

***Khadi*m's®**

**ANNUAL
REPORT**

2019-2020



IN STEP WITH EVERY INDIAN

KHADIM INDIA LIMITED

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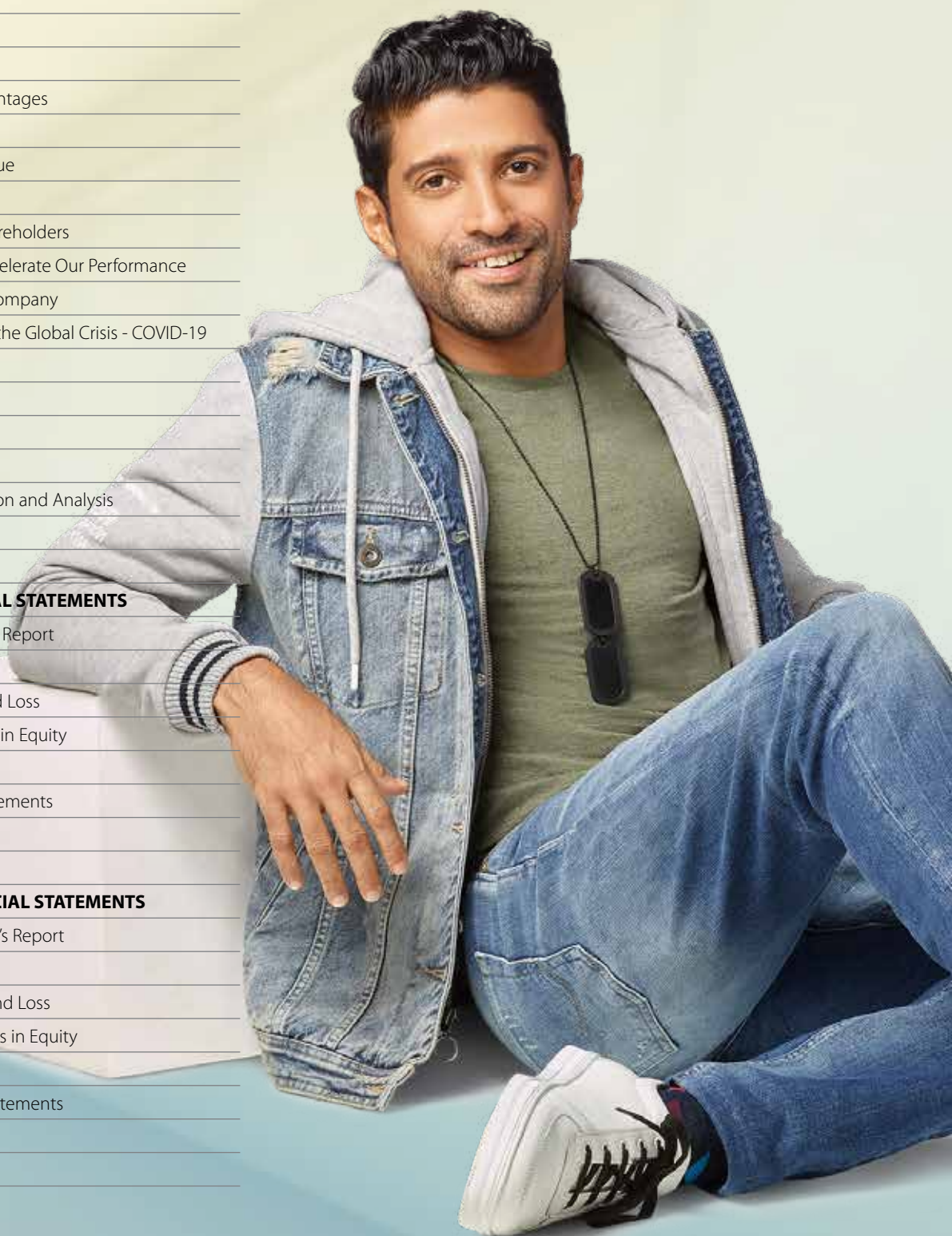
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Khadim's®

In Step with Every Indian

Our purpose is to connect and become the 'brand of choice' for every Indian and deliver steady value for our stakeholders.

Khadim India Limited has aspired to become the preferred choice for Indians. We are always seeking to fulfil our promise of delivering quality and stylish, yet affordable, footwear to our customers. We endeavour to satiate our customers who are great value seekers, demand world-class quality, and are also brand-conscious.

The Indian footwear industry is an ever-evolving sector. Customers these days seek both modern design and comfort. To meet their needs, we consistently focus on aligning our product offerings with the latest trends in the industry. Our business

strategies are directed towards enhancing quality and design, expanding our product offerings, rejuvenating our marketing activities, and ensuring that our systems and processes place us advantageously to serve our customers. During FY2020, we focused on enhancing our retail and distribution network. Our retail business includes 795 branded outlets under the "Khadim's" brand name and is successfully driving our premiumisation strategy through our nine sub-brands. Secondly, our reliable distribution network comprises 572 distributors supplying to Multi Brand Outlets in India. During the year, we introduced specific variants of our sports sub-brand "PRO" into our distribution line. As our attempt to improve our business and operations management, we implemented Theory of Constraints

(TOC) model, which is a popular management paradigm that uses a focused process to identify the constraint and restructure the organisational strategies around it. The model is installed across our 346 stores, both COCO and EBO. Through this initiative, we intend to bolster the business performance across all Khadim's stores and record improvement in our operational efficiencies and profitability margins.

In the future, our objective is to enhance our product portfolio by implementing new styles and maintaining excellent quality. We intend to reach to a broader customer base by expanding our geographical footprint in the untapped markets of India. Our purpose, as we move ahead, is to connect and become the 'brand of choice' for every Indian and deliver steady value for our stakeholders.



To view
Annual Report 2019 Online, visit:
<https://www.khadims.com>

At a Glance

Established in 1981, Khadim India Limited is a Kolkata based organisation offering an affordable range of footwear. We operate through two distinct verticals, Retail and Distribution, each with its predominant customer base, sales channel and product range. We have established our growth and success in these two segments, serving customers' need for affordable and quality footwear.



Retail Network

We have an extensive retail network spread across India encompassing 795 branded outlets under the "Khadim's" brand name.



Distribution Network

Our distribution business is a highly scalable model, operating with a mix of in-house and contract manufacturing. Our network comprises 572 distributors selling to Multi Brand Outlets (MBOs) across India.

795

Branded Retail Stores

23

States,
1 Union
Territory

Our Presence

572

Distributors selling to Multi-Brand Outlets

72%

Retail presence is through franchise route

90%

Product requirements are outsourced

Our Core Strengths

1

One of the largest footwear retailers in India

2

Largest Presence in East India

3

Presence both in retail and distribution segment

4

One of the top 3 players in South India

5

One of the largest footwear retail franchise network in India

6

Our brand ambassadors are popular faces with strong social appeal

WHAT DIFFERENTIATES US



Our Business Model

We operate through two diverse business models – retail and distribution, each with its own customer base, product range and sales channels. We have established our growth and success in these two segments, with an objective of serving the needs of customers for affordable and quality footwear.

Our Market Share

Our market share in the organised market stands at 5%, with around 10 brands and sub brands in every price bracket.

Our Strong & Established Network

Our footwear retail franchise in India is the largest network, with a core purpose of ensuring 'Fashion for Everyone'. Under Khadim, we own 795 branded retail stores across 23 states and 1 union territory, through our retail vertical. Our distribution business vertical has a strong network of 572 distributors. Khadim is capable of capitalising on the growth potential of both markets and de-risk dependence on any business.

Delivering Quality

We understand the expectations of a 'price conscious' customer and we therefore unceasingly work on delivering value to the expanding middle class segment in India. We offer quality footwear that is affordable for the entire family.



TOC implemented stores

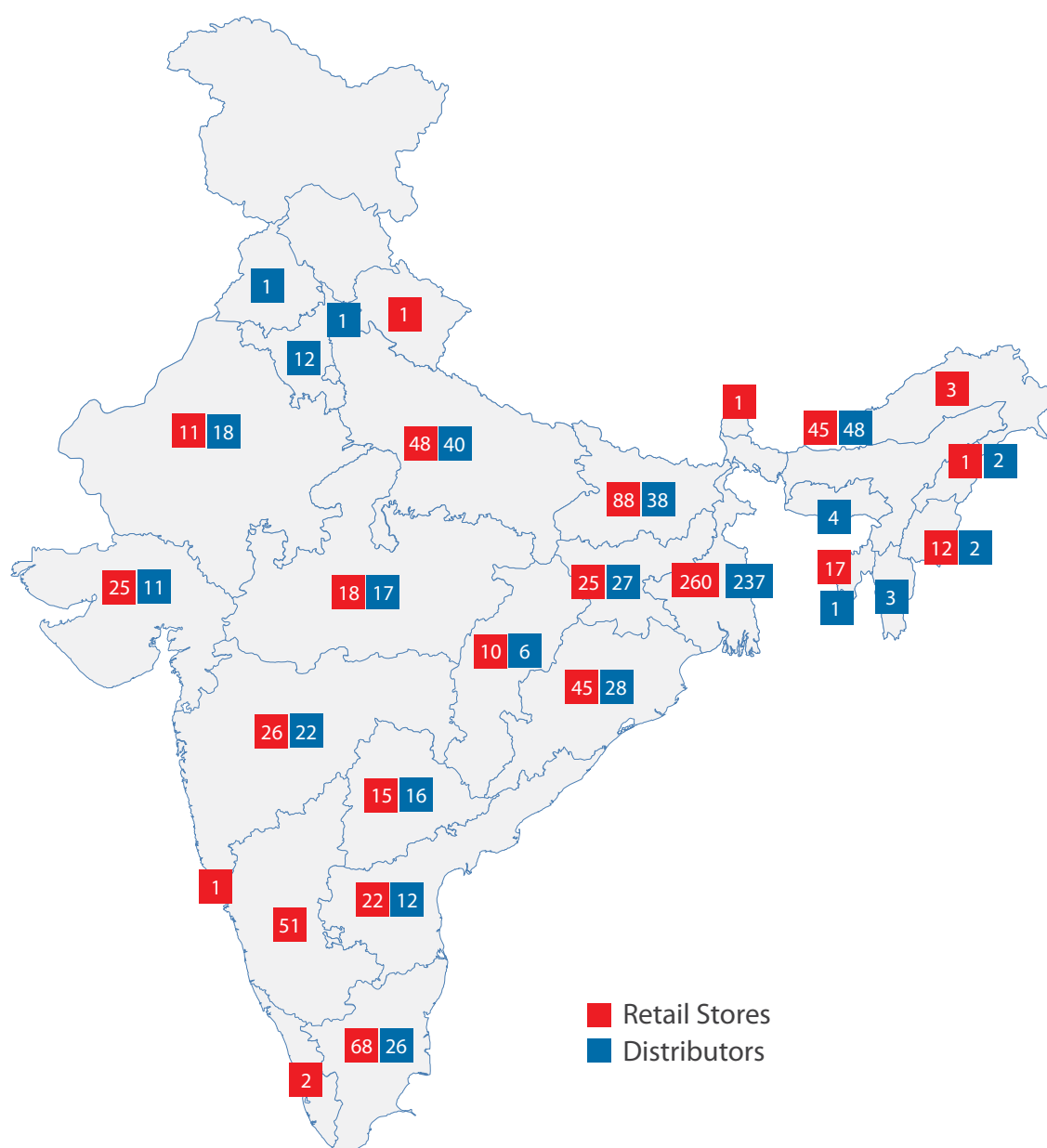
346

Under TOC, we are customising store assortment, optimally utilising inventory to maximise sell-through and aligning stock targets with actual demand.



Our National Footprint

Year after year, we have expanded our geographical footprint across the country to cater to the footwear needs of our diverse customers.



Our Competitive Advantages

In our legacy of 39 years, we have developed and nurtured our exceptional qualities that continue to differentiate us from our peers.

Ready For The Future

India's leading footwear brand

- One of the largest footwear retailers
- Largest presence in East India
- One of the top 3 players in South India
- Emerging brand in West and North India

Khadim's

Two-pronged market strategy



- Straddling between two distinct business models (retails and distribution), each with its own customer base, product range and sales channels
- Potential to capitalise on the growth potential of both markets and de-risk dependence on any one business

Buoyant design capabilities



- Understanding the latest domestic and global fashion trends
- Strong design capabilities have helped to create and grow sub-brands, drive premiumisation and target and retain aspirational customers
- Earning higher ASP and margins

Asset-light model for growth



Retail

- Understanding latest domestic and global fashion trends
- Outsourcing 90% of product requirement

Distribution

- Highly scalable model on the front end
- Mix of in-house and contract manufacturing

Widespread reach and presence



- Retail presence across 23 states and 1 Union Territory
- 795 branded retail stores
- Wide network of 572 distributors selling to Multi-Branded Outlets

Increasing market potential



- Domestic footwear retail market to grow at a faster pace compared to the overall retail industry
- Continued shift towards organised retail with increasing preference for branded products
- Khadim's brand presence and product range makes it capable to address nearly 85% of the total Indian footwear market potential



Our Product Portfolio

Khadim's is comfort and durability perfectly combined with modern elegance in a beautiful collection of slippers, sandals and shoes for men, women and children. Available in a wide variety of styles and designs serving a range of utility, we offer products that suit the ever evolving taste of consumers. We employ a team of highly skilled designers with knowledge of the latest footwear trends and market dynamics, bringing forth products that make an impression and fulfil the fashion aspirations of our customers.



British Walkers



Lazard



Turk



Khadim's



Cleo



Bonito



Vision, Mission and Values

Our vision, mission and values have played a critical role in determining our business strategies and have also ensured that we follow a transformational journey towards meeting our end goal.

Our progress over the years is the result of our consistent efforts to achieve our growth-focused mission.

