

Issue Details	
Issue Opens	02-Nov-17
Issue Closes	06-Nov-17
Issue Size (Rs. Crore)	543.00
Face value (per equity share)	10
Price Band (Rs.)	745- 750
Shares on Offer (Rs. Crore)	0.65
Lot Size (No of Share)	20
QIB (%)	50%
Non-Institutional (%)	15%
Retail (%)	35%
Commencement of Trading	14-Nov-17

Issue Date: 02nd Nov – 06th Nov 2017

Price Band (Rs.): 745- 750

Lot Size (No. of Share): 20

Company Background

Incorporated in 1981, Khadim India Limited is Kolkata based second largest footwear retailer in India. Khadim India operates through two business verticals, retail and distribution. The retail business operates through its exclusive retail stores catering to middle and upper middle income consumers in large cities. Company has over 829 'Khadims' branded exclusive retail stores. The distribution business operates through a wide network of distributors catering to lower and middle income consumers. Company have a network of 357 distributors.

Financials

Particulars	For the year/period ended (in Rs. Million)		
	FY-17	FY-16	FY-15
Total Assets	4098	3523	3456
Total Revenue	6255	5388	4657
Profit After Tax	308	252	(187)

Concerns

- Failure to anticipate and respond to changes in fashion trends and consumer preferences in a timely manner.
- Higher concentration of operations in East India which poses geographical concentration risk for the company.
- Difficulties in attaining desired quantities from outsourced vendors.

Strengths

- 2nd largest footwear retailer in India.
- Offers affordable fashion across various price segments.
- Retail and distribution business model.
- Asset light model leading to higher operating leverage.

Our View

On the upper price band of Rs.750 and on restated FY17 EPS of Rs.17.78, P/E ratio works out to 42x. Even based on last 3years restated EPS of Rs11.76, P/E ratio works out to 64x. Means, company is asking higher price band of Rs750 in the P/E ratio of 42x to 64x. Its peers like Liberty Shoes Ltd is trading at P/E ratio of 68x(Highest), Bata India is trading at P/E of 60x and Relaxo footwear is trading at P/E of 50x(Lowest). Hence Khadim India issue price of Rs750 at P/E ratio of 42x to 64x is reasonably priced.

Khadim's constant efforts towards premiumisation of product mix coupled with asset light expansion plans would further enhance profitability going ahead. With GST implementation, organized footwear segment is expected to grow with faster speed. High risk investors can invest in this IPO for medium to long term.

Shareholding pattern	Pre Issue (%)	Post Issue (%)
Promoters and Promoter Group	66.2	59.7
Public (incl institutions and employees)	33.8	40.3
Total	100.0	100.0

Objects of the Issue

The Offer comprises a Fresh Issue by the Company and an Offer for Sale by the Selling Shareholders.

• The Offer for Sale

The Selling Shareholders will receive the proceeds of the Offer for Sale. Company will not receive any proceeds from this.

• The Fresh Issue

The Net Proceeds from the Fresh Issue are proposed to be utilised towards the following objects:

1. Prepayment or scheduled repayment of all or a portion of term loans and working capital facilities availed by the Company.
2. General corporate purposes.