

Regarding: Investment Proposal from The Darshan Furniture Pvt Ltd (Leo Sofa Bed)

Date: Apr 07, 2024

1. Business Validation & Background

Q1.1 – What is the legal status and incorporation history of the company?

I want to verify that Darshan Furniture Pvt Ltd is a legally registered Private Limited company in India and understand its years of operation, directorship, and compliance history.

Q1.2 – What is the company's current presence and performance in Malaysia and India?

Details on past sales, regions served, and current market size are essential to assess their established credibility.

Q1.3 – Who are the core team members and what are their qualifications?

Understanding the leadership, their background, and experience helps me evaluate execution capability.

2. Product Understanding

Q2.1 – What makes the Leo Sofa Bed product unique in the market?

I need to know what differentiates it from competitors in terms of design, pricing, quality, and innovation.

Q2.2 – Has the product undergone any certifications, patents, or quality standard evaluations?

Verifying this helps ensure product durability, legal standing, and eligibility for wider distribution.

3. Market Feasibility

Q3.1 – How was the projected demand for Madurai, Trichy, and Ramanathapuram assessed?

I'm looking for the basis of the projection—surveys, retailer MoUs, or third-party research data.

Q3.2 – What is the plan for onboarding the 90 proposed stores?

I want clarity on how stores will be selected, managed, and incentivized to sell the product.

4. Investment Utilization

Q4.1 – Can I get a detailed breakdown of how the ₹1 crore will be spent?

Each category—production, marketing, and operations—should include item-wise expenses.

Q4.2 – What assets (machinery, branding, etc.) will be created using my investment?

This will help me understand what tangible or intangible value will be created as a result of my capital.

5. Sales & Profit Projections

Q5.1 – What are the assumptions behind the 8,100 unit annual sales projection?

This helps verify if those targets are realistic and scalable based on infrastructure and demand.

Q5.2 – What is the estimated profit margin per unit after actual operational costs?

I need clarity on how ₹4,500 profit is calculated—whether it includes logistics, GST, marketing costs, etc.

Q5.3 – What is the breakeven point for my investment?

Knowing the number of units or revenue required to recover my principal helps assess risk.

6. Return on Investment (ROI)

Q6.1 – What is the structure of my returns and in what form will they be disbursed?

I want to understand timelines, whether the returns are in cash profit share, equity, or hybrid form.

Q6.2 – Is the projected ROI of 103.5% guaranteed or estimated?

I need to know whether these numbers are fixed, best-case, or conservative estimates.

7. Legal Security

Q7.1 – Will there be a legally binding investor agreement?

I want assurance that terms of investment, profit share, exit, and dispute resolution will be legally documented.

Q7.2 – What rights and protections will I have as an investor?

Details about audit rights, financial reporting, and governance input are needed for transparency.

8. Operational Transparency

Q8.1 – How frequently will I receive financial and performance updates?

Regular reporting is key to tracking progress and holding the team accountable.

Q8.2 – Will I have visibility into key financial decisions or only post-facto reports?

I want to clarify if I'll have advisory rights or access before major budgetary decisions are made.

9. Risk Management

Q9.1 – What is the backup plan if the projected unit sales are not met?

I need a fallback or contingency plan for underperformance in sales or demand.

Q9.2 – What are the biggest risks identified by the company, and how are they being addressed?

Understanding perceived risks (supply chain, logistics, competition) and mitigation strategies is critical.

10. Exit Strategy

Q10.1 – Is there a defined exit plan after 3 years or before?

This includes information on profit buyout, equity transfer, or reinvestment options.

Q10.2 – What happens to my share if the company goes for another funding round?

I want to understand dilution risk and whether my share will be preserved, converted, or reduced.

11. Future Roadmap

Q11.1 – Are there expansion plans beyond these 3 districts?

I'd like visibility into the next stage of growth (geographic or product-wise) to evaluate scale potential.

Q11.2 – Is there any plan for digital sales, franchising, or e-commerce in the future?

This reflects how future-ready the business is, especially in a competitive retail environment.