-Operated (COCO) stores; with external channels like online marketplaces and multi-brand outlets (MBOs). The Redseer Report cites Wakefit as a leading D2C brand and one of the top three players in India's organized mattress market by revenue in Fiscal 2024. Key competitive advantages include its pioneering roll-packing technology for mattresses, data-driven product development, and a customer-centric 100-day free trial policy. This established business model provides a solid foundation for the company's ambitious plans to scale its operations and expand its market share.

Outlook

The company's future strategy hinges on a multi-pronged approach of product innovation, physical retail expansion, and brand enhancement to capitalize on favorable industry trends and solidify its market leadership. Wakefit plans new product launches, including premium ranges, and will expand its physical footprint via COCO stores, MBOs, and potential acquisitions. Focusing on scaling its furniture business and enhancing brand salience, the company aims to drive its next growth phase.

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Offer Structure

| Particulars | IPO Details |
|---------------------------|-------------|
| No. of shares under IPO | 6,60,96,866 |
| Fresh issue (# shares) | 1,93,42,461 |
| Offer for sale (# shares) | 4,67,54,405 |
| Price band (INR) | 185–195 |
| Post issue MCAP (INR Cr) | 6,373 |

Issue Category % Allocation

| | |
|--------|-----|
| QIB | 75% |
| NII | 15% |
| Retail | 10% |

Profit & Loss

| Particulars (INR Cr) | FY 2023 | FY 2024 | FY 2025 | H1FY 2026 |
|-------------------------|---------|---------|---------|-----------|
| Revenue from operations | 813 | 986 | 1274 | 724 |
| EBITDA | -93 | 35 | 59 | 86 |
| EBITDA Margin | NA | 3.5% | 4.6% | 11.9% |
| Net Profit | -146 | -15 | -35 | 36 |
| Net Profit margin | NA | NA | NA | 4.9% |

Balance Sheet

| Particulars (INR Cr) | FY 2023 | FY 2024 | FY 2025 | H1FY 2026 |
|----------------------|---------|---------|---------|-----------|
| Assets | | | | |
| Non Current Assets | 406 | 354 | 513 | 466 |
| Current Assets | 386 | 574 | 537 | 754 |
| Total Assets | 792 | 928 | 1051 | 1220 |

Equity & Liabilities

| | | | | |
|-------------------------|-----|-----|------|------|
| Equity | 505 | 544 | 521 | 557 |
| Non Current Liabilities | 115 | 145 | 211 | 208 |
| Current Liabilities | 172 | 239 | 319 | 455 |
| Total Liabilities | 287 | 385 | 530 | 663 |
| Equity & Liabilities | 792 | 928 | 1051 | 1220 |

Industry & Market Overview

Market Size & Growth

India's home and furnishings sector represents a total addressable market (TAM) of INR 2.9-3.2 trillion in calendar year 2024. The market is projected to grow at a robust Compound Annual Growth Rate (CAGR) of 11-13% through 2030, driven by strong underlying demand.

Macro Tailwinds

This growth is supported by several powerful macroeconomic factors. These include a rising GDP per capita, increasing urbanization, higher disposable incomes, and socio-demographic shifts like the formation of nuclear families and a significant increase in female labor force participation, which boosts dual-income households.

Key Industry Trends

The sector is undergoing a significant transformation characterized by a structural shift from the unorganized to the organized segment. The rise of D2C brands and omnichannel retail models is making branded products more accessible, while increasing consumer aspirations are fuelling a trend towards premiumization.

Company's Market Position

Within this context, Wakefit has established a strong competitive position. According to the Redseer Report, it is among the top three players in the organized mattress market by revenue in Fiscal 2024 and is a leading D2C brand in the broader home solutions space.

Sectoral Risks

The industry is not without challenges. Key risks include its sensitivity to economic downturns, as home furnishings are discretionary purchases. Additionally, the sector is characterized by supply chain complexities, intense price-based competition from both organized and unorganized players, and the need to constantly adapt to evolving design trends.

Financial Highlights

Profit & Loss Statement:

| Particulars (INR Cr) | FY 2023 | FY 2024 | FY 2025 | H1FY 2026 |
|-------------------------|---------|---------|---------|-----------|
| Revenue from operations | 813 | 986 | 1274 | 724 |
| EBITDA | -93 | 35 | 59 | 86 |
| EBITDA Margin | NA | 3.5% | 4.6% | 11.9% |
| Net Profit | -146 | -15 | -35 | 36 |
| Net Profit margin | NA | NA | NA | 4.9% |
| ROCE | NA | NA | NA | 6.1% |
| RoE | NA | NA | NA | 6.6% |

Balance Sheet

| Particulars (INR Cr) | FY 2023 | FY 2024 | FY 2025 | H1FY 2026 |
|---------------------------------|---------|---------|---------|-----------|
| Assets | | | | |
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Cash Flow

| Particulars (INR Cr) | FY 2023 | FY 2024 | FY 2025 | H1FY 2026 |
|-------------------------------------|---------|---------|---------|-----------|
| Cash flow from operating activities | -20 | 81 | 77 | 79 |
| Cash flow from investing activities | -201 | -147 | -2 | -36 |
| Cash flow from financing activities | 275 | 9 | -71 | -37 |

Performance Analysis

- Strong Revenue Growth:** Wakefit has demonstrated impressive top-line growth, driven by expansion across all its product categories. While mattresses remain the largest contributor, the non-mattress segments have grown rapidly. Revenue from furniture grew from 24.01% of total revenue in FY23 to 27.61% in FY25, highlighting successful product diversification and cross-selling efforts.
- Path to Profitability:** The company's bottom line shows a significant turnaround. After reporting a substantial loss of INR 146 Cr in FY23, losses narrowed in FY24 and FY25 before the company turned profitable in the first half of FY26, posting a profit of INR 36 Cr. This improvement is linked to operating leverage and disciplined cost management. Notably, advertisement and business promotion expenses have decreased as a percentage of revenue, from 11.80% in FY23 to a more sustainable 5.10% in the six months ended September 30, 2025.
- Improving Margin Profile:** The trajectory of the EBITDA margin underscores the improvement in operational efficiency. The company turned EBITDA positive in FY24 and the margins have increased to 11.9% in H1FY26.

Objects of the Issue

The table below outlines the planned utilization of the Net Proceeds from the Fresh Issue:

| Use of Net Proceeds | Amount (INR Cr.) | Timeline of Utilization |
|---|------------------|-------------------------|
| Capex for 117 new COCO stores | 31 | FY27-FY29 |
| Lease/rent payments for existing stores | 161 | FY27-FY29 |
| Capex for new equipment & machinery | 15 | FY27-FY28 |
| Marketing & advertisement expenses | 108 | FY27-FY29 |

The proposed fund allocation is strategically aligned to fuel growth while mitigating key risks. The significant allocation towards new COCO stores (INR 31 Cr) and marketing (INR 108 Cr) directly addresses the company's reliance on online channels by building a robust physical footprint and strengthening brand pull, thereby mitigating risks associated with third-party marketplace dependency. Capex for new machinery (INR 15 Cr) directly supports the scaling of manufacturing capabilities, particularly for the growing furniture segment.

Risk Factors

- Reliance on Online Channels & Marketplaces:** A significant portion of revenue is generated through online channels, including its own website and third-party marketplaces. The business is exposed to risks such as technical disruptions, changes in marketplace algorithms or commission structures, and heightened competition from private label brands on these platforms.
- Intense Competition:** The home and furnishings industry in India is highly competitive, fragmented, and largely dominated by unorganized players. Wakefit faces significant pressure on pricing and margins from both established organized competitors and numerous smaller, local players.
- Operational and Supply Chain Risks:** The company's operations are concentrated in five key manufacturing facilities and rely on third-party logistics providers for distribution. Any disruption at these facilities, increases in transportation costs, or failures in quality control could adversely affect its ability to manufacture and deliver products efficiently.

Promoter & Management Analysis

Promoter Profile: The company is led by its promoters, Ankit Garg (Chairperson & CEO) and Chaitanya Ramalingegowda (Executive Director). Mr. Garg holds a degree in chemical engineering from IIT Roorkee, and both promoters have a strong entrepreneurial track record, having founded and scaled the company since its inception in 2016.

Promoter Shareholding: Prior to the IPO, the promoters collectively held 43.01% of the company's share capital on a fully diluted basis. They will continue to hold a significant stake post-offer, ensuring alignment of interests with minority shareholders.

Peer Comparison & Valuation

Comparative Analysis Table (Fiscal Year 2025)

| Company (FY25, INR Cr.) | Revenue | EBITDA | EBITDA Margin (%) | PAT |
|--------------------------|---------|--------|-------------------|-----|
| Wakefit Innovations Ltd. | 1,274 | 59 | 4.6% | -35 |
| Sheela Foams Ltd. | 3,439 | 252 | 7.3% | 97 |

Valuation Analysis

The company has a premium product profile with robust distribution channel across offline and online. It is also expanding its product portfolio and executing economy of scale. In the last three years, the topline has expanded at a CAGR of more than 20%. Wakefit turned EBITDA profitable in FY24 and posted net profit in H1FY26, facilitated by expanding operations and increasing efficiency.

The operating margins has gradually improved towards 12% in H1FY26 and can reach high teens as seen in the premium segment of the industry. After turning profitable, net profit margins reached 5% and can double in the next five years, as seen in similar premium players in the industry.

Factoring in the growth rate, scope for margin expansion and introduction of more product lines and SKUs, long term investors can **SUBSCRIBE** to the issue.

Red Flags

- **Negative Operating Cash Flow History:** In FY2023, the company recorded negative cash flow from operations of INR (204.63) Cr, indicating a past inability to generate sufficient cash from its core business activities to fund its operations.
- **Key Management Departure:** The company's Chief Financial Officer, Navesh Gupta, has resigned with a last working day of December 31, 2025. The departure of a key managerial person so close to the IPO timeline is a notable concern.

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