



Presents

Studds Accessories Limited

Before we present Studds Accessories Limited in detail, let us start our reading with the snapshot of FY2019 annual report to see company at a glance.

STUDDS AT A GLANCE

Making the journey of a thousand miles safer for the bikers.

Since 1983 or should it be since our inception, we have imagined a safer and better world for the biker community. Every day, we strive to help hundreds of thousands of bikers around the world, believing that together we can invest to make a difference in riding experience. At the heart of our business is our vision – our passion drives us to provide new innovative yet safe solutions enriching their riding experience.

With more than 25.66% as per FrS Report FY18 market share in India, Studds

Accessories Limited (SAL) is the largest helmet manufacturer in the world. Carrying a rich legacy of more than three decades, SAL has grown from strength to strength over the years. Today, SAL is one of the most respected and largest business entities within its industry space and is well positioned to capitalize on new regions and innovative technologies that expand product options for consumers around the world.

Driven by the overarching objective of providing innovative and top-of-the-line quality

products across all its product range, today, the company has evolved to become a one-stop shop for ones all helmets and motorcycle accessories needs.

Truly a multi-product, multi-location and multi-market company, the Company today has 3 operational and one under construction in Faridabad, Haryana. Backed by a strong portfolio of more than 50 products and a strong dealer network, the two major brands of the Company STUDDS and SMK are synonymous to quality two-wheeler helmets.

World's largest helmet manufacturer



5.89 million

Helmets manufactured in year 2018-19



39 countries

Of product presence

Business segments



Helmets



Motorcycle accessories

Company Overview:

- Studds, the largest helmet manufacturing company in the world is trusted for the quality and safety of their products.
- The team managing the firm has a four-decade experience, with Madhu Bhushan Khurana at the helm, the founder-Chairman, the company started manufacturing in 1983, at Faridabad.
- It has two manufacturing facilities spanning 6 acres in Faridabad, where the activities of Helmet manufacturing are all done in-house. It has a team of nearly 2000 employees.
- The company has sold about 5.1 million helmets in the FY 2018.
- It plans to achieve this by doubling the existing capacity to 10+ million units and manufacturing bicycle helmets for the advanced economies. Therefore, the focus will shift towards exports.
- Usually, a helmet owner changes the helmet in about 5-6 years, therefore the purchases are recurring, but have a long waiting period. However, the major growth comes from the new owners of motor vehicles.

It has two main brands:

- **Studds:** Helmets priced from INR 825 to INR 2165. It has a market share of around 25.66%. Mainly, targeted for African and Asian mass commuter segment.
- **SMK:** These are premium helmets mostly for biking enthusiasts. Priced between INR 2300 to INR 9800. It has a market share of 27.79%, in the premium segment. This brand is targeting European countries, Latin America and Asian countries.

Revenue Model

(a) The company sells a helmet in the range of Rs.825 to 2165 under the brand name Studds having a market share of 25% as on FY18.

(b) The company sells a helmet in the range of Rs.2300 to 9800 under the brand name SMK having a market share of 27.79% as on FY18.

(c) Apart from selling a helmet the company also in the business of Motorcycle Accessories like Jacket, Gloves, Glass etc.

(d) The 90% of the Revenue comes from Helmet division and 10% comes from Motorcycle Accessories.

(e) The 92.3% of the business comes from the Domestic Market and rest 7.97% comes from Export.

Presence



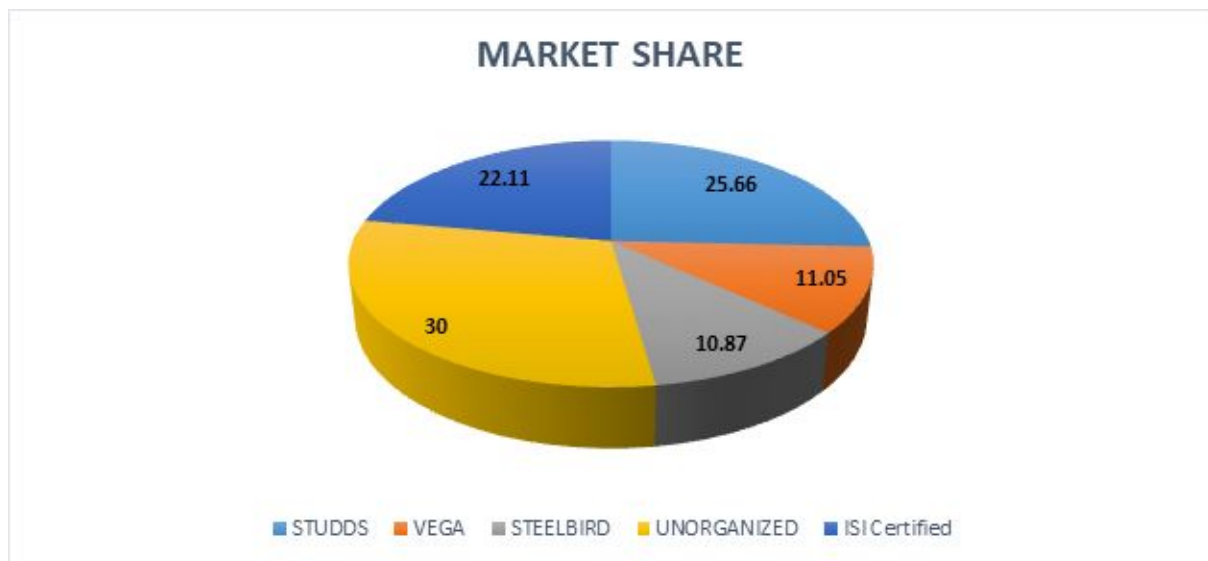
Certifications:

The following certifications prove the research and due-diligence that goes into manufacturing the excellent helmets.

1. The **only Indian company** to be certified with 'ECE 22.05', by the European Safety Agency.
2. IS 4151 & IS 2925, by the Bureau of Indian Standards.
3. DOT FMVSS 218.

Market Share of Studds

Studds market share is more than its next organized competitor is. Thus, Studds being the market leader has a very stable footing to expand and defend its market. In the premium segment market, SMK is unrivalled.



Indian 2-Wheeler Industry:

- India is home to the largest 2-wheeler market in the world. A whopping **150 million** units are there on the roads of India. Two-wheeler industry in India grew by **14.8%** YoY in FY18.
- With the above data in mind, the associated industries benefit enormously from the sheer volume of units sold. One of the essential accessories associated is Helmet industry. Let us look at the market leader, 'STUDDS'.

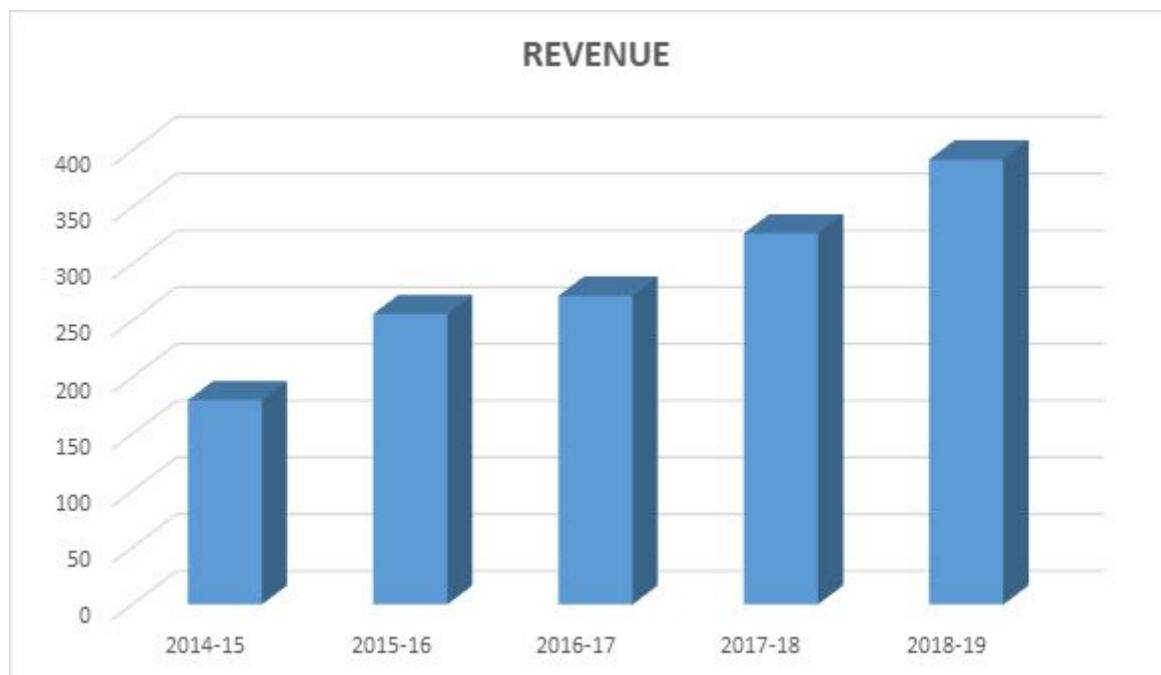
Helmet Industry Outlook:

- Safety while driving on India roads is paramount. Helmets are essential to anyone who has a 2-wheeler. Furthermore, with the new regulations from Traffic Police department, the fine for 'Driving without helmet' has risen sharply to over INR 1000 with cancellation of licence up to 3 months. Therefore, the need for safety and regulations make it mandatory for every 2-wheelers to possess a helmet. The helmet industry is forecasted to grow at an astonishing CAGR of 17% in the coming few years. The market share taken by the unorganized sector is a huge 50% chunk. There is a lot of competition among the organized and unorganized sectors, but due to certifications, dealers franchise and quality of products offered by the organized sector, organized sectors have an upper hand. Additionally, the growth in organized sectors is likely to improve due to the government regulations.

Financials:

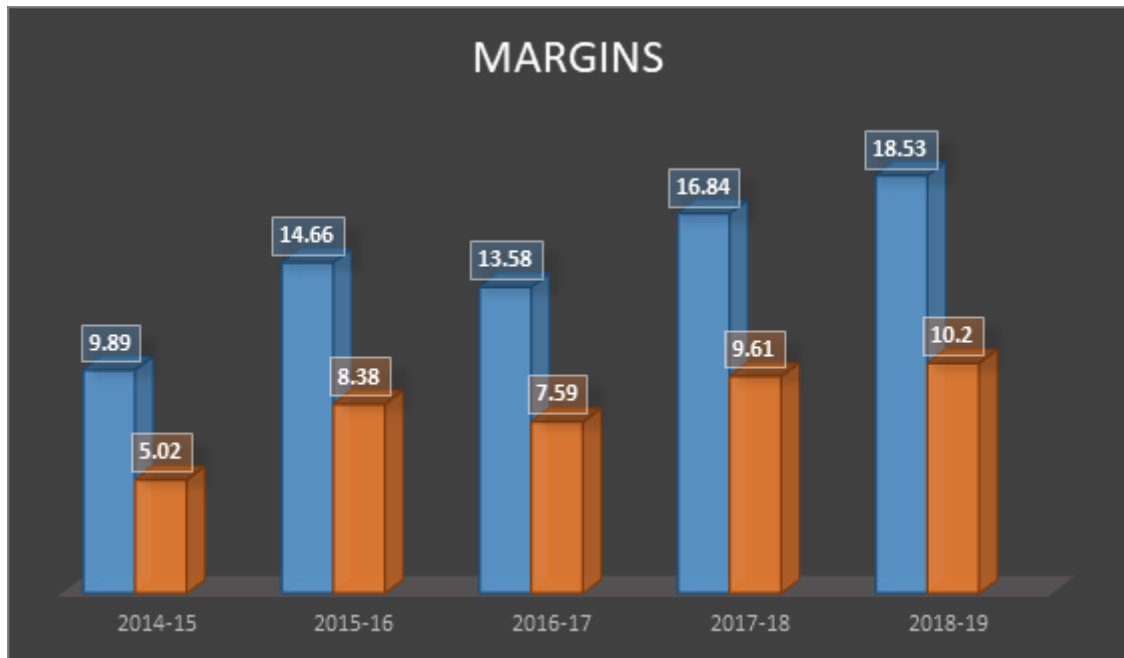
a) Revenue:

The revenue has grown at a CAGR at 22% for the past 4 years.



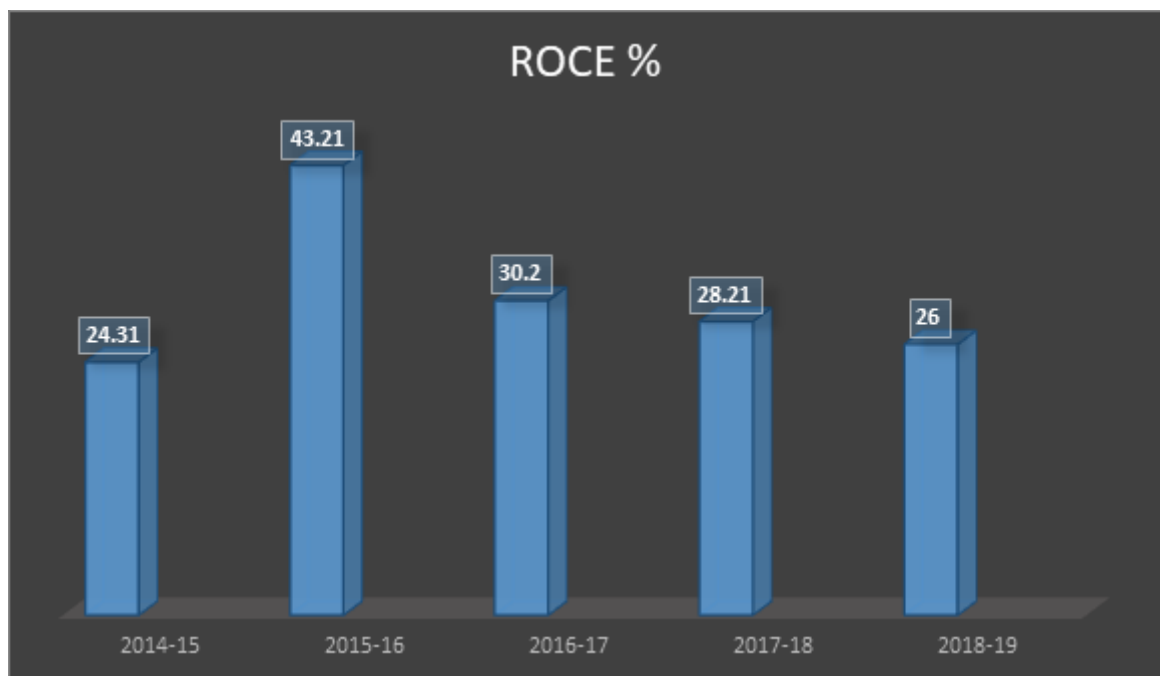
b) EBITDA and PAT Margin:

The margins have improved concurrent with the revenue expansion; efficiency of the firm is increasing with volume increase.



ROCE:

The firm has a stellar return on equity and capital employed for many years, thereby sustaining its competitive advantage.



Debt:

The firm has been maintaining low levels of debt for many years, debt/equity for FY 2017-18 was 0.23. The increase from previous financial years is due to setting up of new manufacturing facilities.

Cash Flow:

The firm has robust 'free cash flows' generating year on year with '43' crores FY 2017-18. However, in FY18-19, the company has negative free cash flow, due to investment of 70 Cr in Purchases of Property, Plant and Equipment (PPE).

Valuation of Studds

Last year when company files for an IPO, it was looking around Rs. 1500-1800 cr valuation. In FY18-19, the company has shown growth of 25% in the bottom-line. Accordingly, the current valuation may be around Rs.1900-2250 cr. The company has outstanding shares of 1.9676 cr. So fair price per share may come around Rs. 960 to 1100.

The share is currently available at a discount at Rs. 680-700 in the unlisted market.

Growth Plans:

- Studds is setting up new manufacturing facilities, for doubling its existing capacity. It wants to add nearly 2000 new employees as a workforce in the coming years.
- Additionally, it is the segment of bicycle helmets. The company also plans to bring in more revenue from exports.
- It exports to many European and Latin American countries, and wants to consolidate its position in there. Furthermore, it has strategic alliances with helmet companies like Daytona in USA.

- Studds is capable enough to accomplish its goals and to expand throughout the nations.

Interested buyers can visit our website at www.unlistedzone.com or email us at sales@unlistedzone.com or Watsapp at 08010009625.

SOURCES:

1.) Company Annual Reports.

[Studds Accessories Annual Report 2019](#)

[Studds Accessories Annual Report 2018](#)

2.)

<https://www.hdfcbank.com/assets/pdf/privatebanking/Sector-Update-Auto-Two-Wheeler-Industry-Jan-2019.pdf>

3.)

<https://www.techsciresearch.com/report/india-two-wheeler-helmet-market/1596.html>

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