

Thursday, 4 December 2025

CM RATING 40 /100

Wakefit Innovations

Costly comfort

IPO is to fund store expansion and for marketing initiatives

Wakefit Innovations is a direct-to-consumer (D2C) home and sleep solutions company, best known for its high-quality and affordable range of mattresses, furniture, and home decor products.

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 sells its products through a comprehensive omni-channel strategy that integrates both its own channels and external channels, enabling it to reach customers in more than 700 districts across 28 states and 6 union territories.

Wakefit own channels comprise its website and its company owned company operated (COCO) – regular stores, while external channels comprise various marketplaces, such as major e-commerce platforms, including Pepperfry and quick commerce platforms, and multi-branded outlets (MBOs) including Pai International Electronics Limited. It's COCO – regular stores have grown from 23 as of March 31, 2023, to 125 as of September 30, 2025, located in 62 cities across 19 states and 2 union territories. Further, the company commenced its MBO operations on April 5, 2022, and within less than three and a half years, its MBO store count has grown to 1,504 stores, located in 395 cities across 24 states and 4 union territories, as on September 30, 2025.

The company operates five manufacturing facilities—two in Bengaluru (Karnataka), two in Hosur (Tamil Nadu), and one in Sonipat (Haryana). The company has also established a logistics network comprising one central mother warehouse, 7 inventory holding points (INHPs) and 18 points of delivery (PODs) as of September 30, 2025.

Object of the offer

The IPO consists of a fresh issue of Rs 371.18 crore and offer for sale of 46754405 equity shares. At the upper end price, the issue size stands at Rs 1288.88 crore.

Wakefit Innovations proposes to utilise Rs 30.8 crore from the net fresh issue proceeds for setting up 117 new COCO-regular stores, Rs 161.4 crore towards rent and related payments for the existing stores and Rs 15.4 crore toward purchase of new equipment and machinery. Additionally, Rs 108.4 crore is reserved for marketing and advertising. The balance will be utilized for general corporate purposes.

Strengths

Wakefit is one among the largest and fastest growing D2C home and furnishing solutions company in India.

Wakefit is a one-stop destination offering comprehensive solutions in the home and furnishing market, aiming to meet the needs of customers at various stages of their lives. The company launched 3,070 and 2,333 SKUs across all its categories in Fiscal 2025 and Fiscal 2024, respectively.

Operations are vertically integrated with control over every aspect of its operations, from conceptualizing, designing and engineering its products to manufacturing, distribution and providing customer experience and

engagement. This approach enhances operational efficiency, builds brand loyalty, and gives the company a competitive edge.

The company has an omni-channel sales presence and strategically located store network. Further, its strong marketing initiatives ensure that customers can discover its brand through various platforms, including search engines, social media, OTT platforms, marketplaces, and physical retail stores. Once the customers discover the company's products, they have multiple options to engage with its brand, including its website, COCO – regular stores, MBOs and marketplaces.

The company's multi-faceted marketing approach focuses on building strong, enduring relationships and bolstering customer loyalty to its brand. This involves a blend of community engagement, strategic marketing, celebrity collaborations, and cultural integration, all of which are essential in shaping the company's overall brand image.

Weaknesses

The company derives around 60% of its revenues from mattresses product category and any shift in consumer preferences, supply chain disruption or increase in competition in the product category might impact the operations of the company.

Disruption to the company's website, whether due to technical issues, cyber-attacks, or changes in consumer behavior or any disruption to the operations of its stores or limitations on the company's ability to expand and grow these stores might have an impact on the revenue growth of the company.

The company has incurred losses in the past. Also, the company had negative cash flows in Fiscal 2023. If the company is unable to generate adequate revenue growth and manage its expenses than the financial condition of the company will be affected.

Outstanding legal claims against the company stood at Rs 39.6 crore as on September 30,2025.

Service interruptions, failures, constraints or inadequate service quality of logistics partners could disrupt the business of the company.

If the company is unable to protect its intellectual property or incurs significant cost in protecting the same than the profitability will have an impact.

Margins of the company are susceptible to fluctuation in raw material prices.

The home and furnishings industry in India is competitive, fragmented and largely unorganized. The company faces competition from local retailers, non-branded products and products of other established brands.

The company's business is manpower-intensive and its business may be adversely affected by work stoppages, strikes, lockouts, increased wage demands by the employees, or an increase in minimum wages, and if the company is unable to engage new employees at commercially attractive terms

Valuation

In the six months ended September 30,2025, the company earned NP of Rs 35.57 crore on sales of Rs 724.00 crore.

Consolidated sales were up by 29.1% to Rs 1273.69 crore in FY2025. Operating profit increased by 69.5% to Rs 59.10 crore. OI increased 2.4% to Rs 31.74 crore. Interest costs rose 73.9% to Rs 29.59 crore and depreciation inclined 50.6% to Rs 96.24 crore. Net loss widened to Rs 35.00 crore as against net loss of Rs 15.05 crore in FY2024.

The company recently raised about Rs 56 crore by issuing 28,71,794 equity shares at Rs 195 per share to DSP India Fund and 360 ONE Equity Opportunities Fund.

P/E could not be calculated as the company is incurring losses. At the upper price band of Rs 195, the post-issue EV/FY 2025 sales is 5.01x and EV/FY 2025 EBITDA is 107.95x.

In comparison, its peer Sheela Foam trades at 108 times its P/ TTM EPS, 2.04 times EV/TTM sales and 25.33 times EV/TTM EBITDA.

Wakefit Innovations: Issue Highlights	
Fresh issue (in Rs crore)	377.18
Offer for sale (in Rs crore)	865-911.7
Offer for sale (in number of shares)	
- in Upper price band	46754405
- in Lower price band	46754405
Price Band (Rs)	185-195
For Fresh Issue Offer size (in no of shares)	
- in Upper price band	19342462
- in Lower price band	20388000
Post issue capital (Rs crore)	
- in Upper price band	32.68
- in Lower price band	32.79
Post issue Promoter and Promoter Group shareholding	
-On higher price band (%)	37.4%
-On lower price band (%)	37.3%
Bid Size (in No. of shares)	76
Issue open date	08/12/2025
Issue close date	10/12/2025
Listing	BSE, NSE
Rating	40/100

Wakefit Innovations: Standalone Financials				
	2303 (12)	2403 (12)	2503 (12)	2509 (6)
Sales	812.62	986.35	1273.69	724.00
OPM (%)	-11.46	3.54	4.64	11.86
OP	-93.14	34.87	59.10	85.90
Other inc.	7.39	30.98	31.74	17.30
PBIDT	-85.75	65.85	90.83	103.19
Interest	12.66	17.01	29.59	14.80
PBDT	-98.41	48.84	61.24	88.39
Dep.	47.27	63.89	96.24	52.82
PBT	-145.68	-15.05	-35.00	35.57
Share of profit/loss from JV	-	-	-	-
PBT Before EO	-145.68	-15.05	-35.00	35.57
Exceptional items	-			
PBT After EO	-145.68	-15.05	-35.00	35.57
Total Tax	0.00	0.00	0.00	0.00
Net Profit	-145.68	-15.05	-35.004	35.57
EPS (Rs)*	-4.46	-0.46	-1.07	#
EPS is on post issue equity capital of Rs 32.68 crore of face value of Rs 1 each				
Figures in Rs crore				
Source: Wakefit Innovations Issue Prospectus				

