

Dated : 27th Dec. 2018**ACCUMULATE**

Price ₹	531
Accumulate	
Upside	-
Div Yield	0.19%
Tenure	2-3 Years
Sensex	35807.28
Nifty	10779.80
Group/Index	B / S&P BSE Small Cap

Stock Details

M.cap (₹ in cr)	954
Equity (₹ in cr)	17.97
52 wk H/L ₹	862/575
Face Value ₹	10.00
NSE code	KHADIM
BSE code	540775

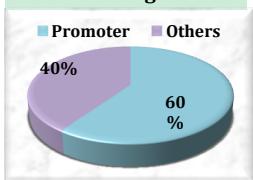
Key Valuation Ratios

RONW	12%
P/E	27.23
P/BV	3.4
EV/EBIDTA	12.81

IN ₹

Key Financial

EV (₹in cr)	1023.79
BV (₹in cr)	158.31
NW(₹in cr)	284.49
Adj.EPS (TTM)	19.50

Share Holding Pattern**Investment Rationale**

Khadim's two **distinctive business models** reduce dependence on any one business. Retail business that contributes around 62 % in overall revenue **will grow at 13-14 %**, while, Distribution business that contributes 22 % of revenues to **grow at 26-27 %, above the industry estimates of 22-23 %**. In both the segments, be it retail or distribution, company plan to scale up business on an asset-light model so there would be better impact on the profitability of the company and return ratios.

Looking forward, **company expects top line will grow at around 15 % & bottom line to grow 30-32 % over the next few years, buoyed by its expansions plans, distribution business and overall move towards branded retail. In addition, EBITDA will benefit from economies of scale and margin will improve by 50 Bps.**

GOVERNMENT INITIATIVES TO ADD SPUNK - Accelerate revenues and volume growth

⦿ **Twofold hike in custom duty to 25% from 20% & 10% earlier to dampen imports** has been breathtaking for the footwear industry. Also, Government has reduced the corporate tax from 30 % to 25 % for SME sector firms whose turnover not exceeding ₹ 250 crore. SME sectors like footwear industry will hugely benefit on this tax reduction. As a result, **KHADIM INDIA will get tax advantage on its income which will leads higher margins for the company's profit.**

⦿ Government has set aside ₹2600cr package for the leather and footwear industry for employment generation in the leather and footwear sectors which has the potential to generate 3.24 lakh new jobs, over three financial years from 2017-18 to 2019-20. The scheme would **lead to development of infrastructure for the leather sector, address environment concerns specific to the leather sector, facilitate additional investments, employment generation and increase in production.** Moreover, enhanced Tax incentive would attract large scale investments in the sector and reform in labour law in view of seasonal nature of the sector will support economies of scale. **For this purpose, there should be increased focus on the Make in India concept, with products being designed, developed and manufactured from the country such efforts would boost exports.**

⦿ With the objective to reduce financial strain on the industry and to ensure sustainable growth, the Government of India **reduced GST tax on leather products from 18 % to 5 % for products priced under ₹ 1000.**

India's footwear industry would out perform well for next 2-3 years by recent incentives provided to industry by the government of India. Government has hugely allocated an amount on rural and infrastructure development in budget 2018-19 which will give boost to rural and urban consumption growth, then it will leads to generating revenues for footwear industry.



Source: Google

VALUATION (₹ In Cr except per share)

FY 20Est. Earnings	59.61			
Equity Share Capital	17.97			
FV	10.00			
No. of Equity Shares	1.80			
EPS(FY20Est.)	33.17			
Estimated P/E Ratio	24			
Estimated Price/share	786			
Corporate Governance Transparency Ratio's				
Year End	201803	201703	201603	201503
Tax Rate %	33.47	24.42	2.25	-
Rece. days	55.00	37.00	13.00	118.00
Div. Pay. %	4.56	-	-	-

Extensive geographical reach

Khadim has a strong presence in east India and is an emerging brand in west and north India. Company has now **785 exclusive branded retail stores (COCO 192 and Franchises 593) across 23 States & 1 Union Territory as of Sept- 18**. Further, company has a wide network of 509 distributors selling to MBOs across India. *Company is trying to leverage their past experience to grow and establish a market position in South India, coupled with brand positioning, is enabling them to develop and target new geographies across India.*

Asset light model leading to higher operating leverage - Deploying Future Strategies

In terms of retail business, in order to ensure pan-India presence, *company has adopted a scalable, asset-light and less capital-intensive business model to operate exclusive retail stores*. Moving ahead, company strategy is to open COOs in new markets through leased premises and further penetrate the market through FOOs, once the brand has reasonable strength. Within FOOs, *expansion is largely through EBOs and BOs, where the inventory risk, capex and operational costs reside with the franchise. This strategy will help to expand faster and generate incremental revenues with low capital requirement, going forward*.

PEER GROUP COMPARISON

PEERS	CMP (in ₹)	MRKT. CAP (in ₹ cr)	EPS (in ₹)	P/E (X)	PROMOTER %
KHADIM INDIA	531.00	424.27	19.50	27.23	59.70
BATA INDIA	1126.00	14471.35	17.24	65.31	52.96
LIBERTY SHOES	172.35	293.68	5.47	31.51	59.33
RELAXO FOOTWEARS	720.00	8668.80	14.7	48.98	74.25

KHADIM trading at lowest amongst peers. Going forward it may emerge as a HIDDEN GEM.

Key Achievements in FY2018

Company witnessed a sustainable growth trajectory during the year. This was on the back of expansion in the newer markets, growth opportunity in the branded affordable segment, diverse presence and product offerings across the value segment.

- Total Revenue from Footwear Sales stood at ₹ 741.17 Crore
- Total Revenue from Retail Sales went by up 10.27% to ₹ 498.93 Crore
- Total Revenue from Distribution Channel went by up 36.59% to ₹176.39 Crore
- Overall Sales Touched ₹ 748.71 Crore
- **Annual Production Capacity stood at 32.19 Million Pairs of Footwear**

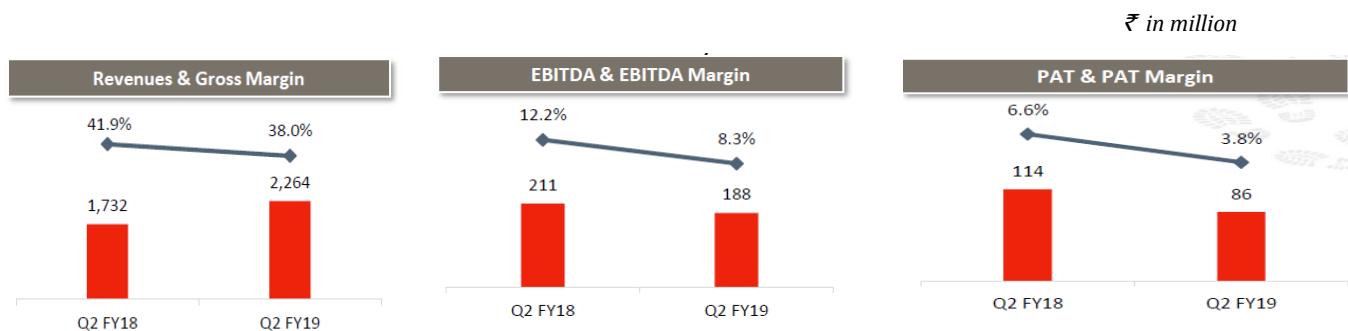
An Eye on the numbers:-

Company demonstrated the stability of business model and showcased resilience with consistent top-line and bottom-line growth, despite the challenges posed by demonetization and GST implementation. During the year, Net Profit stood at ₹37.90 crore, an increase of 23.69% as compared to ₹30.64 crore in the preceding financial year. Its endeavour to constantly scale businesses, diversifying into new growth avenues, and consistently outperform helps company in carving out a considerable share of markets in its areas of presence.

For the second Quarter FY19, net revenues increased by 30.7% from ₹ 173.2cr to ₹ 226.4cr Y-O-Y basis. EBIDTA stood at ₹ 18.7 cr, lower compared to previous year due to higher employee cost & other expenses. Likewise, finance cost reduced compared to previous year, although higher sequentially as short term borrowing surge being festive season.

PAT during quarter stands at ₹ 8.59 crores with EPS of ₹ 4.78 in Q2 FY 19.

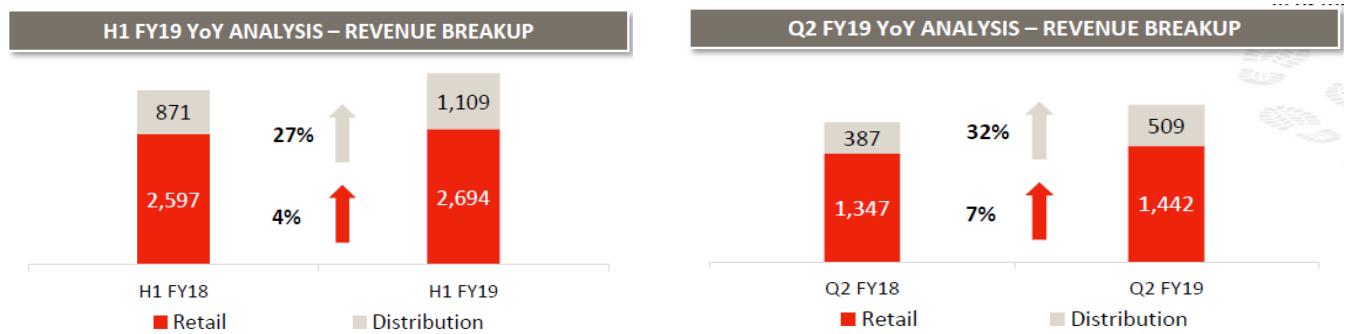
Gross profit increased by 18.5% from ₹ 72.6 crores to ₹ 8.60 crores with margin at 38% during quarter. **Retail business which contribute around 62% in the overall revenue to grow at 13-14%. Distribution business though having 22% share in revenues currently is ought to grow at 26-27%, above the industry estimates of 22-23%.**



Tabular presentation

Quarterly & Yearly Results Analysis	Results Snapshot						₹ in crores	
	Particulars	201809	Quarter Ended 201806	201709	% change Q-O-Q	% change Y-O-Y	Year Ended 2018	2017
Revenue	226.41	189.63	173.18	19.40%	30.74%	748.70	610.59	22.62%
EBITDA	18.70	18.12	21.10	3.20%	-11.37%	84.88	69.64	21.88%
EBITDA %	8.26%	9.56%	12.18%	-	-	11.34%	11.41%	-
PBT	13.29	11.50	17.82	15.57%	-25.42%	56.96	40.53	40.54%
PBT%	5.87%	6.06%	10.29%	-	-	7.61%	6.64%	14.61%
PAT	8.59	7.40	11.34	16.08%	-24.25%	37.90	30.63	23.73%
PAT %	3.79%	3.90%	6.55%	-	-	5.06%	5.02%	0.91%
EPS	4.78	4.12	6.59	16.02%	-27.47%	21.60	17.71	21.96%

SEGMENT ANALYSIS



Along with Khadim's brand, company also promotes nine sub-brands with varied product offerings and merchandise category.

Brand/Sub-brand	Description
Khadim's®	Fashionable, casual footwear, for value conscious customers, for men, women and children.
 BRITISH WALKERS	Formal shoes and sandals for men. Features - basic colours of black/ brown, plain uppers, broad construction. Uses premium quality leather.
 LAZARD	Semi-formal and Casual shoes and sandals for men. Features - colours, fancy uppers, slim construction. Uses premium quality leather and faux leather.
 TURK	Outdoor boots and sandals for men. Features - shades of brown and rugged sole. Uses premium quality faux leather.
 cleo	Light and trendy sandals for women. Features - delicate upper/back straps, embellishments and laser-cut uppers, slim heels. Uses premium quality faux leather.
 SHARON	Fashionable yet functional sandals for women. Features - broad upper/back straps, clean lines and uppers, wide heels. Uses premium quality faux leather.
 softouch™	Closed and Open shoes and sandals for men and women. Features - broad construction with anatomical support and low, platform heels. Uses premium quality soft leather and faux leather.
 O PRO	Sports and activity sneakers & floater sandals for men and women. Features - wide range of colours and designs, mesh, synthetic and canvas uppers.
 bonito	A range of fun and colourful shoes for toddlers and children.
 adrianna™	Comfortable and fashionable footwear for pre-teen and teenage girls.

STRENGTHS, RISKS & CONCERNs

STRENGTHS

- ⦿ A leading footwear brand, offering affordable fashion across various price segments.
- ⦿ Strong design capabilities to maintain seasonal trends and leading premiumisation through sub-brands.
- ⦿ Two-pronged market strategy that straddles efficiently across retail and distribution models
- ⦿ Extensive geographical reach and penetration across East and South India
- ⦿ Asset light model leading to higher operating leverage

Threats, Risks and Concerns

Onslaught of E-Commerce

The dynamic and intensifying e-Commerce business competition has placed brands from all over the world at the customer's disposal, just a click away. Heavy discounting by these sites affects margins universally. Also, given the affordable nature of product profile, impact of online on business has been limited. To compete equally, company launched website and a mobile app through which customers can buy their favorite products. In addition, products are also available on shopping portals such as Amazon, Flipkart, Myntra, Jabong and Snapdeal, among others

Intense competition due to presence of large unorganized sector

The company faces intense competition from multiple branded footwear manufacturers as well as unorganized players, which limit its pricing flexibility and consequently ability to expand its operating margins

Expanding in New Geographies

Setting up new stores, creating brand identity in new territories while working towards building a pan- India presence. Each geography has its own established competition, and challenges will be faced in carving out market share and growing further. Any inability to expand into new geographic markets or penetrate existing markets may adversely affect growth and future prospects.

Competitive nature of footwear industry

The domestic footwear industry is fragmented and is characterized by large number of unorganized players enjoying tax and excise benefits. Moreover, there is a pressure from cheap imports from China in this segment. KIL has sharpened its focus on the high-income segment and designer footwear to protect its profitability margin

Working capital intensive nature of the business

KIL's business is highly working capital intensive on account of high level of inventory required to be maintained to ensure ready availability of stock. Further, the company needs to provide credit period of 15-30 days to its distributors in view of steep competition in the footwear segment

Inability to pass on the outsourced cost:

KIL's cost of procurement of products from outsourced vendors or cost of manufacture of products using contract manufacturers may increase in the future. Any inability to pass on costs to consumers and distributors may result in reduction in the margins.

COMPANY OVERVIEW

Company is one of the leading footwear brands in India, with a two-pronged focus on retail and distribution of footwear. Khadim's was established in December 3, 1981 as S.N. Footwear Industries Private Limited. Through the next many years, the company was involved in whole-selling and distribution of branded basic utility footwear. From 1993, with its foray into retailing, Khadim's emerged as a popular fashion footwear brand, as also one of the leading organized footwear retailers in India.

INDUSTRY SCENARIO

The macro-economic scenario has improved and India retained its ranking as the world's fastest growing major economy. Growth in India is projected to advance further, backed by strong private consumption and strengthening of investments. India's footwear sector will be a significant beneficiary of growth in consumption..

India Retail Industry

India's growth story is in the spotlight of the global economic outlook. According to McKinsey's Global Institute report, the nation offers an attractive long-term future, largely powered by a consuming class that is expected to more than triple in size - 89 million households - by 2025. With the help of rising incomes, lifestyle changes by the middle class and increased digital connectivity, India's retail market is projected to increase by 60% to reach US\$ 1.1 trillion by 2020. India is also the most promising market for retail expansion, supported by an expanding economy, booming consumption rates, an urbanizing population and a growing middle class.

India Footwear Industry

India's footwear sector will be a significant beneficiary of growth in the country's consumption story. Footwear has evolved from being just a mere necessity to an important accessory that contributes to the style quotient of any outfit. According to Business wire, India is the 2nd largest global producer of footwear after China, accounting for 9% of the annual global production of 22 billion pairs. Presently about 90% of the footwear produced in India is consumed by the domestic market, while the rest is exported. The domestic footwear market in India is projected to grow at a CAGR of 15% to touch US\$ 12.6 billion by FY2020, up from US\$ 7.2 billion in FY2016. This growth, particularly in branded footwear, can be attributed to an increased adoption of footwear into the fashion market and shift from unbranded to branded footwear. Khadim India, plan to leverage the industry growth through undeterred focus on efficient execution of key strategies.

Key Triggers for the Industry

Growth will also be driven by the increasing reach of mid and economy brands to Tier II/III Indian cities. Growth in the branded segment will also be driven by shift of consumers from unbranded products with increase in disposable income, better availability of products and increasing health consciousness. The mass footwear segment driven by chappals and sandals is witnessing consumers adopting branded products owing to strong distribution network of brands: Khadim, VKC, Paragon and Relaxo.

As per the company, Branded retail segment will grow at a CAGR of 18% and branded distribution segment at the rate of 23% CAGR over the next five years. Branded Footwear market is expected to grow at a CAGR of 20% to account for ~50% of the overall market by FY2020 from current ~40% of total market. The footwear segment is unique compared to other lifestyle and retail categories. Other key lifestyle categories such as men's shirts and women's ethnic reflect ~30% and ~18% branded play, respectively. The combined factors of footwear demonstrate high propensity towards, (a) organized retail, and (b) branded play, which presents an opportunity for branded play to grow further. Footwear demonstrates highest receptivity to modern retail with 26% share of channel sales attributed by this. For other key lifestyle categories viz. apparel, jewellery and watches, modern retail channel averages ~22% share of total pie.

Valuation Conclusion

Khadim is 2nd largest Footwear Retailer (after Bata) in India in terms of number of exclusive retail stores operating under the 'Khadim's' brand, with the largest presence in East India. However, company remain constrained by its working capital intensive nature of business along with highly fragmented and competitive nature of footwear industry.

Company aims to deepen business penetration into stronghold markets of Eastern and South India, while capitalize on strong retail brand recall in the target markets of West India and North India. Through retail arm, company aim to enter new markets with company-owned stores and new franchisee arrangements. Given the demographic tailwinds, increasing urbanization, and rising disposable incomes along with great propensity for consumers to buy branded products, company supremely placed in a sweet spot of generating consistent long-term growth and value creation.

Looking ahead, Khadim's sales growth would remain strong comparison to its peers mainly due to penetration into new geographies, increasing distribution reach, incremental spends on brand building, better economic offerings and ongoing store additions. In addition, margins would improve slowly with softening crude oil prices and price hike plans in coming quarter. However, in the ensuing quarters, company would have to battle against a very strong base and increased competition.

On the back of favorable policies by the government towards development of businesses in India coupled with aggressive organic growth, KIL is expecting a healthy 15 % top line & 30-32 % bottom line growth over the next few years .

Estimating the share price of the company as per P/E valuation, the estimated share price for next 2- 3 years tenure turns to be around ₹786. We recommend to Accumulate the stock at current levels to achieve long term gains.

Quarterly Results (₹ in cr except per share)					
Particulars	LTM	201809	201806	201803	201712
Net Sales	817.00	226.41	189.63	196.37	204.64
EBITDA	79.90	20.88	18.13	19.89	20.97
Depreciation	16.90	4.67	4.34	3.96	3.90
Op Income	63.00	16.21	13.79	15.93	17.07
Misc.Inc (Exp.)	6.70	2.13	1.51	2.07	1.02
Interest Exp	10.40	2.91	2.28	1.86	3.34
EBT	52.60	13.30	11.51	14.07	13.73
Taxes	17.50	4.70	4.10	3.88	4.86
Net Inc(Reg)	35.10	8.59	7.41	10.19	8.87
Extraord. Items	-	-	-	-	-
Rep Net Inc	35.10	8.59	7.41	10.19	8.87
EPS	19.50	4.78	4.12	5.67	4.94
Adj. EPS	19.50	4.80	4.10	5.70	4.90

Income Statement and Estimates (₹ in Cr except per share)						
Particulars	201603	201703	201803	2019E	2020E	2021E
Sales	534.52	610.60	748.71	842.56	957.60	1098.59
Other operating Income	-	-	-	-	-	-
Total Inc. from operations	534.52	610.60	748.71	842.56	957.60	1098.59
Operating EBITA	36.06	48.87	60.07	72.76	87.44	104.68
Profit & Loss						
Total Inc. from operations	534.52	610.60	748.71	842.56	957.60	1098.59
TOTAL EXPENDITURE	482.17	546.07	673.03	753.67	853.22	976.10
EBITDA	52.35	64.53	75.68	88.89	104.38	122.49
Depreciation	(16.29)	(15.66)	(15.61)	(16.13)	(16.94)	(17.81)
Rep. profit before othrinc., fin.cost,tax & excp. Item	36.06	48.87	60.07	72.76	87.44	104.68
Goodwill amortization	-	-	-	-	-	-
Rep. profit before othrinc., fin.cost,tax & excp. Item	36.06	48.87	60.07	72.76	87.44	104.68
OTHER INCOME	4.31	5.12	9.26	10.79	11.94	11.46
Profit from ordinary act. Before Fin.Cost ,TAX & Exp.Items	40.37	53.99	69.33	83.55	99.38	116.14
Net financials						
Interest income	-	-	-	-	-	-
Interest expenses	(14.55)	(13.45)	(12.36)	(10.87)	(10.41)	(8.95)
Net Financial Items	(14.55)	(13.45)	(12.36)	(10.87)	(10.41)	(8.95)
Reported Pre-tax profit	25.82	40.54	56.97	72.69	88.97	107.20
Reported Tax charge	(0.58)	(9.90)	(19.07)	(23.99)	(29.36)	(35.37)
Reported Net profit	25.24	30.64	37.90	48.70	59.61	71.82
Minorities	-	-	-	-	-	-
P/L OF ASSOCIATE CO.	-	-	-	-	-	-
Rep. NP after minority interest	25.24	30.64	37.90	48.70	59.61	71.82
Extra Ordinary income	-	-	-	-	-	-
Reported Net Income after extra ordinary items	25.24	30.64	37.90	48.70	59.61	71.82
EPS and Dividend						
Dividend Paid	-	-	(1.80)	(1.79)	(1.81)	(1.80)
Retained earnings	25.24	30.64	36.10	46.91	57.80	70.03
Reported EPS	14.59	17.71	21.91	27.10	33.17	39.97
Adjusted Basic EPS	14.05	17.05	21.09	27.10	33.17	39.97
DPS - originally declared	-	-	1.00	1.00	1.00	1.00
Number Of Shares						
Opening Balance	17.30	17.30	17.30	17.97	17.97	17.97
Issued during the Period	-	-	0.67	-	-	-
Closing Balance	17.30	17.30	17.97	17.97	17.97	17.97
FV	10.00	10.00	10.00	10.00	10.00	10.00
Wtd. Avg. no. of shares	1.73	1.73	1.80	1.80	1.80	1.80

Note:- The figures shown in the brackets means NEGATIVE.

Particulars	BALANCE SHEET					
	201603	201703	201803	2019E	2020E	2021E
Equity & Liabilities						
Shareholders' Fund						
Share Capital	17.30	17.30	17.97	17.97	17.97	17.97
Reserves and Surplus	137.10	166.66	250.52	297.43	355.22	425.25
Minority Interests	-	-	-	-	-	-
Total Shareholders' Fund	154.40	183.96	268.49	315.40	373.19	443.22
Non-Current Liabilities						
Long-term Borrowings	7.06	0.20	-	-	-	-
Other Long term Liabilities	8.80	0.64	0.53	0.58	0.64	0.71
Deferred Tax Liability	6.41	2.31	5.04	6.15	7.50	9.15
Long term Provisions	0.51	0.61	0.75	0.90	1.08	1.30
Total Non-Current Liabilities	22.78	3.76	6.32	7.63	9.22	11.15
Current Liabilities						
Short term Borrowings	97.64	103.96	68.48	93.10	75.80	33.40
Trade Payables	56.85	89.82	129.52	119.73	130.23	153.80
Other current liability	17.71	23.55	16.74	18.87	21.45	24.61
Short term Provisions	2.93	0.08	0.10	0.11	0.12	0.13
Total current Liabilities	175.13	217.41	214.84	231.81	227.60	211.94
Total Equity & Liability	352.31	405.13	489.65	554.84	610.02	666.32
Assets						
Non-Current Assets						
Fixed Assets						
Tangible fixed Assets	144.36	123.98	127.30	138.97	145.97	153.43
G/W On Consolidation	-	-	-	-	-	-
Non-current Investment	0.05	-	-	-	-	-
Long term Loans & Advances	29.11	-	-	-	-	-
Other Non current Assets	1.15	40.99	42.89	45.03	47.29	49.65
Deferred tax receivable	-	-	-	-	-	-
Total Non-Current Assets	174.67	164.97	170.19	184.01	193.26	203.08
Current Assets						
Current Investments	1.05	-	-	-	-	-
Inventories	100.89	114.46	126.69	134.81	148.43	153.80
Trade Receivables	34.85	77.17	126.73	157.56	175.24	197.75
Cash & cash Equivalents	19.42	11.64	15.64	21.72	28.65	37.75
Short Term Loans & Advances	15.04	-	-	-	-	-
Other current Assets	6.37	36.90	50.41	56.70	64.45	73.94
Total current Assets	177.62	240.17	319.47	370.79	416.76	463.23
Total Assets	352.29	405.14	489.66	554.80	610.02	666.31
Cash & cash equivalents	19.42	11.64	15.64	21.72	28.65	37.75
Other int. bearing assets	1.10	-	-	-	-	-
Interest-bearing debt	122.41	127.71	85.22	111.97	97.25	58.01
Net interest-bearing debt	101.89	116.07	69.58	90.26	68.60	20.26
Net gearing (%)	65.99%	63.10%	25.92%	28.62%	18.4%	4.57%
Investments						
Tangible assets						
Gross capex	(9.20)	(18.21)	(21.89)	(27.80)	(23.94)	(25.27)
Sale of fixed assets	0.49	0.46	13.22	-	-	-
Net capex	(8.71)	(17.75)	(8.67)	(27.80)	(23.94)	(25.27)
Depreciation tangibles	(16.29)	(15.66)	(15.61)	(16.13)	(16.94)	(17.81)

Note:- The figures shown in the brackets means NEGATIVE.

CASH FLOW ANALYSIS					
Particulars	201703	201803	2019E	2020E	2021E
EBIT	-	53.99	69.33	83.55	99.38
Depreciation	-	15.66	15.61	16.13	16.94
Depreciation (ex goodwill)	-	15.66	15.61	16.13	16.94
Movement in Inventories	-	(13.56)	(12.22)	(8.12)	(13.62)
Movement in Debtors	-	(50.33)	(76.49)	(30.83)	(17.68)
Movement in Creditors	-	35.11	37.07	9.79	(10.51)
Other W.C Increase/Decrease	-	(0.07)	(0.11)	-	-
Change in Working capital	-	(28.85)	(51.75)	(29.16)	(41.81)
Tax paid	-	(9.90)	(19.07)	(23.99)	(29.36)
Operating Cash Flow	-	30.90	14.12	46.54	45.16
Net interest	-	(13.45)	(12.36)	(10.87)	(10.41)
Cash Earnings	-	17.45	1.76	35.67	34.74
Gross CapEx	-	(18.21)	(21.89)	(27.80)	(23.94)
Sale of fixed assets	-	0.46	13.22	-	-
Net CapEx	-	(17.75)	(8.67)	(27.80)	(23.94)
Free Cash Flow pre dividend	-	(0.30)	(6.91)	7.87	10.80
Dividend	-	-	(1.80)	(1.79)	(1.81)
Free Cash Flow post Dividend	-	(0.30)	(8.71)	6.08	8.99
Net acquisition/disposals	-	-	-	-	-
Net cash flow	-	(0.30)	(8.71)	6.08	8.99
					11.12

Note: IPO of company came in 2017, therefore 2016 details has not been updated

RATIO ANALYSIS						
Particulars	201603	201703	201803	2019E	2020E	2021E
Return on assets	14.33%	8.09%	8.47%	9.33%	10.23%	11.25%
Return on equity	32.69%	18.11%	16.75%	16.68%	17.31%	17.59%
ROCE	36.07%	24.97%	25.42%	23.79%	24.21%	24.43%
EBIT Margin	7.55%	8.84%	9.26%	9.92%	10.38%	10.57%
Pre tax margin	4.83%	6.64%	7.61%	8.63%	9.29%	9.76%
Net Profit Margin	4.72%	5.02%	5.06%	5.78%	6.22%	6.54%
Total asset turnover	3.03	1.61	1.67	1.61	1.64	1.72
Fixed asset turnover	7.41	4.55	5.96	6.33	6.72	7.34
Equity turnover	6.92	3.61	3.31	2.89	2.78	2.69
Current Ratio	1.01	1.10	1.49	1.60	1.83	2.19
Quick Ratio	0.44	0.58	0.90	1.02	1.18	1.46
Cash Ratio	0.11	0.05	0.07	0.09	0.13	0.18
Receivable Days	13.19	37.44	55.29	68.84	71.18	69.74
Inventory Days	38.19	71.97	65.39	63.32	60.58	56.51
Payable Days	17.79	47.83	58.42	59.71	52.63	52.82
Conversion Cycle (Days)	33.58	61.58	62.27	72.45	79.14	73.43
Financial Leverage Effect	2.07	2.11	2.00	1.83	1.75	1.71
Debt to Capital	0.44	0.41	0.24	0.26	0.21	0.12
Debt to Equity	0.79	0.69	0.32	0.36	0.26	0.13

Note:- The figures shown in the brackets means NEGATIVE.

Disclosures & Disclaimers

Disclosures:

1) Business Activity :

Rudra Shares & Stock Brokers Limited is engaged in the business of providing broking services & distribution of various financial products. RUDRA is also registered as a Research Analyst under SEBI(Research Analyst) Regulations, 2014. SEBI Reg. No. INH100002524.

2) Disciplinary History :

There has been no instance of any Disciplinary action, penalty etc. levied/passed by any regulation/administrative agencies against RUDRA and its Directors. Pursuant to SEBI inspection of books and records of Rudra, as a Stock Broker, SEBI has not issued any Administrative warning to Rudra.

3) Terms & Conditions of issuance of Research Report:

The Research report is issued to the registered clients. The Research Report is based on the facts, figures and information that are considered true, correct and reliable. The information is obtained from publicly available media or other sources believed to be reliable. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation to buy or sell or subscribe for securities or other financial instruments for clients.

4) Disclosures with regard to ownership and material conflicts of interest :

<u>Sr. No.</u>	<u>Disclosures</u>	<u>Yes/No</u>
a)	Rudra or its research analysts, or his/her relative or associate has any direct or indirect financial interest in the subject company.	No
b)	Rudra or its research analysts, or his/her relative or associate has any other material conflict of interest at time of publication of the research report.	No
c)	Rudra or its research analysts, or his/her relative or associates have actual/beneficial ownership of one per cent or more securities of the subject company.	No

5) Disclosures with regard to receipt of compensation :

<u>Sr. No.</u>	<u>Disclosures</u>	<u>Yes/No</u>
a)	Rudra or its associates have received any compensation from the subject company in the past twelve months.	No
b)	Rudra or its associates have managed or co-managed public offering of securities for the subject in the past twelve months.	No
c)	Rudra or its associates have received any compensation or other benefits from the subject company or third party in connection with the research report.	No

6) Other Disclosures:

<u>Sr.No.</u>	<u>Disclosures</u>	<u>Yes/No</u>
a)	The research analyst has served as an officer,director,employee of the subject company.	No
b)	Rudra or its research analyst has been engaged in market making activity for the subject company.	No
c)	Rudra or its or associates have received any compensation from the subject company in the past twelve months.	No

Disclaimers:

This Research Report (hereinafter called report) has been prepared and presented by **RUDRA SHARES & STOCK BROKERS LIMITED**, which does not constitute any offer or advice to sell or does solicitation to buy any securities. The information presented in this report, are for the intended recipients only. Further, the intended recipients are advised to exercise restraint in placing any dependence on this report, as the sender, Rudra Shares & Stock Brokers Limited, neither guarantees the accuracy of any information contained herein nor assumes any responsibility in relation to losses arising from the errors of fact, opinion or the dependence placed on the same.

Despite the information in this document has been previewed on the basis of publicly available information, internal data , personal views of the research analyst(s)and other reliable sources, believed to be true, we do not represent it as accurate, complete or exhaustive. It should not be relied on as such, as this document is for general guidance only. Besides this, the research analyst(s) are bound by stringent internal regulations and legal and statutory requirements of the Securities and Exchange Board of India(SEBI) and the analysts' compensation was, is, or will be not directly or indirectly related with the other companies and/or entities of Rudra Shares & Stock Brokers Ltd and have no bearing whatsoever on any recommendation, that they have given in the research report. Rudra Shares & Stock Brokers Ltd or any of its affiliates/group companies shall not be in any way responsible for any such loss or damage that may arise to any person from any inadvertent error in the information contained in this report. Rudra Shares & Stock Brokers Ltd has not independently verified all the information, which has been obtained by the company for analysis purpose, from publicly available media or other sources believed to be reliable. Accordingly, we neither testify nor make any representation or warranty, express or implied, of the accuracy, contents or data contained within this document. Rudra Share & Stock Brokers Ltd and its affiliates are engaged in investment advisory, stock broking, retail & HNI and other financial services. Details of affiliates are available on our website i.e. www.rudrashares.com.

We hereby declare, that the information herein may change any time due to the volatile market conditions, therefore, it is advised to use own discretion and judgment while entering into any transactions, whatsoever.

Individuals employed as research analyst by Rudra Shares & Stock Brokers Ltd or their associates are not allowed to deal or trade in securities, within thirty days before and five days after the publication of a research report as prescribed under SEBI Research Analyst Regulations.

Subject to the restrictions mentioned in above paragraph, we and our affiliates, officers, directors, employees and their relative may:
(a) from time to time, have long or short positions acting as a principal in, and buy or sell the securities or derivatives thereof, of Company mentioned herein or (b) be engaged in any other transaction involving such securities and earn brokerage or profits.

RUDRA SHARES & STOCK BROKERS LTD.

Phone: +91 - 512 - 67011001