

Mishka Exim Limited

Stock Performance Details

Current Price	: ₹ 30.5 [^]
Face Value	: ₹ 10 per share
52 wk High / Low	: ₹ 30.5 / 16.0
Total Traded Volume	: 10,000 shares [^]
Market Cap	: ₹ 44.1 crore [^]
Sector	: Other Apparels & Accessories
EPS (H1 FY17)	: ₹ 0.01 per share
Equity Share Capital	: ₹ 14.5 crore
P/E (TTM)	: 0.00 (x) [^]
P/BV (TTM)	: 3.12 (x) [^]
Financial Year End	: 1 st April - 31 st March
BSE Scrip Name	: MISHKA
BSE Scrip Code	: 539220
Listing	: BSE SME Platform

[^] as on 3rd January, 2017

Shareholding Details - September 2016

Particulars	Shareholding	
	Nos.	(%)
Promoter & Promoter Group Holding	60,80,000	42.08
Total Institutional Holdings (FIIs & DIIs)	0	0.00
Public Holdings	83,70,000	57.92
Total	1,44,50,000	100.00

Background

- Mishka Exim Limited (MEL) is engaged in the business of trading and distribution of Jewellery, Ornaments and Textiles products. It is a multi-product trading company with a diverse product portfolio. MEL is also engaged in fabric trading and its range includes fabrics for Silk, Polyester, Sarees, Lace Fabrics, Netting Fabrics, Coarse Cotton Fabric, suiting, shirting, linen, jute and other fabrics. The Company primarily cater to retailers in Delhi and NCR Regions, wherein it supplies mid-range unstitched fabrics.
- MEL sell gold and diamond jewellery on a wholesale basis to other jewellery retailers in India. Its product profile includes traditional, contemporary and combination designs across jewellery lines, usages and price points.
- Currently, it serves Corporates and other clients from various spheres of industry. MEL's clientele base in fabric sector comprises Deepa Trading Co. and Ishan International Pvt. Ltd. Customers from Jewellery and Ornaments sector include Happy Impex, Haryana Jewels, Amyrya Jewels amongst others.
- The company intend to open showrooms and outlets in metropolitan cities in India. The company also plans to commence export of Jewellery in Middle East Countries and to import high quality fabrics from various multinational brands and to supply in India.

Financial Snapshot

Particulars	Standalone (₹ Million)	
	H1 FY17	H1 FY16
Income Statement		
Income from Operations	100.0	92.9
Y-o-Y Growth (%)	7.6	46,350.0
EBITDA	1.5	0.5
Y-o-Y Growth (%)	200.0	363.2
EBITDA Margin (%)	1.5	0.5
Net Profit	0.2	0.3
Y-o-Y Growth (%)	-33.3	264.8
NPM (%)	0.2	0.3
Balance Sheet		
Fixed Assets	32.6	0.8
Cash and Bank Balances	5.9	1.9
Inventories	39.3	35.2
Net Working Capital	62.2	139.7
Net Worth	141.3	144.7
Balance Sheet Ratios		
ROCE (%)	0.6	0.3
RONW (%)	0.1	0.2

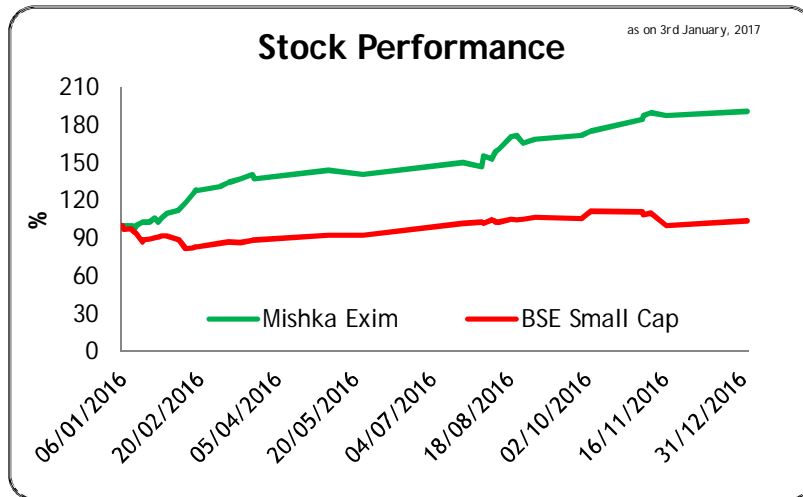
Source: Capitaline

From the Research Desk of LKW's Gurukulshetra

- On a Standalone basis, Income from Operations stood at Rs. 100 million in H1 FY17 thus marking a growth of 7.6% y-o-y from Rs. 92.9 million reported in H1 FY16. As per the Segmental Revenues, the Fabric Segment reported a rise in revenues of 42.2% y-o-y to Rs. 55.3 million in H1 FY17 from Rs. 38.9 million in H1 FY16. Revenues from the Share Trading Segment increased to Rs. 26 million in H1 FY17 from Rs. 17.5 million in H1 FY16. However, Revenues from the Jewellery Segment reported a decline of 48.8% y-o-y to Rs. 18.7 million in H1 FY17 from Rs. 36.5 million in H1 FY16.
- Material Cost forming 94.4% of the Income from Operations stood at Rs. 94.4 million in H1 FY17, thus increasing by 9.5% on a y-o-y basis. The same increased as a percentage of Income from Operations from 92.8% in H1 FY16. Employee Benefit Expenses stood at Rs. 0.4 million in H1 FY17 as compared to Rs. 0.5 million in H1 FY16. Other Expenses stood at Rs. 1.1 million in H2 FY17 as compared to Rs. 0.9 million in H1 FY16. Operating Profit increased to Rs. 1.5 million in H1 FY17 from Rs. 0.5 million in H1 FY16. Operating Profit Margin stood higher at 1.5% in H1 FY17 versus 0.5% reported in H1 FY16.
- Depreciation Cost stood at Rs. 0.9 million in H1 FY17 as compared to Rs. 0.2 million in H1 FY16. Other Income stood at Rs. 0.2 million in H1 FY17 as compared to Rs. 0.1 million in H1 FY16. MEL's Net Profit for H1 FY17 stood at Rs. 0.2 million as compared to Rs. 0.3 million in H1 FY16.

- Inventories stood at Rs. 39.3 million in H1 FY17, thus increasing from Rs. 35.2 million in H1 FY16. Debtors dropped to Rs. 23.2 million for H1 FY17 from Rs. 49.1 million in H1 FY16. Cash and Cash Equivalents increased y-o-y to Rs. 5.9 million in H1 FY17 from Rs. 1.9 million in H1 FY16.
- The Board of Directors at their meeting held on 8th August, 2016 considered and approved to make Investment in M/s. Cross River Securities Private Limited for acquisition of 55% Equity Shares from the existing shareholders of Cross River Securities Private Limited.

Performance on the Bourses



Peer Comparison

The following table gives a snapshot view of the Company's performance vis-à-vis its closest peers for H1 FY17. MEL faces competition in both jewellery and fabric business segments. It faces competition from both the organized and unorganized sector in jewellery e-retail as well as from established branded e-retailers. In the fabric segment, competition exists on a regional, product line basis, large capital base and broader range of products offered.

(₹ In millions)

Particulars	Mishka Exim	Visagar Polytex	Patdiam Jewellery
Income from Operations	100.0	500.2	174.8
EBIDTA	1.5	23.3	12.5
Net Profit	0.2	7.5	4.8
EBIDTA Margins (%)	1.5	4.7	7.2
PAT Margins (%)	0.2	1.5	2.7
Book Value Per Share	9.8 [@]	1.4	72.8 [@]
P/E (x)	0.00 [@]	0.00 [#]	40.73 [@]
P/BV (x)	2.25 [@]	2.03 [#]	1.22 [@]
RONW (%)	0.1	2.9	1.5

Source: Capitaline, Financials on Standalone Basis; [@] On a Standalone Basis as on March, 2016 ; [#] On a Standalone Basis as on September, 2016(TTM Basis)

About the Industry

The Gems and Jewellery sector plays a significant role in the Indian economy, contributing around 6-7 per cent of the country's GDP. One of the fastest growing sectors, it is extremely export oriented and labour intensive.

The gems and jewellery market in India is home to more than 500,000 players, with the majority being small players. India is one of the largest exporters of gems and jewellery and the industry is considered to play a vital role in the Indian economy as it contributes a major chunk to the total foreign reserves of the country. UAE, US, Russia, Singapore, Hong Kong, Latin America and China are the biggest importers of Indian jewellery.

The overall gross exports of Gems and Jewellery in April 2016 stood at US\$ 3.23 billion, whereas exports of cut and polished diamonds stood at US\$ 1.78 billion. Exports of gold coins and medallions stood at US\$ 302.67 million and silver jewellery export stood at US\$ 299.69 million in April 2016. The overall gross imports of Gems & Jewellery in April 2016 stood at US\$ 2.90 billion. According to a report by Research and Markets, the jewellery market in India is expected to grow at a Compounded Annual Growth Rate (CAGR) of 15.95% over the period 2014-2019. The cumulative Foreign Direct Investment (FDI) inflows in diamond and gold ornaments in the period April 2000-March 2016 were US\$ 772.05 million, according to the Department of Industrial Policy and Promotion (DIPP).

Textiles sector is one of the largest contributors to India's exports with approximately 11% of total exports. The textiles industry is also labour intensive and is one of the largest employers. The textile industry has two broad segments i.e. the unorganised sector and the organized sector. The former consists of handloom, handicrafts and sericulture, which are operated on a small scale and through traditional tools and methods. The organised sector on the other hand, consist of spinning, apparel and garments segment which apply modern machinery and techniques such as economies of scale.

India's overall textile exports during FY 2015-16 stood at US\$ 40 billion. The Indian textiles industry, currently estimated at around US\$ 108 billion, is expected to reach US\$ 223 billion by 2021. The industry is the second largest employer after agriculture, providing employment to over 45 million people directly and 60 million people indirectly. The Indian Textile Industry contributes approximately 5% to India's Gross Domestic Product (GDP), and 14% to overall Index of Industrial Production (IIP).

Management Outlook

The Reserve Bank of India announced norms for gold monetisation scheme, which allows individuals, trusts and mutual funds to deposit gold with banks in return for interest, to help reduce gold imports and alleviate pressure on trade balance. In September 2015, the Government of India approved the gold monetisation plan in the form of revamped Gold Deposit Scheme (GDS) and the Gold Metal Loan (GML) Scheme to mobilise tonnes of gold stored in households and temples across the country. The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the Reserve Bank of India (RBI), in consultation with Ministry of Finance.

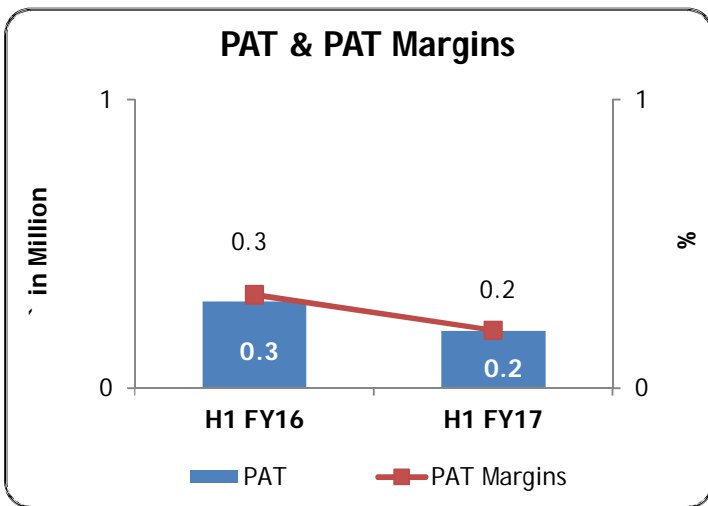
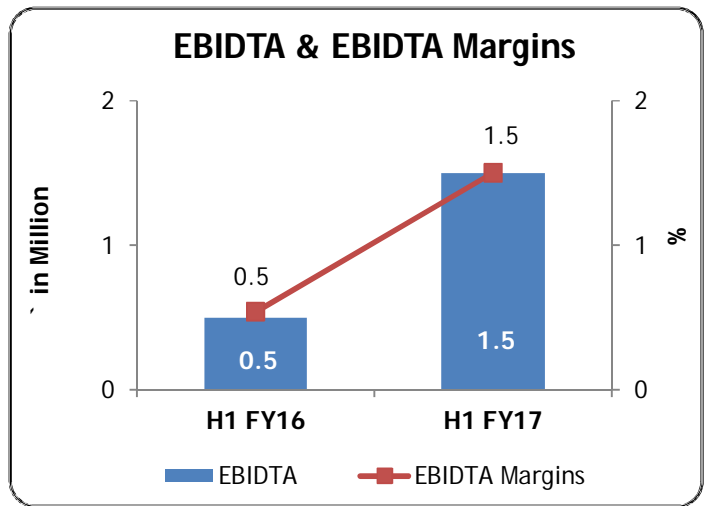
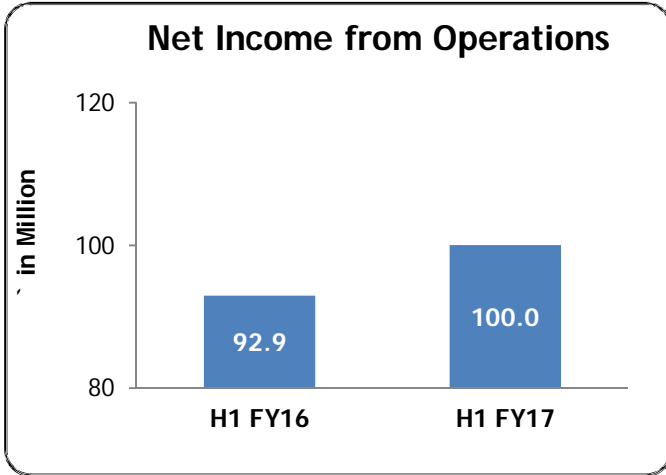
In the coming years, growth in Gems and Jewellery sector would largely be contributed by the development of large retailers/brands. Increasing penetration of organised players provides variety in terms of products and designs. The relaxation of restrictions on gold imports is also expected to provide a fillip to the industry. Improvement in the availability along with the reintroduction of low cost gold metal loans and likely stabilisation of gold prices at lower levels is expected to drive volume growth for jewellers over the short to medium term.

The Indian textile industry has the potential to reach US\$ 500 billion in size according to a study by Wazir Advisors and PCI Xylenes & Polyester. The growth implies domestic sales to rise to US\$ 315 billion from currently US\$ 68 billion. At the same time, exports are implied to increase to US\$ 185 billion from approximately US\$ 41 billion currently.

The Government of India has implemented several export promotion measures such as Focus Market Scheme, Focus Product Scheme and Market Linked Focus Product Scheme for increasing share of India's textile exports. Under the Market Access Initiative (MAI) Scheme, financial assistance is provided for export promotion activities on focus countries and focus product countries. The Government has also proposed to extend 24/7 customs clearance facility at 13 airports and 14 sea ports resulting in faster clearance of import and export cargo.

MEL may fare satisfactorily in the coming years given the favourable outlook of the industry and various implementations by the Government coupled with Company's focus on diversified business model, growth of supply chain network and exports.

Financial Graphs



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Disclosure

Each member of the team involved in the preparation of this report, hereby affirms that there exists no conflict of interest.



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LOTUS KNOWLWEALTH (LKW) commenced business in 1991 and is currently engaged in providing **CAPITAL MARKET RESEARCH, INVESTMENT ADVISORY and STRATEGY services.**

GURUKSHETRA is the Research and Training arm of LKW.

LKW Investment Advisers is the **SEBI registered Investment Advisory arm of LKW.**

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