

KHADIM INDIA LIMITED



ANNUAL REPORT

2020-21



It's **WOW**
It's **KHADIM**



 **KHADIM**

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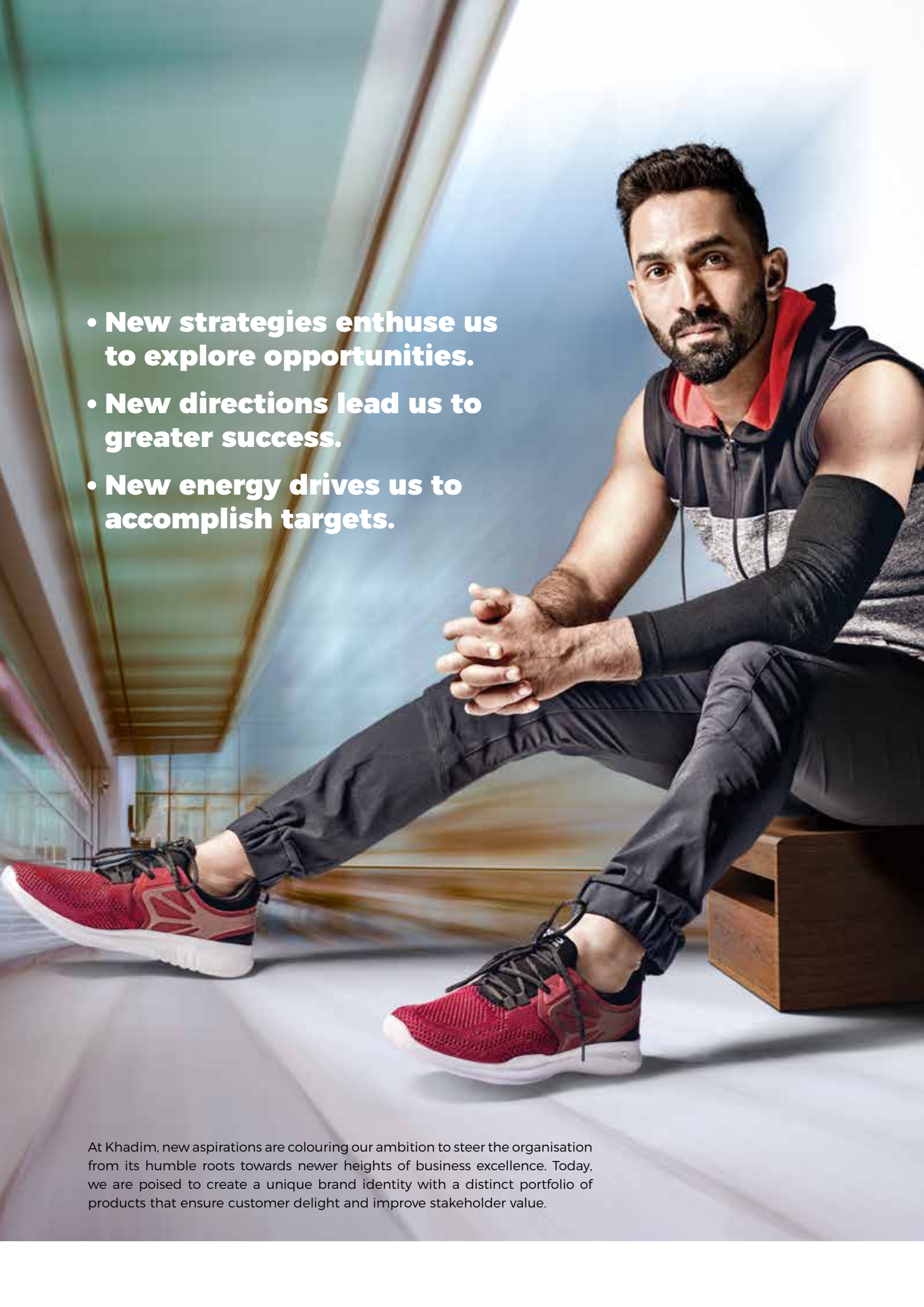
To know more about the Company, scan the QR Code



To view the Report online, log on to www.khadims.com/annual-report

Forward - looking statements

Some information in this report may contain forward - looking statements which include statements regarding Company's expected financial position and results of operations, business plans and prospects etc. and are generally identified by forward - looking words such as "believe," "plan," "anticipate," "continue," "estimate," "expect," "may," "will" or other similar words. Forward - looking statements are dependent on assumptions or basis underlying such statements. We have chosen these assumptions or basis in good faith, and we believe that they are reasonable in all material respects. However, we caution that actual results, performances or achievements could differ materially from those expressed or implied in such forward - looking statements. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

- 
- A man with a beard and short dark hair is sitting on a wooden crate. He is wearing a black sleeveless hoodie with a red interior, black athletic pants, and red sneakers with white soles. He has a black arm sleeve on his left arm. His hands are clasped together, and he is looking directly at the camera. The background is a modern interior with large windows and a light-colored floor.
- **New strategies enthuse us to explore opportunities.**
 - **New directions lead us to greater success.**
 - **New energy drives us to accomplish targets.**

At Khadim, new aspirations are colouring our ambition to steer the organisation from its humble roots towards newer heights of business excellence. Today, we are poised to create a unique brand identity with a distinct portfolio of products that ensure customer delight and improve stakeholder value.

ABOUT US

We help people take the best foot forward. One of India's largest branded footwear companies, Khadim India Limited is a key player in the affordable footwear segment, serving quality and vibrant merchandise for the entire family.

The Company was established in 1981 and currently operates through two distinct business verticals, Retail and Distribution, each with its predominantly own customer base, sale channels and product range. With over four decades of experience, Khadim understands the expectations of a 'price conscious' customer and works to deliver value to the expanding middle-class segment in India. The Company has successfully established an identity as an affordable fashion brand, catering to the entire family for all occasions. Fashion doesn't need to be expensive. The Company offers affordable fashion footwear options through its vibrant range of products.



Vision



To be one of the largest and successful affordable fashion footwear brand in India for the entire family for every occasion

Core Strength



- 2nd Largest footwear retailer in India
- Largest presence in Eastern India
- Retail Presence in 23 States and 1 Union Territory

Mission



Ensuring customer delight and stakeholders return by delivering quality products at an affordable price

“KHADIM”

A PREFERRED CHOICE OF INDIA & BHARAT

The Indian demography can broadly be divided in two segments. One that resides in Metros, Tier I and Tier II cities with higher disposable income and exposure to contemporary and hi-street fashion. We call this INDIA.

The other segment resides in Tier III cities, semi urban and rural areas. This segment is also getting fashion conscious with gradual increase in disposable income and response through television and digital media. We call this BHARAT- The future India.

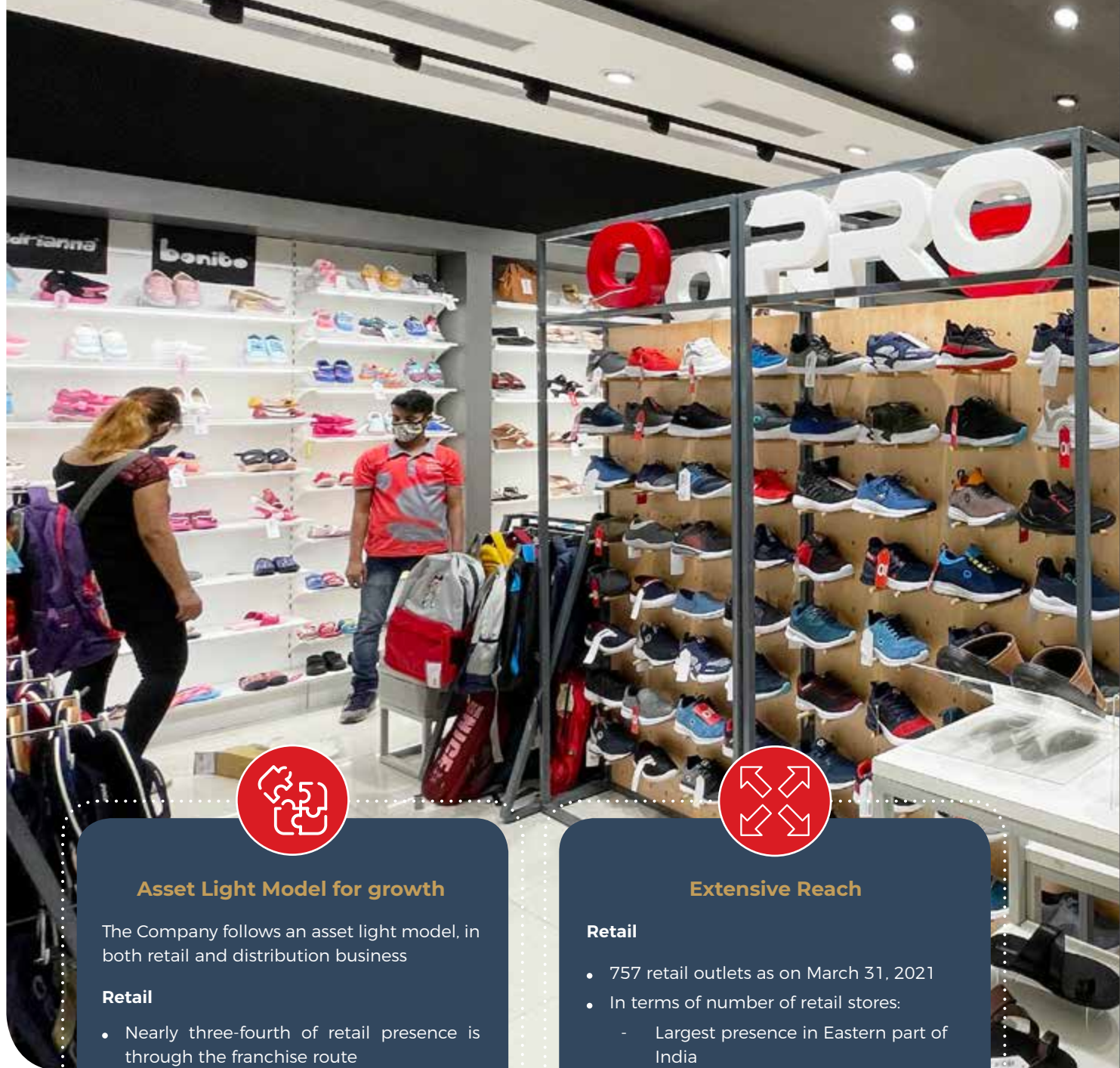
Khadim as a brand very well fits in the both the parts of the Country. On One side it offers premium yet affordable range of products across its retail stores in the metros with its top retails sub-brands like British Walker, Lazard, Cleo, Pro etc. and on the other side it also caters largely to the demand of Bharat by capitalising its distribution network and products under the sub-brand of Wash N Wear, Kalypso, Fitnxt which offers a perfect mix of fashionably durable and extremely pocket friendly footwear.

That's why we are the most preferred Brand across India and Bharat!

BRAND'S SWOT Analysis



STRATEGY



Asset Light Model for growth

The Company follows an asset light model, in both retail and distribution business

Retail

- Nearly three-fourth of retail presence is through the franchise route
- The Company outsourced 86% of its product requirement in FY21

Distribution

- The distribution business has a highly scalable model on the front end
- The Company has a mix of in house and contract manufacturing to service the sourcing requirement of this business



Extensive Reach

Retail

- 757 retail outlets as on March 31, 2021
- In terms of number of retail stores:
 - Largest presence in Eastern part of India
 - 2nd largest footwear retailer
 - Top 3 players in South India
 - Emerging brand in Western and Northern markets of India

Distribution

- Additional extensive network of 575 distributors as on March 31, 2021 selling to Multi Brand Outlets (MBOs) across India



Two-pronged Market Strategy

- The Company has two distinct business models i.e., Retail and Distribution with each has its own customer base, product range and sales channels
- It strengthens the ability to capitalize on the growth potential of both the markets and de-risk dependence on any single business



Strong Design Capabilities

- With over four decades of presence in the industry and continuous survey across international and domestic markets enables the Company to understand the fashion trends
- The Company's strong design capabilities have fostered the growth of sub-brands to drive premiumization, which has led to increase in ASP and gross margin
- Targeting aspirational and younger customers and retaining existing customers

FINANCIAL PERFORMANCE

Net Sales

Revenue

(₹ million)



Gross Margin

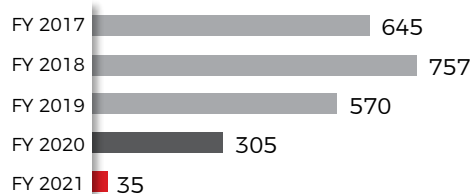
(%)



Operating EBITDA

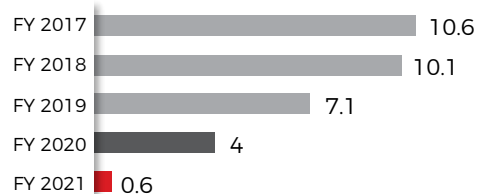
EBITDA

(₹ million)



EBITDA Margin

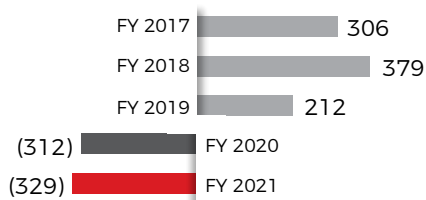
(%)



Profit After Taxes

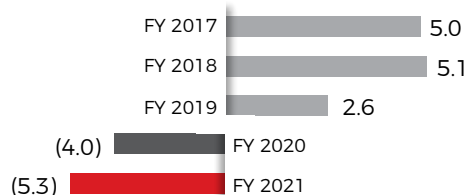
PAT

(₹ million)



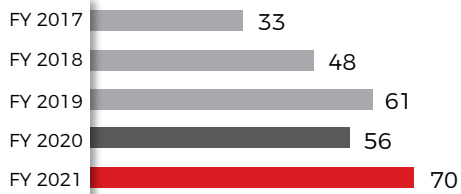
PAT Margin

(%)

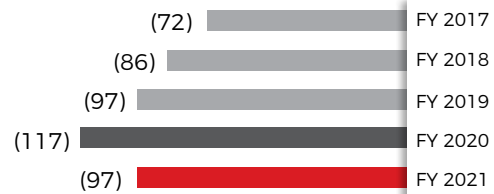


Working Capital

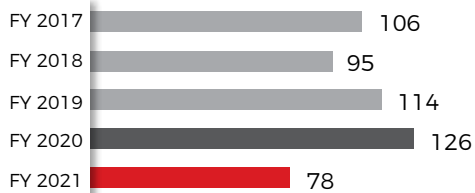
Receivable Days



Payable Days



Inventory Days

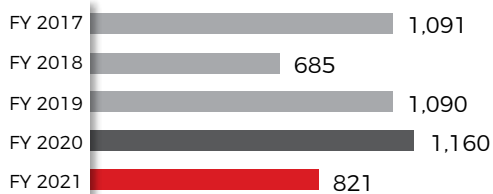


NWC Days



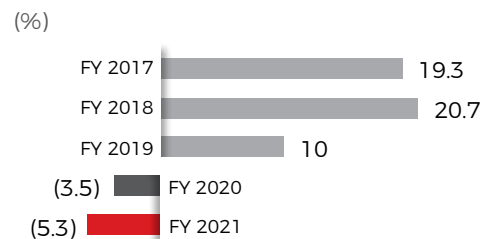
Leverage Analysis

Debt

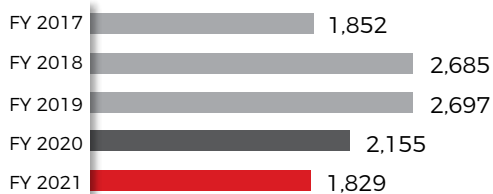


Return Ratios

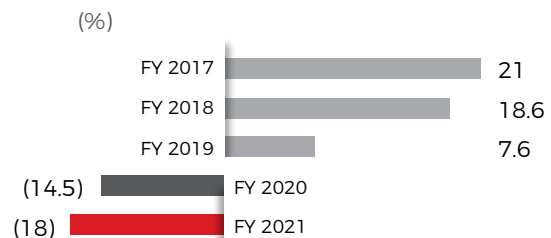
ROCE



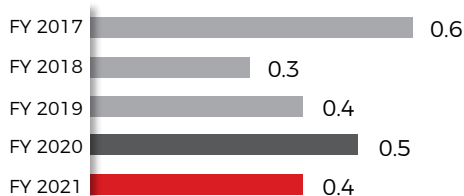
Equity



ROE



Debt/ Equity



CHAIRMAN'S MESSAGE



Dear Shareholders,

Introduction

I hope everyone of you is keeping safe and is in good health. I welcome you to another year of our Annual General Meeting and present you the Annual Report for fiscal 2020-21. I appreciate you for taking some time out for the report and assure you of an insightful commentary on the company's performance.

Operating Environment

Economies across the world experienced sharp contraction in GDP growth in 2020 due to the covid-19 pandemic and the attendant economic crisis. The Indian economy shrank by 7.3% during the fiscal year 2020-21 as the nation withstood the pandemic and the grinding lockdown which led to massive disruption in economic activities. Restricted mobility and voluntary social distancing severely affected people aggregating sectors and businesses such as travel, malls amongst others. The expansionary policies adopted by Government institutions and the Reserve Bank of India, aimed at stimulating demand, supported the reversal of decline post unlock as pent-up demand gained momentum. However, a full recovery of the economy is dependent on the pan India vaccination program which begun in January 2021 and has been making good progress. Besides, the prospects of the economy continue to reel under uncertainty due to emerging mutant forms of Coronavirus and sporadic regional lockdowns.

Impact of Covid 19 on our business

In the aftermath of the lockdown