

Studds Accessories Ltd. - IPO Investment Note

Issue Open	Issue Close	Price Band (₹)	Rating
30 October 2025	3 November 2025	₹557 to ₹585	Neutral

Investment Summary

Studds Accessories Limited commands a prominent global manufacturing position, recognized as the world's largest two-wheeler helmet player by volume (Calendar Year 2024) and the market leader in India by revenue (Fiscal 2024). Leveraging nearly five decades of industry expertise, the company operates a powerful dual-brand portfolio featuring the high-volume 'Studds' line and the premium 'SMK' brand, distributing approximately 7.40 million helmets annually (Fiscal 2025) to over 70 countries globally. This market dominance is structurally reinforced by advanced manufacturing and Design & Development (D&D) capabilities with vertically integrated operations. This end-to-end control over the production process allows for enhanced quality consistency, minimization of operating expenses, and rapid iteration of prototypes, significantly reducing time-to-market for new designs developed by a dedicated 75-member D&D team. Such operational rigor has translated directly into shareholder value, underpinning the company's strong financial track record, highlighted by a notable 32.13% Compound Annual Growth Rate (CAGR) in Total EBITDA from Fiscal 2023 to 2025.

Company Overview

Studds Accessories Limited is a manufacturer that designs, produces, markets, and sells two-wheeler helmets and related accessories. Incorporated on February 3, 1983, the company is recognized as the largest two-wheeler helmet player in India by revenue (Fiscal 2024) and the world's largest by volume (Calendar Year 2024). The company operates two flagship brands: 'Studds,' which targets the mass and mid-market segments, and 'SMK,' which focuses on the premium segment. In Fiscal 2025, the company sold approximately 7.40 million helmets. The company's products are sold across India and exported to more than 70 countries globally as of August 31, 2025. The company operates out of four manufacturing facilities in Faridabad, Haryana, with a fifth facility currently under construction in the same region.

Business Model

The foundation of Studds Accessories Limited's business model rests on designing, manufacturing, and distributing a wide range of headgear and accessories using a strategic multi-brand approach. The company primarily utilizes two distinct brands: Studds and SMK. The Studds brand, established in 1975, focuses on the high-volume, mass, and mid-market segments in India, while SMK, launched in 2016, caters to the premium helmet market both domestically and internationally. This segmentation allows the company to meet diverse consumer demands across different price points, supported by a specialized 75-member design and development (D&D) team that continuously refreshes the product catalog with over 240 designs.

A crucial element supporting the business model is its advanced, vertically integrated operation. This vertical integration provides control over the entire supply chain, from sourcing raw materials to production and final distribution. Operating four highly equipped manufacturing facilities in Faridabad, Haryana, with a fifth being developed. The company ensures high standards of quality through features like automated hard coating for visors, in-house mold making, and a certified helmet testing laboratory. This centralized and integrated approach allows for quicker development cycles, reduced time-to-market for new products, and enhanced control over operational costs.

The company maintains a capital-efficient and sustainable model achieved primarily through leveraging its brand presence and extensive distribution network. Products are sold through a robust pan-India network of 363 active distributors, in addition to sales made directly to Original Equipment Manufacturers (OEMs), Exclusive Brand Outlets (EBO's), online retailers, and government channels like the Canteen Stores Department. The model's efficiency is further boosted by prudent financial practices; for example, orders from distributors are generally backed by weekly credits, while importers often provide advance payments or letters of credit, ensuring effective working capital management. This structure allows for strong financial growth, as demonstrated by a 32.13% CAGR in Total EBITDA between Fiscal 2023 and 2025.

Industry Outlook

Globally, the two-wheeler helmets market is projected to expand at a Compound Annual Growth Rate (CAGR) of 5.1% in value terms between Calendar Year (CY) 2024 and CY2029. The Indian helmet market is expected to show even greater expansion, forecasting a CAGR of 6.1% in volume and 8.7% in value during the same CY24–CY29 period. This robust growth is primarily fueled by increasing urbanization, rising disposable incomes, stricter government regulations mandating helmet use, and heightened safety awareness among consumers. Furthermore, stricter regulations requiring Indian Standards (ISI) certification are driving market consolidation, with the share of organized, ISI-certified helmet sales expected to rise from 70% in CY19 to over 80% by CY29.

Investment Rationale

1. Largest domestic player of two-wheeler helmets

The company holds the position as the largest two-wheeler helmets player in India by revenue (Fiscal 2024) and the world's largest by volume (Calendar Year 2024). With nearly five decades of experience, the foundation of this success is its dedication to safety, quality, and continuous product improvement, allowing the company to effectively utilize its brand recognition (Studds and SMK) to grow its scale, introduce new designs, and expand geographically.

2. Wide design and product catalogue across price points catering to diverse consumer requirements

Studds offers a broad range of helmets and motorcycle accessories across mass commuter and premium market segments. The company believes customers are drawn to products based on safety features, design, functional needs, and trust in the brand. With a 75-member D&D team as of August 31, 2025, the company maintains a contemporary catalog offering over 240 different designs across its Studds and SMK brands.

3. Advanced manufacturing and D&D capabilities with vertically integrated operations

The vertical integration model grants the company control over the entire production process, from raw material procurement and design to production and distribution, enabling quicker prototyping and faster reaction times to market changes. The four operational manufacturing facilities in Faridabad, India, (with a fifth under construction) are equipped with automated features such as silicon hard coating for visors, in-house mold making shops, and an in-house helmet testing laboratory certified by the Vehicle Certification Agency, England (VCA).

4. Strong pan-India and global presence supported by an extensive and well-developed sales and distribution network and major quality accreditations

The company achieves sales primarily through an extensive network, including 363 active domestic distributors (as of August 31, 2025), sales to Original Equipment Manufacturers (OEMs), Exclusive Brand Outlets (EBO's), online retailers, and government channels. It has a significant global footprint, selling products in over 70 countries and manufacturing white-label helmets for major global brands like Daytona and O'Neal. Furthermore, major quality certifications like ISO 9001:2015 and ISI/ECE standards help the company meet the stringent requirements of safety-sensitive markets like the US and Europe.

5. Capital efficient and sustainable business model

The model is highly scalable, relying on brand visibility (thus minimizing advertising costs) and the cost efficiencies gained through integrated operations. Expansion into new geographies is facilitated by a large distribution network without requiring extensive capital expenditure. The company maintains strong cash flows from operations due to efficient working capital practices, where distributor orders are typically backed by weekly credits, and importers use advance payments or Letters of Credit. The business has demonstrated robust growth, with total revenue increasing at a CAGR of 8.47% and Total EBITDA increasing at a CAGR of 32.13% between Fiscal 2023 and 2025.

6. Experienced Promoters and Management team

Studds benefits from highly experienced Promoters and a Senior Management team with deep knowledge of the two-wheeler lifestyle products industry. Madhu Bhushan Khurana, the Chairman, has over 42 years of industry experience, while Sidhartha Bhushan Khurana, the Managing Director, has over 25 years. The Promoters are actively involved in strategic direction, product development, and maintaining strong relationships with the distribution network.



Key Risks

1. Significant Dependence on Two-Wheeler Helmet Sales

The business is exposed to risk because two-wheeler helmets constitute a substantial majority of total sales, accounting for between 91.91% and 92.81% across the periods analyzed (Fiscal 2023 through the three months ended June 30, 2025). Consequently, any significant decrease in motorcycle sales could severely harm the company's business, cash flows, results of operations, and financial position. The company's revenues are closely influenced by general economic conditions, consumer confidence, government regulations, and volatility in fuel prices affecting the broader two-wheeler automotive industry. A decline in sales or profit margins specifically derived from two-wheeler helmets would have an adverse effect on the overall financial stability of the company.

2. Inability to Maintain and Enhance Key Brands

The company's success is heavily reliant on maintaining and enhancing the brand image of its flagship lines, 'Studds' and 'SMK,' which is considered critical for growing the customer base. If the company fails to uphold the recall value of these brands or effectively leverage its reputation to promote new products and designs, it could have a material adverse effect on the business and financial results. Brand perception is sensitive to negative customer reviews, quality issues, theft incidents, or misconduct by sales staff. Furthermore, instances of e-sellers offering deep discounts have occurred, which threatens to dilute the brand positioning, adversely affect distributor sales, and potentially cause a devaluation of the products. As the company expands into new, competitive global markets, maintaining and enhancing its brand recognition may become increasingly difficult and expensive.

3. Reliance on Spot Purchases and Raw Material Price Volatility

The company incurs substantial costs related to raw material procurement, which are major components of its overall expenses. A material risk arises because the company typically does not enter into long-term supply agreements, instead conducting business primarily on an order-by-order or spot basis. This lack of long-term contracts exposes the company to greater price fluctuations, which are influenced by economic factors, seasonality, environmental factors, and changes in government regulations. If the company is unable to procure sufficient quality and quantity of materials at competitive prices, or cannot pass increased costs onto customers, its sales volumes, profit margins, and overall results of operations may be adversely affected.

4. Failure to Anticipate Customer Preferences and Innovate Product Designs

The demand for helmets constantly changes, requiring the company to continually develop new designs, improve fit and comfort, and integrate new technologies. The risk lies in the possibility of misjudging market trends or failing to update the product catalogue according to customer preference, which could adversely affect business prospects and financial results. Past designs, such as the "Stellar – Wings" helmet and the "Scorpion" two-wheeler helmet, were poorly received by customers. If the design team cannot anticipate changing trends or successfully launch new products on a timely basis, the company risks experiencing lower sales, obsolete inventory, pricing pressure (requiring discounts), and failure to recover development expenditures.

5. Risk of Operational Disruption Due to Concentration of Manufacturing Facilities

The continued and uninterrupted operation of the company's manufacturing facilities is critical to the business. Any disruption, breakdown, or shutdown could have a material adverse effect on cash flows, business operations, and financial condition. A significant vulnerability stems from the concentration of all manufacturing facilities in a single geographic area (Faridabad, Haryana). This means the entire operation is susceptible to complete disruption or shutdown if a major natural calamity or catastrophic event impacts that single geographic location. Other ongoing threats to operations include equipment failure, power supply issues, labor disputes, industrial accidents, and political instability. While the company maintains standby power, a prolonged disruption could nonetheless interrupt production schedules, requiring costly restarts, increasing expenses, and ultimately hindering the ability to meet customer demand.

Financial Snapshot

Metric	In (Cr)		
	FY23	FY24	FY25
Revenue (₹ Cr)	506	536	596
EBITDA (₹ Cr)	60	90	105
Net Profit (₹ Cr)	33	57	70
EBITDA Margin (%)	11.9	16.8	17.6
PAT Margin (%)	6.5	10.6	11.7
EPS (Basic) (₹)	8.5	14.6	17.9

Segment – Wise Revenue Mix

Particulars	FY23		FY24		FY25	
	Rs. Cr	% of revenue	Rs. Cr	% of revenue	Rs. Cr	% of revenue
Studds	402	77.89	456	83.31	457	78.32
SMK	53	10.22	38	7.02	69	11.87
Total	454	88.11%	495	90.33%	527	90.20%

Note: This data focuses specifically on helmet sales under the Studds and SMK brands only, excluding white-label brands like Daytona and O'Neal

IPO Details and Use of Proceeds

Parameter	Details
Issuer	Studds Accessories Ltd.
IPO Structure	Offer for Sale
Issue Size	77,86,120 shares (aggregating up to ₹455.49 Cr)
Price Band	₹557 to ₹585 per share
Face Value	₹5 per share
Post-Issue Market Cap	₹2302.17 Cr. (Upper Band)
IPO Opening Date	October 30, 2025
IPO Closing Date	November 3, 2025
Listing	BSE & NSE
Promoter Holding (Pre/Post)	78.78% /61.76%
Book Running Lead Manager(s)	IIFL Capital Services Ltd
Use of Proceeds	<ul style="list-style-type: none"> Achieve the benefits of listing the Equity Shares on the Stock Exchanges

Valuation and Recommendation

At the upper price band of **₹585**, Studds Accessories is valued at **32.9x FY25 P/E** on a post-issue **market cap of ₹2,302 crore**, implying **EPS of ₹17.9**. The global two-wheeler helmets market is projected to grow at a 5.1% value CAGR (CY24–CY29). India is expected to grow faster at 6.1% volume CAGR and 8.7% value CAGR over the same period, supported by urbanization, rising incomes, tougher enforcement, and greater safety awareness. Studds is the market leader, but the category's single-digit growth makes sustained outperformance challenging, especially with ~90% of sales from helmets. The company is nearly debt-free and cash-rich, which provides financial flexibility. A move into adjacent products and services, coupled with a shift to double-digit growth, could support a re-rating. Management plans to commission a fifth facility toward the end of the fiscal year but until that capacity comes onstream, growth is likely to remain muted. At the



current pricing we see the stock as fairly valued. Hence, we maintain a **Neutral** rating and will monitor post-listing execution for signs of category diversification, sustained volume momentum, and margin stability.

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