IPO REVIEW

Dudani Retail IPO

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- The company is engaged in the business of designing, manufacturing, sourcing and supplying apparel and related products through own-brand operations.
- It also entertains licensed manufacturing arrangements with Fashion & Lifestyle marketplaces.
- It posted almost static top lines for the reported periods.
- Surge in its bottom lines from FY25 onwards raise eyebrows and concern over its sustainability, as it is operating in a highly competitive and fragmented segment.
- Based on its recent average financial data, the issue appears fully priced.
- Well-informed investors may park moderate funds for medium term.
- In View Of The Likely Bank Strike From 28.09.26 To 30.09.26, The Ipos/Primary Offers That Are Falling Between These Three Days, Ipos Schedule Time Line May Change And The Revised Dates Will Get Effective For Opening And / Or Closing Schedules, As The Case May Be. Investors Are Requested To Make A Note Of This.

About the Company

Dudani Retail Ltd. (DRL) is engaged in the business of designing, manufacturing, sourcing and supplying apparel and related products through own-brand operations, licensed manufacturing arrangements with Fashion & Lifestyle marketplaces and a structured supply arrangement with a quick commerce platform. Its activities span manufacturing of women’s ethnic and fusion wear, trading of men’s wear and fulfilment of just-in-time basis orders for licensed labels under agreements with Fashion & Lifestyle marketplaces. The company operates from its rented premises at F-93, 4th Floor, Kartarpura Industrial Area, Bais Godam, Jaipur, Rajasthan, where key manufacturing processes such as cutting, stitching, finishing, quality checks and dispatch are undertaken. Value-added processes including fabric dyeing, printing, embroidery and related operations are carried out through third-party processors.

Our own-brand business consists primarily of women’s wear sold under the brand “Divena” covering categories such as suit sets, kurtas, dresses, tops, tunics, kaftans, co-ord sets, sarees and bottom wear. These products are designed and manufactured by it using a combination of in-house production and outsourced value-addition. Its men’s wear portfolio, marketed under the name “Millennial Men” operates entirely on a trading basis, wherein finished goods are procured from external suppliers and sold through online channels. The company also engage in selective trading of personal care and lifestyle products under the name “Cosse” depending on sourcing opportunities and demand patterns.

In addition to its own-brand activities, the company manufactures products under licensed arrangements entered into with a Fashion & Lifestyle Marketplace/e-commerce. These arrangements permit it to use specified trademarks owned or managed by the respective entities for the limited purpose of manufacturing and supplying products in accordance with the design briefs, brand specifications, quality standards and operational requirements communicated by them. The labels covered under these arrangements include Kalini, Corsica, Roadster, Anouk Rustic, All about you, Taavi, Navyaazri, Chandbaali, Baesd, ETC, Navibhu, Here & Now. All intellectual property rights in these labels remain with the licensors, and DRL's role is limited to manufacturing and supply based strictly on a just-in-time basis against orders issued by the respective Fashion & Lifestyle marketplaces.

The company also supplies products to a Quick-Commerce Platform under an arrangement where goods are delivered to designated delivery hubs on a sell-or-return basis. Title to the goods transfers to Quick-Commerce upon acceptance at the delivery location, while payments are made periodically based on actual sales to end customers after deduction of applicable margins. This arrangement is driven by purchase orders issued by Quick-Commerce and operates under defined acceptance, returnability and settlement conditions. This vertical functions independently of its licensed manufacturing activities and provides an additional distribution channel based on platform demand. As of August 31, 2026, it had 33 employees on its payroll, and additional 35 contract workers in various departments.

Issue Details / Capital History

The company is coming out with its maiden IPO of 3636000 equity shares of Rs. 10 each at a fixed price of Rs. 29 per share to mobilize Rs. 10.54 cr. The minimum application to be made is for 8000 shares and in multiples of 4000 shares thereon, thereafter. The issue opens for subscription on September 25, 2026 and will close on September 29, 2026. The shares will be listed on BSE SME. The IPO constitute 35.01% of the post-IPO paid-up capital of the company. The company is spending Rs. 1.28 cr. for this IPO process, and from the net proceeds of the issue, the company will utilize Rs. 0.79 cr. for capex towards purchase of machinery for upgrading its existing manufacturing facility, Rs. 3.97 cr. for working capital, Rs. 3.00 cr. for repayment/prepayment of certain borrowings, and Rs. 1.50 cr. for general corporate purposes.

The IPO is solely lead managed by Finshore Management Services Ltd., while Maashitla Securities Pvt. Ltd. is the registrar to the issue. Prabhat Financial Services Ltd. is a market maker. The IPO is underwritten to the tune of 15% by Finshore Management Services and 85% by Prabhat Financial Services.

After issuing initial equity capital at par value, the company also issued further equity shares in the price range of Rs. 30.20 – Rs. 50.22 per share in April 2021, and March 2022. It has also issued bonus shares in the ratio of 3 for 2 in October 2020, 1 fir 1 in March 2023, and 2375 for 1000 in December 2024. The average cost of the acquisition of shares by the promoters is Rs. 3.06, and Rs. 4.92 per

share.

Post-IPO, company’s current paid-up equity capital of Rs. 6.75 cr. (6750000 equity shares) will stand enhanced to Rs. 10.39 cr. (10386000 equity shares). Based on the upper band of the IPO pricing, the company is looking for a market cap of Rs. 30.12 cr.

Financial Performance

On the financial performance front, for the last three fiscals, the company has posted total income/ net profit, of Rs. 25.13 cr. / Rs. 0.99 cr. (FY24), Rs. 25.29 cr. / Rs. 1.78 cr. (FY25), Rs. 24.59 cr. / Rs. 1.90 cr. (FY26). The company posted almost static top lines top and steady growth in bottom lines for the reported periods. Rising trade receivables year-on-year, raise alarms.

For the last three fiscals, the company has reported an average EPS of Rs. 2.53 and an average RoNW of 18.80%. The issue is priced at a P/BV of 1.90 based on its NAV of Rs. 15.26 per share as of March 31, 2026 , and at a P/BV of 1.44 based on its post-IPO NAV of Rs. 20.07 per share.

If we attribute FY26 earnings to its post-IPO fully diluted paid-up equity capital, then the asking price is at a P/E of 15.85, and based on FY25 earnings, the P/E stands at 16.96. The issue appears fully priced, based on its recent average financial data.

The company has posted PAT Margins of 3.96% (FY24), 7.04% (FY25), 7.73% (FY26) and RoCE margins of 23.91%, 31.60%, 25.88%, respectively for referred periods.

Dividend Policy

The company has not paid any dividends for the reported periods of the offer document. It will adopt a prudent dividend policy, based on its financial performance and future prospects.

Comparison with Listed Peers

As per the offer document, the company has shown Nandani Creation, Purple United, Mish Designs, as its listed peers. They are currently trading at a P/E of 27.0, 31.2, and NA (as of September 25, 2026). However, they are not truly comparable on an apple-to-apple basis. This comparison appears to be an eyewash.

Merchant Banker's Track Record

This is the 20th mandate from Finshore Management, in the last three fiscals (including the ongoing one). Out of the last 10 listings, 6 opened at discount, 1 at par, and the rest listed with a premium ranging from 0.64% to 5.95% on the listing date. The merchant banker has an average track record.

Conclusion / Investment Strategy

DRL is engaged in the business of designing, manufacturing, sourcing and supplying apparel and related products through own-brand operations. It also entertains licensed manufacturing arrangements with Fashion & Lifestyle marketplaces. It posted almost static top lines for the reported periods. Surge in its bottom lines from FY25 onwards raise eyebrows and concern over its sustainability, as it is operating in a highly competitive and fragmented segment. Post-IPO small equity base indicates longer gestation for migration. Based on its recent average financial data, the issue appears fully priced. Well-informed investors may park moderate funds for medium term.

About Dilip Davda

Dilip Davda is a veteran financial journalist associated with the Indian stock market since 1978. He has been contributing to print and electronic media on capital markets, insurance, and finance since 1985. He is widely recognized for reviewing public issues and non-convertible debentures (NCDs) in the primary market, with a special emphasis on SME public issues.

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