

Company Business

Davin Sons Retail Limited, incorporated in 2022, operates in two main business segments:

- ✦ **Manufacturing of readymade garments through third-party job workers.** This segment was acquired from the proprietorship firm "Jesus Shirts" on March 2, 2023.5
- ✦ **Distribution of FMCG products for large companies in India.** The company distributes branded packaged foods, non-alcoholic energy drinks, and chips.

Davin Sons Retail's FMCG distribution network covers various states, including Delhi, Haryana, Punjab, Bihar, Uttar Pradesh, Rajasthan, Chhattisgarh, and Arunachal Pradesh. The company aims to expand its reach into new high-populated states to capture a larger market share.

Details of Total Revenue (In Cr.) :

Particulars	30th Sep 2024	FY'2024
Readymade Garments	2.65	7.25
FMCG Products	3.63	6.13

Risks in the Business

The company has outlined several risks associated with its business operations:

- ✦ **Recent incorporation and limited operating history:** The company lacks a long track record, making it difficult for investors to assess its future prospects and viability.
- ✦ **Outstanding litigation proceedings:** The company, its promoters, and directors are involved in legal proceedings that could negatively impact its financial position.
- ✦ **Dependence on third-party manufacturers:** The company relies on external manufacturers for garment production, exposing it to potential disruptions in supply chains.
- ✦ **Competition:** The company faces competition from established players in both the garment manufacturing and FMCG distribution sectors.
- ✦ **Concentration of customers and suppliers:** The company's revenue and raw material procurement are significantly dependent on a few key customers and suppliers.
- ✦ Negative Operating Cash Flows.
- ✦ Corporate Governance issue as the company failed to file GST, TDS returns, MCA and other compliances within time in the past.

IPO Details

- ✦ **Issue Size :**
Up to 15,96,000 equity shares of ₹10 face value each, aggregating up to ₹8.77Cr.
- ✦ **Issue Price :**
₹ 55 per equity share
- ✦ **Market Lot :**
2,000 equity shares
- ✦ **Listing :**
Application has been made to the BSE SME for listing the equity shares.
- ✦ **Entire Issue is Fresh Issue.**
- ✦ **Pre IPO Promoter Holding :**
90.68%
- ✦ **Post IPO Promoter Holding :**
63.17%

Objects of the Issue

The company plans to utilize the net proceeds from the fresh issue of equity shares for the following purposes:

- ✦ **Financing capital expenditure for the purchase of a new warehouse:** The company intends to set up a new warehouse to expand its geographical presence and cater to the growing demand in new markets. **Rs. 1.36 Cr.**
- ✦ **Part-financing working capital requirements:** The company requires additional working capital to support its expansion plans and manage increased inventory and receivables. **Rs. 4.22 Cr.**
- ✦ **Meeting general corporate purposes:** This includes expenses related to the IPO, such as legal and professional fees, printing and marketing costs, and regulatory charges. **Rs. 1.89 Cr.**

Financials of the company

(Fig. in Cr)

Particulars	Sep 30, 2024	March 31, 2024	March 31, 2023
Revenue from Operations	6.28	13.39	3.83
EBITDA	1.07	2.33	0.69
EBITDA Margins	17.03%	17.40%	18.01%
PAT	0.73	1.64	0.56
PAT Margins	11.61%	12.25%	14.47%
CFOA	(0.86)	(1.32)	(00)

Key Financial Observations:

- ✦ **Revenue growth:** The company has demonstrated significant revenue growth, with total income increasing by 242.21% from FY 2023 to FY 2024.
- ✦ **Profitability:** The company has maintained consistent PAT margins, ranging between 11.61% and 14.47% during the reviewed periods.

Comparison with Peers

As per RHP no listed peers.

Valuation of the Company

- ✦ Market Cap : **28.95 Cr.**
- ✦ P/E (FY 2024 PAT basis) : **17.65**
- ✦ Forward P/E (FY 2025 PAT basis) : **19.82**



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