



# IPO NOTE

## WAKEFIT INNOVATIONS LIMITED



### Rating:

**AVOID**



Wakefit Innovations Limited is an Indian D2C home and sleep solutions brand known for its affordable, high-quality mattresses, furniture, and home décor products.

### OBJECTS OF THE ISSUE

- Capex for setting up 117 new COCO stores
- Lease and license fee payments for existing COCO stores
- Purchase of new equipment and machinery
- Marketing and brand promotion
- General corporate purposes

### FINANCIALS (RESTATED CONSOLIDATED)

PARTICULARS (IN CRORE)	FY 2025	FY 2024	FY 2023
Equity Share Capital	10.5	10.3	10.1
Net Worth	520.57	543.61	505.08
Total Income	1,305.43	1,017.33	820.01
EBITDA Margin%	6.96%	6.47%	-10.46%
Net Profit/Loss of the year	-35.00	-15.05	-145.68

### FINANCIAL RATIOS OF FY25



### ISSUE BREAK-UP (%)

QIB Portion		75%
NII Portion		15%
Retail Portion		10%

### INDICATIVE TIMETABLE

Basis of Allotment	11-12-2025
Refunds/Unblocking ASBA Fund	12-12-2025
Credit of Share to Demat A/c	12-12-2025
Listing Date	15-12-2025

### OUTLOOK & VALUATION

- The company continues to report losses, and FY25 net loss remains high despite revenue growth.
- EBITDA margin is still in low single digits, reflecting limited operating leverage and high marketing costs.
- Compared to established peers like Sheela Foam, Wakefit shows negative EPS, negative RoNW, and weaker financial stability.
- Despite losses, the valuation appears expensive when compared with profitability and return ratios.
- Given weak profitability, negative RoNW, and stretched valuation, we give this IPO an AVOID rating.



## COMPANY PROFILE

- The company initially gained popularity with its memory foam mattresses sold directly to customers online, eliminating middlemen and offering competitive prices. Over time, Wakefit expanded its portfolio to include pillows, beds, sofas, study tables, wardrobes, and other furniture items, catering to the evolving needs of modern Indian homes.

- The company operates primarily through its digital channels, supported by strong logistics and customer service, which enables it to reach customers across urban and semi-urban areas in India.

### Product Portfolio:

- Mattresses
- Furniture
- Furnishings



## COMPETITIVE STRATEGIES

- Expand product portfolio especially in furniture and home decor.
- Strengthen manufacturing capacity to reduce dependency on third-party vendors.
- Scale omnichannel presence by opening more offline experience stores.
- Improve operational efficiency and optimize supply chain costs.
- Invest in brand building through marketing and consumer education.
- Leverage data analytics for faster innovation and better customer insights.



### KEY CONCERNs

- Dependence on online platforms — any disruption could affect sales.
- High competition from local and branded players in the furniture & mattress market.
- Fluctuating raw material prices (foam, fabric, wood) may impact margins.
- Working capital-heavy business, especially for furniture segment.
- Negative cash flows in some periods, indicating pressure on liquidity.



### KEY STRENGTHS

- Strong online-first brand with high recall in mattresses and home solutions.
- Wide product range across sleep, furniture, and home categories.
- Tech-driven operations including in-house product design and data-backed improvements.
- Efficient supply chain with multiple manufacturing facilities and delivery network.
- High customer satisfaction with strong repeat purchase behavior.

COMPARISON WITH LISTED INDUSTRY PEERS

Name of the Company	EPS (₹ Basic)	P/E	NAV	Revenue (cr.)	RoNW%
Wakefit Innovations	-1.15	NEGATIVE	16.96	1273.6	-6.72
Peer Group					
Sheela Foam Limited	8.84	77.26	278.35	3439.1	2.98



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