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Dominant 2-W helmet play with long term potential...

About the Company: Studds Accessories (Studds) is a leading 2W helmet and accessories manufacturer, with its product portfolio encompassing helmets (Studds and SMK brands), luggage, gloves, rain suits, riding jackets, eyewear & more.

- Sales Channel mix as of FY25 – 58% Distributor network, 16% OEMs, 16% Export, 4% E-commerce, 4% Government channels, 2% others.
- Commands market share of 27.3% in terms of volume & 25.5% in terms of value, in the domestic market in FY24. It has a 10.6% global market share.

Key triggers/Highlights:

- Dominant industry player with vertically integrated operations which provides in-house control over critical production stages thereby enabling cost efficiency, faster time-to-market, and strong quality control.
- Studds operates 4 manufacturing facilities in state of Haryana with a combined capacity of ~9 million units producing 2W-helmets and boxes. It operates at ~80% capacity utilisation levels. Sensing long term growth prospects, it has also announced a 5th plant with capacity of 3 million units which will be set up in phases & 1st phase due for commissioning in Q4FY26.
- Studds has been leveraging its strong brand recall in India with its two brands: “Studds” positioned for mass and economy with prices ranging from ₹875 to ₹4000, while “SMK”, the premium brand (with features like Bluetooth, Carbon Fiber, GPS) with price range between ₹3,000 - ₹12,800.
- Studds has strong distribution network with 363 active distributors count. It also has tie-ups with leading 2W OEMs operating in Indian market.
- Increasing 2W population, Regulatory push for mandatory helmet usage, including pillion riders, and shift towards premiumization are some of the long-term growth drivers for Studds Accessories.
- Studds has net cash positive B/S & generates healthy cash flow from operations thereby ensuring high financial flexibility & margin of safety.

Our View & Rating

- Anchored by its dominant position as the largest 2W helmet manufacturer in India & globally, extensive product innovation, and robust financial performance, Studds is well placed to maintain its growth trajectory and create sustainable value for shareholders.
- At the upper price band of IPO i.e. ₹585, the company is being valued at ~33x P/E & ~4x P/S on FY25. We assign **Unrated** rating on Studds.

Key risk & concerns

- Studds drives bulk of its revenues from 2-W helmets (~92%). Any slowdown in motorcycles sales could affect business growth prospects.
- Input cost especially plastic derivatives form bulk of the cost structure at Studds. Supply disruption of these materials or any abnormal price increase could squeeze margins at the company.

Key Financial Summary

Financial Summary (₹ crore)	FY23	FY24	FY25	Q1FY26
Net Sales	499	529	584	149
EBITDA	60	90	105	30
EBITDA Margins (%)	12.0	17.0	18.0	20.3
Net Profit	33	57	70	20
Reported EPS (₹)	8.4	14.5	17.7	5.1
RoNW (%)	9.8	14.8	15.5	NA
RoCE (%)	12.8	19.0	20.3	NA

Source: RHP, ICICI Direct Research

**IPO Details****Issue Details**

Issue Opens	30th October
Issue Closes	3rd November
Issue Size	~ ₹ 455 crore
QIB (Institutional) Share	50% of issue
Non-Institutional Share	15% of issue
Retail Share	35% of issue
Issue Type	Offer For Sale
Price Band (₹/share)	₹557 - ₹585
Market Lot	25 shares
Face value (₹/share)	₹ 5
Listing Market Cap @ Upper price band	~₹ 2,300 crore

Shareholding pattern

	Pre-Issue	Post-Issue
Promoters	78.8	61.7
Public	21.2	38.3
Total	100.0	100.0

Objects of the issue**Objects of the issue**

The issue is a pure play OFS (Offer for Sale) and no proceeds from the issue will get deployed with the company

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Subscribe: Apply for the IPO

Avoid: Do not apply for the IPO

Unrated: No View on applying for the IPO

Subscribe only for long term: Apply for the IPO only from a long-term investment perspective (>two years)



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