

KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q3 FY2012
and YTD ended 31.12.2011



Operational Performance: Q3 and YTD FY 2012

	Q3 FY2012 Rs crs	% of sales	Q3 FY 2011 Rs crs	% of sales	Variation	YTD FY2012 Rs crs	% of sales	YTD FY2011 Rs crs	% of sales	Variation
Net Sales	64.20		63.02			233.45		180.62		
Other operating income	0.41		0.32			1.26		0.91		
	64.61	100.00%	63.34	100.00%		234.71	100.00%	181.53	100.00%	
Cost of goods sold	29.63	45.86%	23.99	37.87%	7.99%	100.57	42.85%	68.48	37.72%	5.13%
Personnel cost	6.78	10.49%	6.31	9.96%	0.54%	22.63	9.64%	19.76	10.88%	-1.24%
Manufacturing and operating expenses	5.24	8.11%	4.95	7.81%	0.30%	18.88	8.05%	13.07	7.20%	0.84%
Administrative and othe expenses	2.63	4.07%	2.24	3.54%	0.53%	8.54	3.64%	6.52	3.59%	0.05%
Selling and distribution expenses	8.29	12.83%	8.67	13.68%	-0.85%	28.44	12.11%	21.13	11.64%	0.48%
Operational expenditure	52.57	81.37%	46.15	72.86%	8.50%	179.06	76.29%	128.95	71.03%	5.26%
EBITDA	12.04	18.63%	17.19	27.14%	-8.50%	55.66	23.71%	52.59	28.97%	-5.26%
Finance expenses	0.63	0.98%	0.59	0.93%	0.04%	2.00	0.85%	1.65	0.91%	-0.06%
Depreciation/ Ammotisation	1.65	2.55%	1.40	2.21%	0.34%	4.56	1.94%	4.10	2.26%	-0.31%
Other income	3.06	4.74%	1.60	2.53%	2.21%	9.10	3.88%	5.74	3.16%	0.71%
Profit before tax (PBT)	12.82	19.84%	16.80	26.52%	-6.68%	58.20	24.80%	52.58	28.97%	-4.17%
Income Tax	4.07	6.30%	5.53	8.73%	-2.43%	18.47	7.87%	17.43	9.60%	-1.73%
Profit after tax (PAT)	8.75	13.54%	11.27	17.79%	-4.25%	39.73	16.93%	35.15	19.36%	-2.44%

Financial Highlights: Q3 FY 2012

- **Factors responsible for dampening profitability growth :-**

- a. An early Diwali festival in 2011 adversely impacted sales volumes for Q3 as under:-

(Rs in Crs)

Month	2011	2010	Variation	(%) Variation
Sept (Q2)	35.81	24.66	11.15	45.21%
Oct (Q3)	24.56	34.00	-9.44	-27.76%

- b. Cost of goods sold increased by 8% of sales due to :-

- Higher dependence on job work and outsourcing requiring sharing of profit margin
- Inadequate increase in sales realisations post excise duty & general inflation
- Higher contribution of life style accessories items which is at promotional stage
- Appointment of Master Stockist requiring parting of higher trade discounts.

- c. Closure of 10 Retail Stores during the quarter.

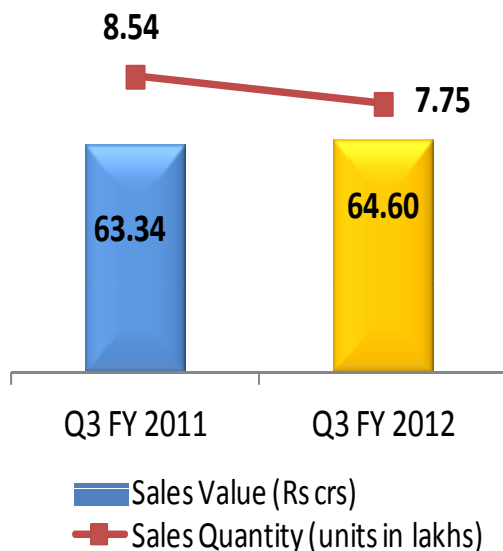
- **Factors contributing to profitability :**

- a. Realisation per garment increased by 10.64 % as compared to corresponding period in the previous year.
- b. Life style accessories items sold under ADDICTION brand is emerging as value enhancer. Sold 3.33 Lakhs units at average realisations of Rs 110 per unit aggregating to net sales of Rs 3.68Cr
- c. Opening of 26 Retail Stores during the quarter.

Trend in Sales

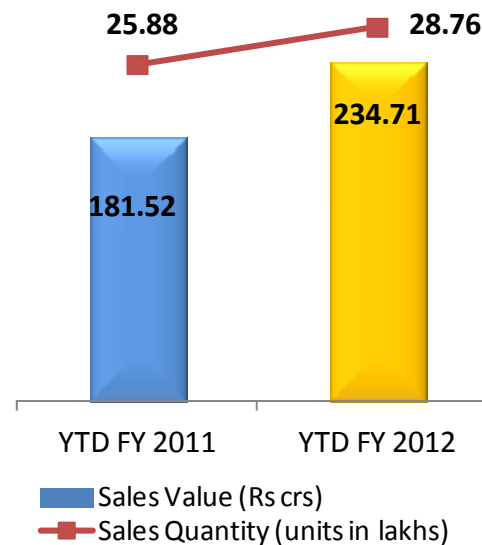
Q3 FY2011-12

- Total Sales value increased by 2.0%
- Apparel sales quantity reduced by 9.2% due to an early Diwali in 2011
- Apparel sales realization per unit increased by 10.64% to Rs. 801



YTD FY2011-12

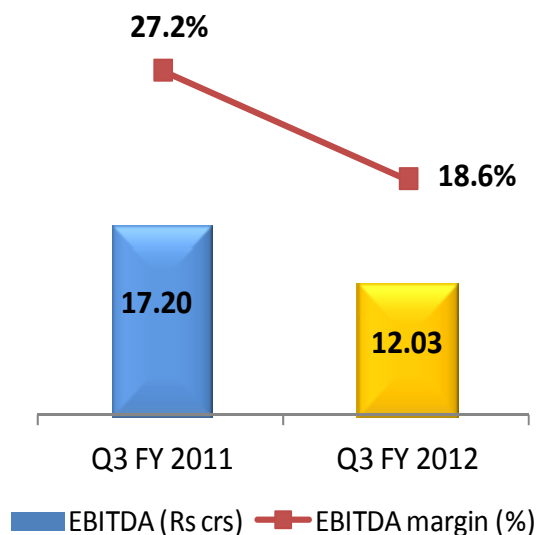
- Total Sales value increased by 29.3%
- Apparel sales quantity increased by 11.1%
- Apparel sales realization per unit improved by 10.76% to Rs. 763



Trend in Operating Profit

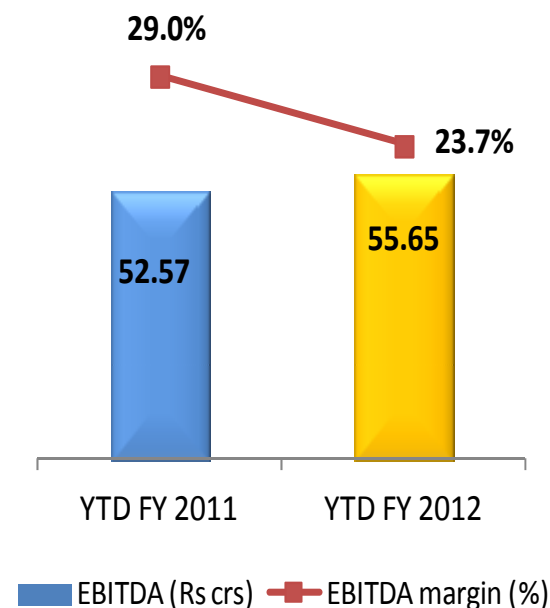
Q3 FY2011-12

- EBITDA decreased by 30.0% due to increase in CoGS and lower sale in Q3 due to an early Diwali festival in 2011
- EBITDA margin is at 18.6%



YTD FY2011-12

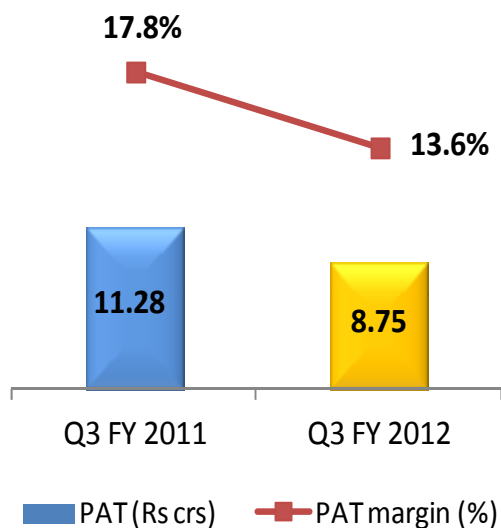
- EBITDA increased by 5.9%
- EBITDA margin is at 23.7%



Trend in Net Profit

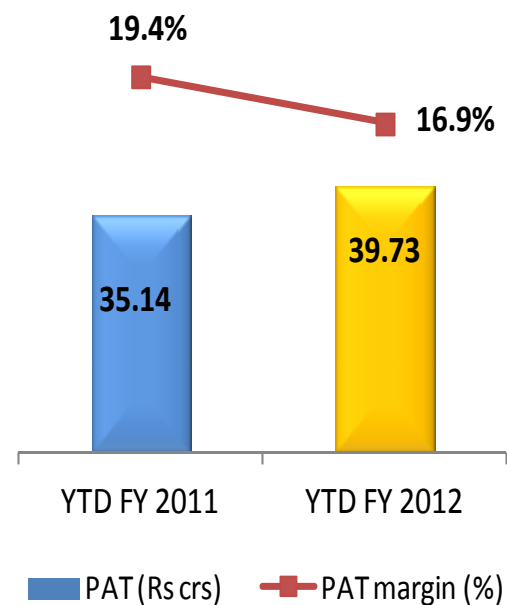
Q3 FY2011-12

- PAT decreased by 22.4% due to increase in CoGS and lower sale in Q3 due to an early Diwali festival in 2011
- PAT margin is at 13.6%
- Quarterly EPS at Rs. 7.10 (9.6)



YTD FY2011-12

- PAT increased by 13.1%
- PAT margin is at 16.9%
- YTD FY2011-12 EPS is Rs. 32.24 (28.51)



Balance Sheet

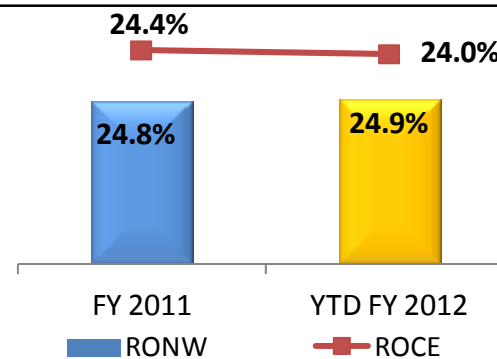
(Rs in Crores)		
Particulars	As at Dec. 2011	As at Mar. 2011
Shareholders' Funds		
Share Capital	12.33	12.33
Reserves and Surplus	215.14	185.43
	227.46	197.76
Non-Current Liabilities		
Other Long -Term Liabilities	5.01	3.26
Long term Provisions	1.23	1.24
	6.24	4.50
Current Liabilities		
Short-term borrowings	10.70	5.55
Trade Payables	20.12	15.72
Other Current Liabilities	8.71	7.05
Short-term Provisions	11.72	21.80
	51.26	50.13
Total Shareholders' Funds and Liabilities	284.97	252.39
Fixed Assets	43.62	40.57
Capital Work in Progress	0.59	2.15
Non Current Investments	3.49	3.51
Deferred Tax Assets (Net)	1.46	1.64
Long-term loans and advances	10.90	10.91
Other non-current assets	6.56	1.71
Non-Current Assets	66.61	60.49
Current Investments	9.51	14.79
Inventories	41.75	36.81
Trade receivables	51.37	29.93
Cash & Cash Equivalents	107.14	103.89
Short-term Loans & Advances	6.22	4.33
Other Current Assets	2.37	2.13
Current Assets	218.36	191.90
Total Assets	284.97	252.39

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	Q3 FY2012
I. Cash Flow from Operating Activity	21.89
*Operating Profit before Working Capital Changes	56.59
*Adjustment for Working Capital	(16.66)
*Direct Taxes Paid	(18.04)
II. Cash Flow from Investing Activity	2.39
*Purchase of Fixed Assets	(6.17)
*Redemption of Investments in mutual funds	5.28
III. Cash Flow from Financing Activity	(21.04)
*Secured Loans - Bank Overdraft (Net)	5.15
*Payment of Dividend (Including Dividend Tax)	(24.34)
Cash and Cash Equivalents - Closing	107.14

- Strong profitability and robust cash flows continue to strengthen the financial position
- Company continues to invest in growth along with sharing profits (Rs. 7.00 interim dividend) with shareholders

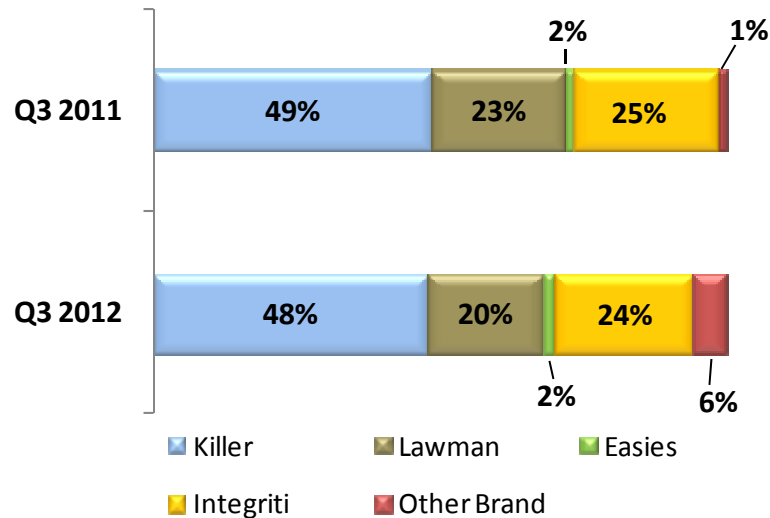
Ratios	Q3 FY 2012	FY 2011
Debt Equity ratio	0.05	0.03
Current Ratio	5.52	6.77
Debtors turnover (days)	46.76	41.13
Creditors turnover (days)	28.78	31.81
Inventory turnover (days)	45.19	44.58
RONW	24.92%	24.79%
ROCE	24.00%	24.43%



Brands

- 'Killer' has been the top selling brand followed by Integriti
- Lifestyle accessories marketed under 'Addiction' is at promotional stage

Brand wise sales break up Q3 FY 2012

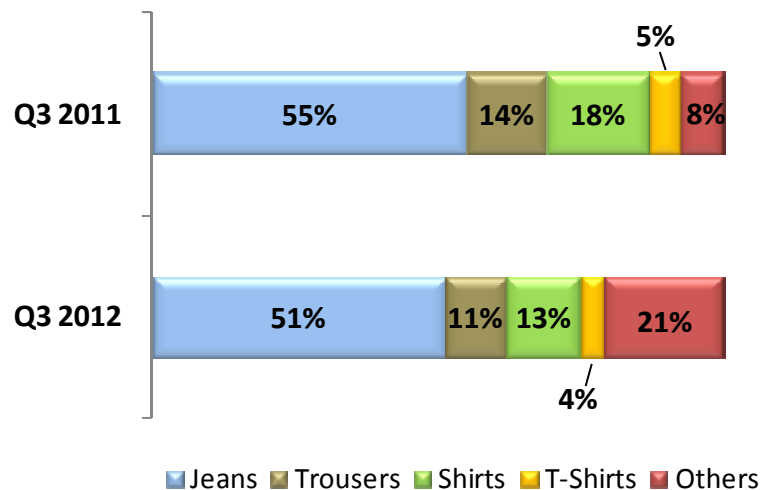


Sales (Rs crs)	Q3 2012	Q3 2011	% Change
Killer	31.56	30.88	2%
Lawman	13.37	14.64	-11%
Easies	1.23	1.16	13%
Integriti	15.91	15.85	0%
ADDICTIONS	3.68	0.82	349%
Returns	(-) 1.15		
Total	64.60	63.34	2%

Products

- Jeans remains the largest selling product
- Others include lifestyle accessories which have seen higher growth

Product wise sales break up Q3 FY 2012

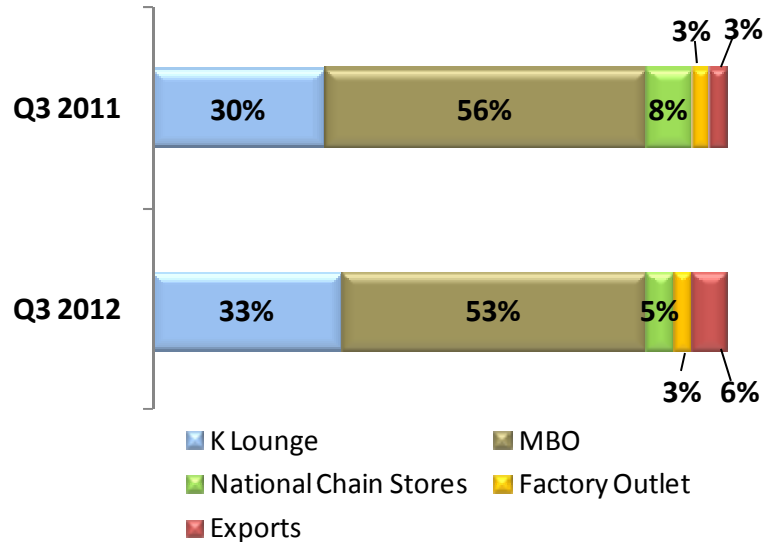


Sales (Rs crs)	Q3 2012	Q3 2011	% Change
Jeans	33.03	34.81	-5%
Trousers	6.91	9.22	-25%
Shirts	8.59	11.49	-25%
T-Shirts	2.51	3.07	-18%
Others	13.55	4.76	185%
Total	64.60	63.34	2%

Channels

- Retail & exports account for the highest growth among the channels
- MBOs continue to remain the dominant contributor to sales

Channel wise sales break up Q3 FY 2012

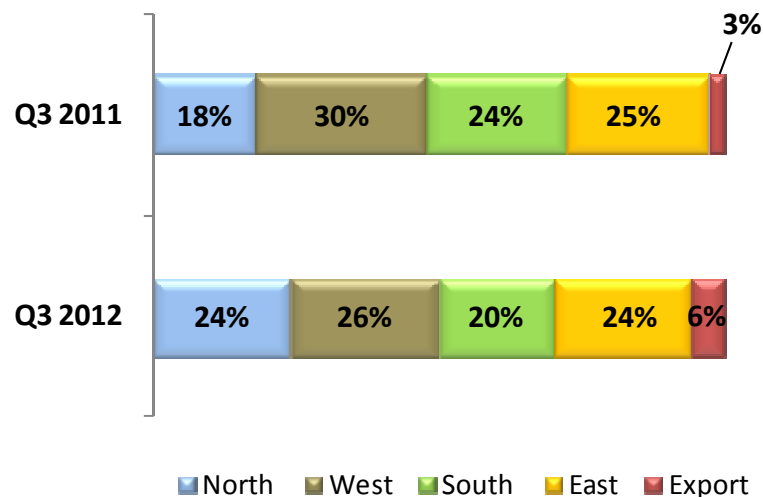


Sales (Rs crs)	Q3 2012	Q3 2011	% Change
Retail (K-Lounge)	21.55	18.83	14%
MBO	33.63	34.85	-3%
National Chain Stores	3.18	4.87	-35%
Factory Outlet	2.05	1.90	8%
Exports	4.19	2.09	100%
Others Channels	-	0.80	NA
Total	64.60	63.34	2%

Regional Distribution

- Sales across India were more diversified with strong performance from North
- Western region contributed the largest share of total sales

Region wise sales break up Q3 FY 2012



Sales (Rs crs)	Q3 2012	Q3 2011	% Change
North	15.37	11.32	36%
West	16.59	18.93	-12%
South	12.91	15.20	-15%
East	15.54	15.86	-2%
Export	4.19	2.09	100%
Total	64.60	63.34	2%

Key developments

- ICRA Independent equity research (IER) assigned fundamental grade of '4/5' to KKCL which implies 'strong fundamentals'
- Opened 26 new retail stores i.e. 10 K-Lounges , 7 Killer EBO, 7 Integrity and 2 Lawman Pg3. With this Company has presence in over 110 cities and 19 states across India.
- End of Season Sale started from mid-January and shall last until mid-February.
- Company declared an interim dividend of Rs. 7 per share in its Board meeting held on 20.10.11 and distributed during the quarter.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	118	130
Killer EBO		3	51	54
LawmanPg3-EBO		4	5	9
Integriti-EBO			37	37
Addiction-EBO			3	3
Factoy Outlet		7		7
Total	1	25	214	240

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.12.11	30.09.11
Existing	223	200
New opened	26	28
Closures	10	5
Work-in process	23	
Total Retail Stores	262	223

Thank You