

KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q3 FY2013 and YTD ended
31.12.2012

Operational Performance-Snapshot

	Q3 FY2013			Q3 FY 2012			9m FY2013		9m FY2012		
	Rs crs	% of sales		Rs crs	% of sales	Growth	Rs crs	% of sales	Rs crs	% of sales	Growth
Total sales	77.44	100.00%		64.61	100.00%	20%	226.00	100.00%	234.71	100.00%	-4%
Operating EBITDA	16.83	21.73%		12.04	18.65%	40%	51.88	63.36%	55.66	23.71%	-7%
Profit before tax (PBT)	17.62	22.75%		12.82	19.84% [↑]	37%	54.15	23.96%	58.20	24.80%	-7%
Profit after tax (PAT)	12.00	15.50%		8.75	13.54%	37%	36.92	16.34%	39.73	16.93%	-7%

Sales value growth/(de-growth)	19.88%	(3.71%)[↑]
Volume Growth/(de-growth)	14.42%	(6.66%)[↑]
Realisation growth	5.89%	6.08%
Number of stores opened during	Q3- 17	YTD- 50 Pipeline-18- closed 37

Operational Performance: Q3 and YTD FY 2013

	Q3 FY 2013	% of	Q3 FY 2012	% of		YTD FY 2013	% of	YTD FY 2012	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Net Sales	76.77		64.20			224.15		233.45		
Other operating income	0.67		0.41			1.85		1.26		
	77.44	100.00%	64.61	100.00%	0.00%	226.00	100.00%	234.71	100.00%	0.00%
Cost of goods sold	35.72	46.13%	29.62	45.84%	0.28%	93.47	41.36%	100.57	42.85%	-1.49%
Personnel cost	7.96	10.28%	6.78	10.49%	-0.21%	25.63	11.34%	22.63	9.64%	1.70%
Manufacturing and operating expenses	5.26	6.79%	5.24	8.12%	-1.32%	18.89	8.36%	18.88	8.04%	0.31%
Administrative and other expenses	2.42	3.13%	2.63	4.07%	-0.95%	9.66	4.27%	8.54	3.64%	0.64%
Selling and distribution expenses	9.26	11.96%	8.29	12.84%	-0.88%	26.47	11.71%	28.44	12.11%	-0.40%
Operational expenditure	60.62	78.28%	52.57	81.36%	-3.08%	174.12	77.04%	179.06	76.29%	0.76%
EBITDA	16.82	21.72%	12.04	18.64%	3.08%	51.88	22.96%	55.66	23.71%	-0.76%
Finance expenses	0.61	0.79%	0.63	0.98%	-0.19%	2.05	0.91%	2.00	0.85%	0.05%
Depreciation/ Ammotisation	1.47	1.90%	1.65	2.56%	-0.66%	4.47	1.98%	4.56	1.94%	0.04%
Other income	2.87	3.71%	3.06	4.74%	-1.04%	8.79	3.89%	9.10	3.88%	0.01%
Profit before tax (PBT)	17.61	22.74%	12.82	19.84%	2.90%	54.15	23.96%	58.20	24.80%	-0.84%
Income Tax	5.62	7.26%	4.07	6.30%	0.96%	17.24	7.63%	18.47	7.87%	-0.24%
Profit after tax (PAT)	11.99	15.48%	8.75	13.54%	1.94%	36.92	16.34%	39.73	16.93%	-0.59%

Financial Highlights: Q3 FY 2013

- **Factors contributing to increase in profitability :**

- a. Increase in apparel sale volume by 14.42% and realisation per garments YoY by 5.89% YoY.
- b. Personnel cost and S & D expenses though increased in absolute amount but lower as a percentage of sale due to higher sales.
- c. Reduction in administrative expenses by 0.95% of sales.
- d. Opening of 17 retail stores during the quarter.

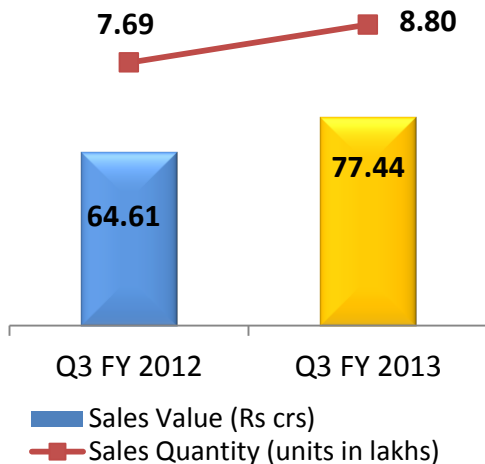
- **Factors responsible for dampening profitability growth :-**

- a. Increase in cost of goods sold YOY by 0.28% due to higher volume of winter wear.
- b. Staff Gratuity provision increased by Rs.39 lacs due to strengthening prudence in actuarial assumptions for escalation in staff salaries.
- c. Closure of 4 retail stores.

Trend in Sales

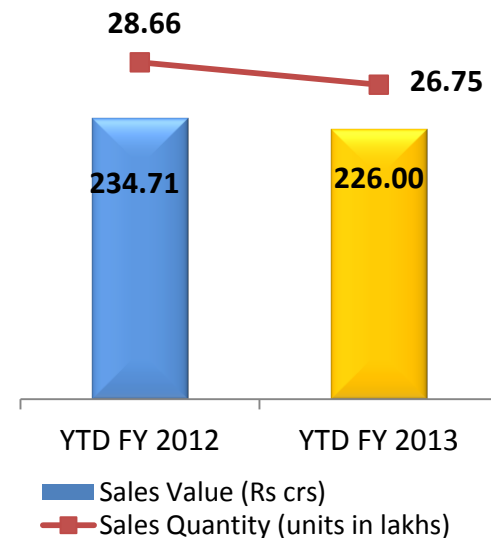
Q3 FY2012-13

- Sales value was up by 19.88%
- Apparel sales value was up by 21.16% to Rs 74.20 Crs
- Apparel sales quantity was up by 14.42%
- Apparel sales realization per unit was up by 5.89% to Rs 843



YTD FY2012-13

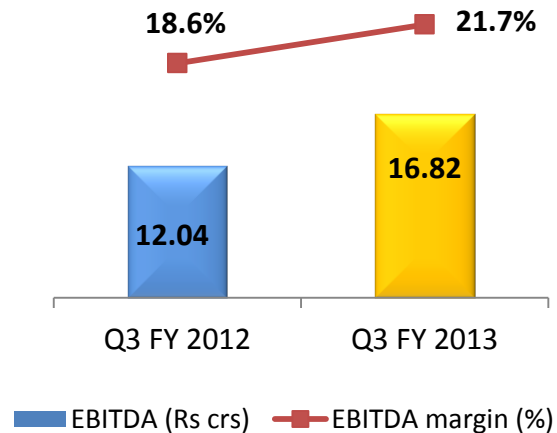
- Sales value was down by 3.71%
- Apparel sales value was down by 0.99% to Rs 215.19 crores
- Apparel sales quantity was down by 6.66%
- Apparel sales realization per unit was up 6.08% to Rs 804



Trend in Operating Profit

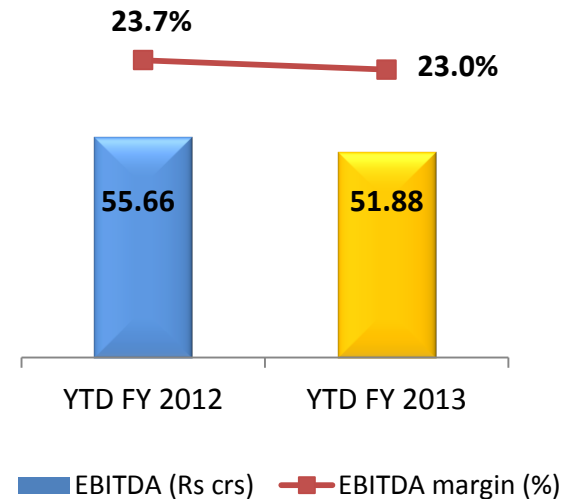
Q3 FY2012-13

- EBITDA was up by 39.69%
- EBITDA margin surged to 21.7%



YTD FY2012-13

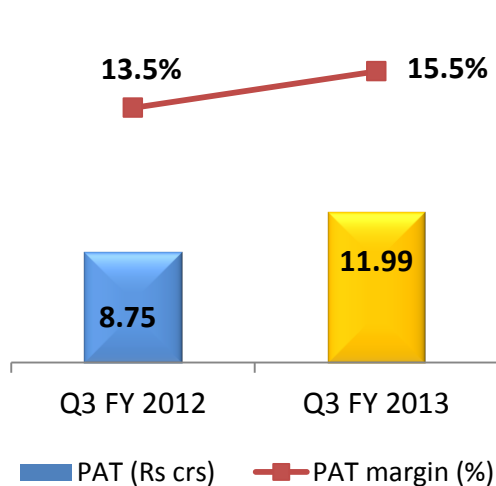
- EBITDA was down by 6.78%
- EBITDA margin marginally down at 23.0%



Trend in Net Profit

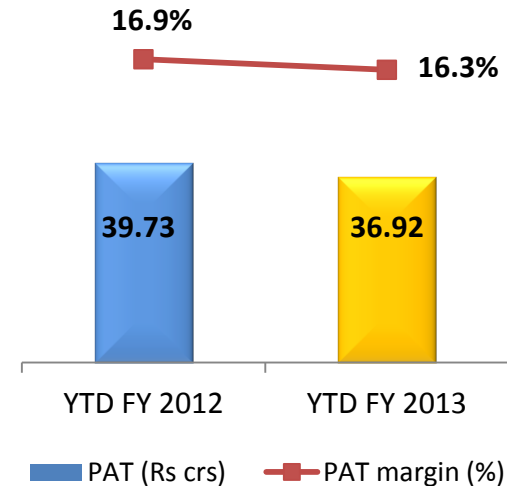
Q3 FY2012-13

- PAT was up by 37.05%
- PAT margin surged to 15.5%
- Quarterly EPS at Rs. 9.74 (7.10)



YTD FY2012-13

- PAT was down by 7.09%
- PAT margin steady at 16.3%
- YTD EPS at Rs. 29.95 (32.24)



Balance Sheet

Particulars	(Rs crs)	
	As at Dec. 2012 (Audited)	As at Mar. 2012 (Audited)
Shareholders' Funds		
Share Capital	12.33	12.33
Reserves and Surplus	230.80	213.22
	243.13	225.55
Non Current Liabilities		
Other Long-Term Liabilities	4.28	3.87
Long-Term Provisions	0.64	0.69
	4.92	4.56
Current Liabilities		
Short-term borrowings	7.21	14.89
Trade Payables	20.91	15.78
Other Current Liabilities	7.82	7.80
Short-term Provisions	24.07	14.42
	60.00	52.89
Total Shareholders' Funds and Liabilities	308.05	283.00
Non-Current Assets		
Fixed Assets	44.52	44.32
Non Current Investments	3.50	3.51
Deferred Tax Assets (Net)	1.59	1.73
Long-term loans and advances	10.92	10.65
Other non-current assets	1.12	1.09
	61.65	61.30
Current Assets		
Current Investments	33.32	28.07
Inventories	35.83	32.09
Trade receivables	44.46	48.22
Cash & Cash Equivalents	113.57	101.32
Short-term Loans & Advances	5.31	4.56
Other Current Assets	13.91	7.44
	246.40	221.70
Total Assets	308.05	283.00

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	Q3 FY2013
I. Cash Flow from Operating Activity	47.04
<i>*Operating Profit before Working Capital Changes</i>	52.83
<i>*Adjustment for Working Capital</i>	11.61
<i>*Direct Taxes Paid</i>	(17.40)
II. Cash Flow from Investing Activity	(9.56)
<i>*Purchase of Fixed Assets</i>	(5.06)
<i>*Purchase/Redemption of Investments in mutual funds</i>	(5.26)
III. Cash Flow from Financing Activity	(25.10)
<i>*Secured Loans - Bank Overdraft (Net)</i>	(7.68)
<i>*Payment of Dividend (Including Dividend Tax)</i>	(15.76)
Cash and Cash Equivalents - Closing	113.05

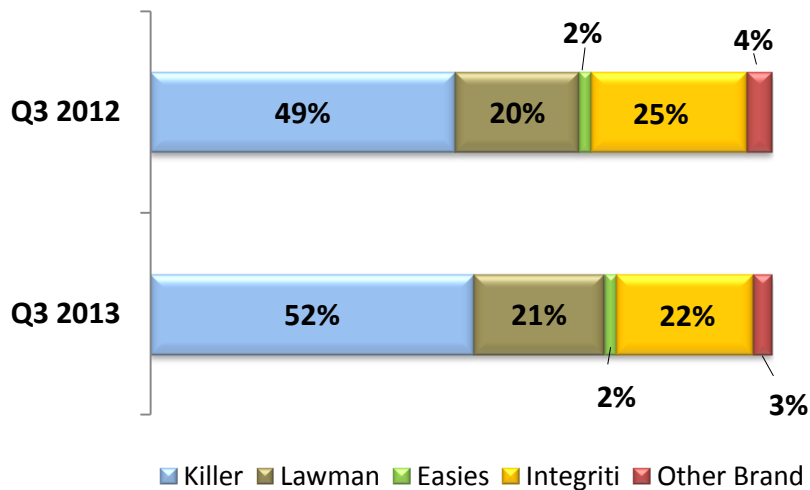
Ratios	Q3 FY2013	Q3 FY2012
Debt Equity ratio	0.03	0.05
Current Ratio	6.86	5.52
Debtors turnover (days)	51.80	46.76
Creditors turnover (days)	24.28	28.78
Inventory turnover (days)	40.58	45.19
RONW	20.60%	24.92%
ROCE	25.40%	24.00%

- Cash reserves have increased and the financial position remains strong
- Cash flows have been healthy due to improved working capital management

Brands

- Killer continues to be the flagship brand with enhanced share of 52%
- Integrity is the second largest brand with 22% share

Brand wise sales break up Q3 FY 2013

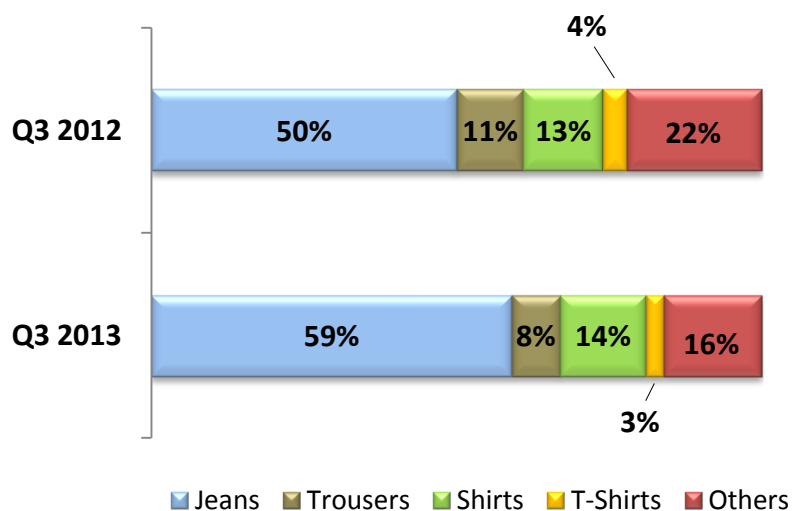


Sales (Rs crs)	Q3 2013	Q3 2012	% Change
Killer	39.77	31.29	27%
Lawman	15.65	12.99	20%
Easies	1.67	1.23	36%
Integrity	17.11	15.77	8%
Others	2.57	2.91	-12%
Total	76.76	64.19	20%

Products

- Jeans is the largest selling product and increased its share to 59%
- Revenue from Shirts grew by 29%

Product wise sales break up Q3 FY 2013

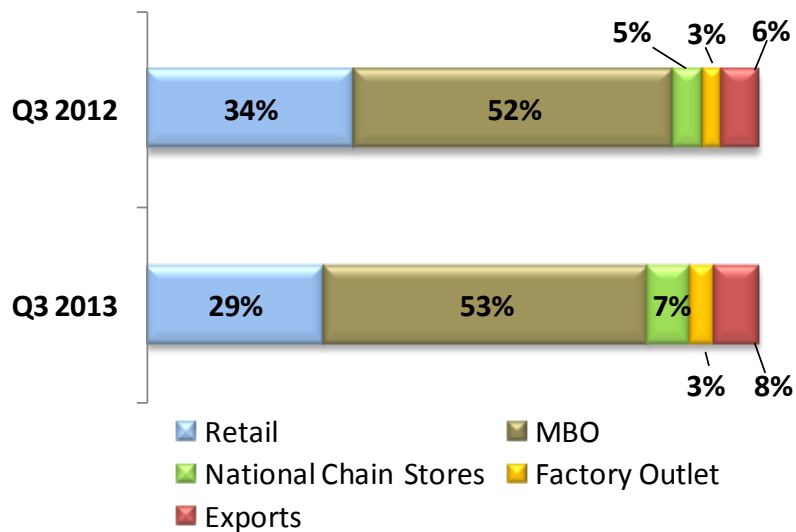


Sales (Rs crs)	Q3 2013	Q3 2012	% Change
Jeans	45.39	32.36	40%
Trousers	6.00	6.89	-13%
Shirts	10.95	8.51	29%
T-Shirts	1.94	2.65	-27%
Others	12.49	13.78	-9%
Total	76.76	64.19	20%

Channels

- MBOs maintained the largest share at 53% of sales
- National Chain Stores showed strong growth of 82%

Channel wise sales break up Q3 FY 2013

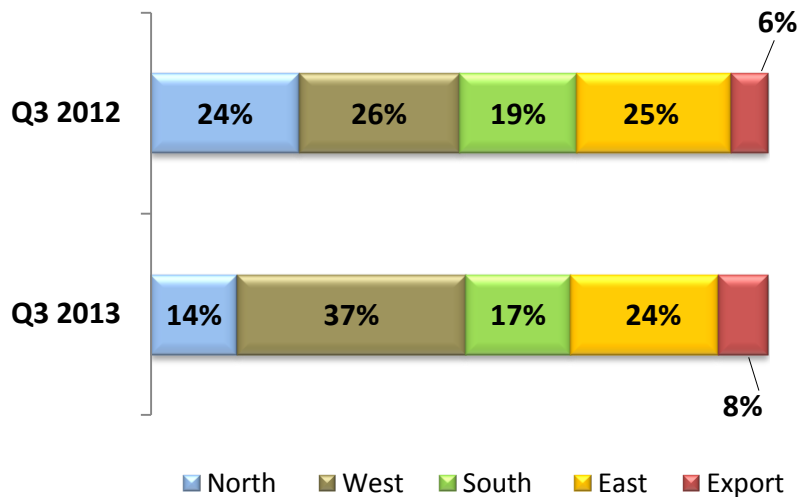


Sales (Rs crs)	Q3 2013	Q3 2012	% Change
Retail	22.29	21.48	4%
MBO	40.67	33.59	21%
National Chain Stores	5.52	3.04	82%
Factory Outlet	2.62	1.97	33%
Exports	5.66	4.11	38%
Total	76.76	64.19	20%

Regional Distribution

- Western region has shown strong growth of 74% and increased its share to 37%
- Eastern region retains the second largest share at 24%

Region wise sales break up Q3 FY 2013



Sales (Rs crs)	Q3 2013	Q3 2012	% Change
North	10.59	15.30	-31%
West	28.68	16.48	74%
South	13.37	12.34	8%
East	18.45	15.96	16%
Exports	5.66	4.11	38%
Total	76.76	64.19	20%

Key developments

- Company proposed a second interim dividend of Rs 6.5 per equity share. The first interim dividend was for Rs 7 per equity share.
- The Company has augmented “Business Progressive Fund” from Rs 5 Cr to Rs 7 Cr by appropriating a sum of Rs. 2 Cr out of its profits during the quarter to maintain normal growth in sluggish market conditions and support superior growth for long term.
- Advertisement & Branding initiatives
 - Integriti was the ‘Title sponsor’ and K-Lounge was ‘Associate Sponsor’ of the Popular reality show “Integriti Presents Bindass Superdude” aired on UTV Bindass.
 - A new campaign from the KILLER brand named as “ Water Saver Jeans” was launched and advertised through 18 TV channels across India.
 - In-stadia on ground hoardings on various brands for two cricket series between India-England and India-Pakistan.
- Opened 17 new retail stores i.e. 6 K-Lounges , 7 Killer EBO, 4 Integriti stores. With this Company has presence in over 112 cities and 19 states across India.
- End of Season Sale started from mid January and shall last until mid February.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	126	138
K-Lounge for her			1	1
Killer EBO			58	58
LawmanPg3-EBO		1	12	13
Integriti-EBO			48	48
Easies - EBO			1	1
Addiction-EBO			1	1
Factoy Outlet		5		5
Total	1	17	247	265

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.12.12	31.03.12
Existing	252	176
New opened	50	99
Closures	37	23
Work-in process	18	20
Total Retail Stores	283	272

Thank You

Disclaimer: Certain statements in this document or explanation thereof during discussions may be forward looking statements. Such forward looking statements are subject to certain risks and uncertainties like government actions, direct and indirect tax structures, local, political or economic developments, weather conditions deferring season, technological risks, overall market scenario and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward looking statements. Kewal Kiran Clothing Limited (“KKCL”) will not be in anyway responsible for any action taken based on such statements and undertake no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances