KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q3 FY2016 and YTD ended 31.12.2015

Operational Performance-Snapshot

	Q3 FY2016		Q3 FY 2015		
	Rs crs	% of sales	Rs crs	% of sales	Growth
Total revenue	96.19	100.00%	88.53	100.00%	8.65%
Operating EBITDA	17.17	17.85%	16.51	18.66%	4.00%
Profit before tax (PBT)	16.20	16.84%	15.75	17.79%	2.86%
Profit after tax (PAT)	10.67	11.09%	10.44	11.79%	2.20%
Apparel Sales value growth			7.96%		
Volume Growth			6.47%		
Realisation growth			1.40%		

Operational Performance: Q3 and YTD FY 2016

	Q3 FY 2016 Rs crs	% of sales	Q3 FY 2015 Rs crs	% of sales	Variation	YTD FY 2016 Rs crs	% of sales	YTD FY 2015 Rs crs	% of sales	Variation
Net Sales	95.43		87.68			327.72		301.19		
Other operating income	0.76		0.85			3.04		2.48		
Total Revenue	96.19	100.00%	88.53	100.00%	0.00%	330.76	100.00%	303.67	100.00%	0.00%
Cost of goods sold	41.77	43.42%	39.12	44.19%	-0.76%	142.70	43.14%	132.17	43.52%	-0.38%
Personnel cost	12.88	13.39%	10.68	12.06%	1.33%	39.47	11.93%	33.45	11.02%	0.92%
Manufacturing and operating expenses	9.06	9.41%	8.40	9.49%	-0.07%	30.20	9.13%	26.59	8.76%	0.37%
Administrative and other expenses	5.61	5.83%	4.91	5.55%	0.29%	18.28	5.53%	15.27	5.03%	0.50%
Selling and distribution expenses	9.70	10.08%	8.91	10.06%	0.02%	30.08	9.09%	27.86	9.17%	-0.08%
Operational expenditure	79.02	82.15%	72.02	81.35%	0.79%	260.73	78.83%	235.34	77.50%	1.33%
EBITDA	17.17	17.85%	16.51	18.65%	-0.79%	70.03	21.17%	68.33	22.50%	-1.33%
Finance expenses	0.84	0.87%	0.67	0.76%	0.12%	2.42	0.73%	2.15	0.71%	0.02%
Depreciation/ Ammotisation	1.00	1.03%	0.99	1.12%	-0.08%	3.00	0.91%	2.83	0.93%	-0.02%
Other income	0.87	0.90%	0.90	1.02%	-0.11%	5.28	1.60%	4.28	1.41%	0.19%
Profit before tax (PBT)	16.20	16.84%	15.75	17.79%	-0.95%	69.89	21.13%	67.63	22.27%	-1.14%
Income Tax	5.53	5.75%	5.31	6.00%	-0.25%	23.73	7.17%	22.79	7.50%	-0.33%
Profit after tax (PAT)	10.67	11.09%	10.44	11.79%	-0.70%	46.16	13.96%	44.84	14.77%	-0.81%

Financial Highlights: Q3 FY 2015-16

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

a. Increase in apparel sale volume by 6.47% and realization per garment by 1.40 % as compared to corresponding quarter last year.

b. During the quarter the company has added 16 new stores.

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

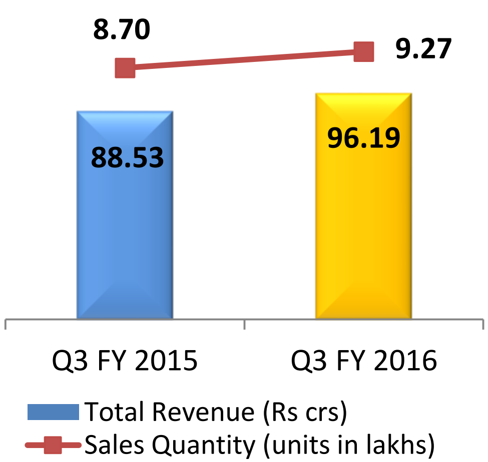
a. Upon the enactment of The Payment on Bonus (Amendment) Act, 2015, The company has made additional provision for bonus amounting Rs. 84 lakhs (for the period 01/04/2014 to 31/12/2015).

b. Strengthening of provisions for End of Season sales support and repairs and maintenance etc.

Trend in Revenue

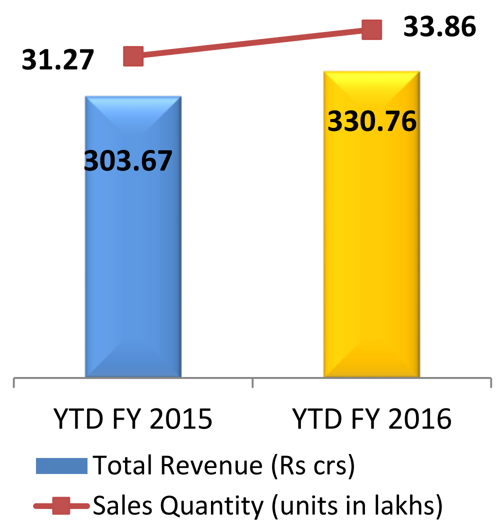
Q3 FY2015-16

- Total revenue up by 8.65%
- Apparel sales value up by 7.96% to Rs 90.56 crores
- Apparel sales quantity up by 6.47%
- Apparel sales realization per unit up by 1.40% to Rs. 977



YTD FY2015-16

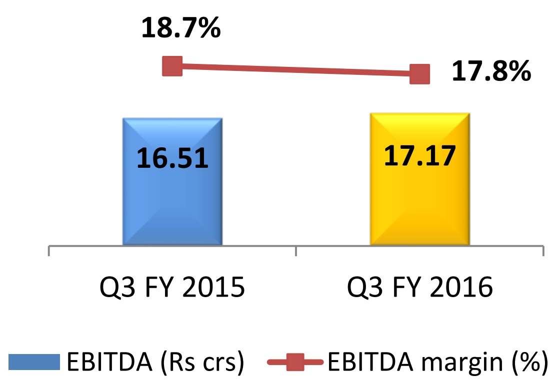
- Total revenue up by 8.92%
- Apparel sales value up by 10.25% to Rs 317.58 crores
- Apparel sales quantity up by 8.30%
- Apparel sales realization per unit up by 1.80% to Rs. 938



Trend in Operating Profit

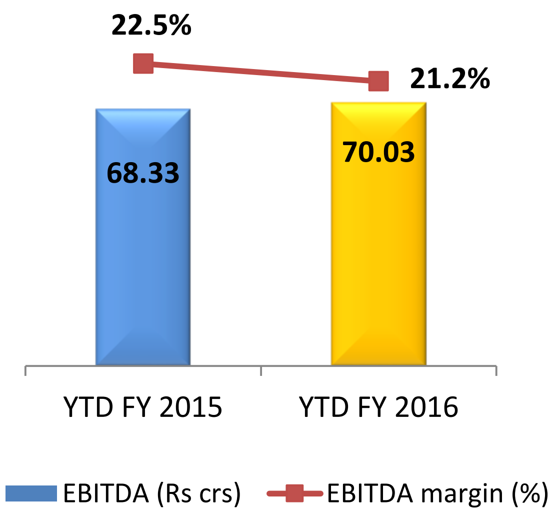
Q3 FY2015-16

- **EBITDA up to 17.17 crores**
- **EBITDA margin stood at 17.8%**



YTD FY2015-16

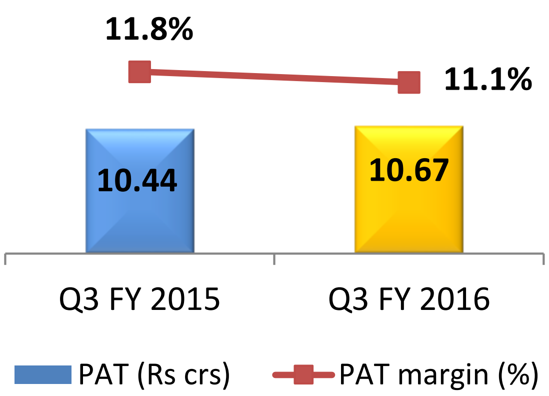
- **EBITDA up to 70.03 crores**
- **EBITDA margin stood at 21.2%**



Trend in Net Profit

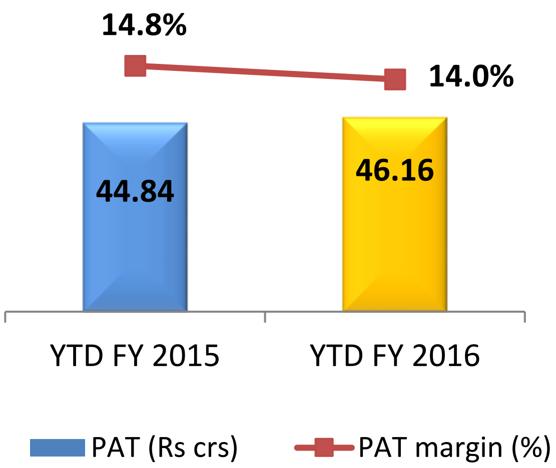
Q3 FY2015-16

- **PAT has been steady at 10.67 crores**
- **PAT margin stood at 11.1%**
- **Quarterly EPS at Rs. 8.65 (8.47)**



YTD FY2015-16

- **PAT up to 46.16 crores**
- **PAT margin stood at 14.0%**
- **YTD EPS at Rs. 37.45 (36.37)**



KKCL

Balance Sheet (Before dividend)

(Rs crs)	As at Dec. 2015 (Audited)	As at Mar. 2015 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	289.10	307.48
Shareholders' Funds	301.43	319.81
Other Long-Term Liabilities	16.53	9.87
Long-Term Provisions	0.49	0.51
Non Current Liabilities	17.02	10.38
Short-term borrowings	21.87	11.35
Trade Payables	44.95	30.45
Other Current Liabilities	12.59	18.22
Short-term Provisions	18.12	20.28
Current Liabilities	97.53	80.30
Total Shareholders' Funds and Liabilities	415.97	410.49
Fixed Assets	60.76	58.21
Non Current Investments	79.86	140.96
Deferred Tax Assets (Net)	0.69	1.18
Long-term loans and advances	7.33	7.93
Other non-current assets	0.16	0.43
Non-Current Assets	148.80	208.71
Current Investments	82.02	37.15
Inventories	53.33	40.41
Trade receivables	91.14	77.43
Cash & Cash Equivalents	35.01	43.17
Short-term Loans & Advances	4.89	2.10
Other Current Assets	0.78	1.52
Current Assets	267.17	201.78
Total Assets	415.97	410.49

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	Period Ended 31st December 2015
I. Cash Flow from Operating Activity	**45.64**
**Operating Profit before Working Capital Changes*	*70.29*
**Adjustment for Working Capital*	*(0.88)*
**Direct Taxes Paid*	*(23.77)*
II. Cash Flow from Investing Activity	**14.86**
**(Purchase)/ Sale of Fixed Assets*	*(4.75)*
**(Purchase)/Redemption of Investments in mutual funds*	*18.47*
III. Cash Flow from Financing Activity	**(68.76)**
**Secured Loans - Bank Overdraft (Net)*	*4.51*
**Interest Paid*	*(2.07)*
Payment of Dividend (Including Dividend Tax)	*(71.20)*
Cash and Cash Equivalents - Closing	**34.03**

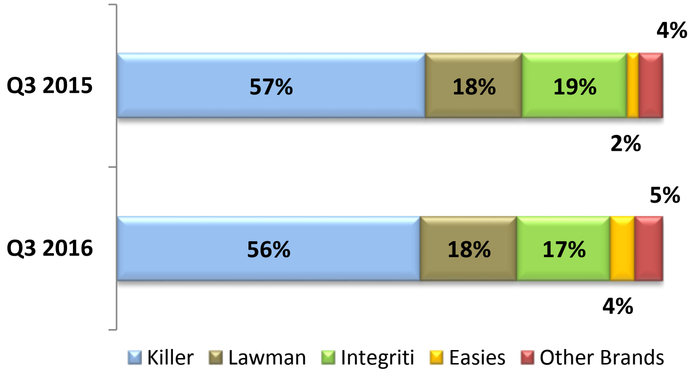
- **The financial position remains strong with healthy cash reserves**

Ratios	Q3 FY2016	Q3 FY2015
Debt Equity ratio	0.07	0.02
Current Ratio	3.36	3.68
Debtors turnover (days)	65	57
Creditors turnover (days)	39	30
Inventory turnover (days)	38	43
Finished goods	16	19
WIP	14	17
Raw Materials	8	7
ROCE in operations	74.25%	83.19%
ROCEoverall for company	27.31%	28.07%
RONW	19.81%	19.83%

Brands

- Killer has shown steady sales growth of 7% and continues to be the flagship brand with share of 56%
- Lawman grew by 9% to Rs 16.96 Crores

Brand wise sales break up Q3 FY 2016

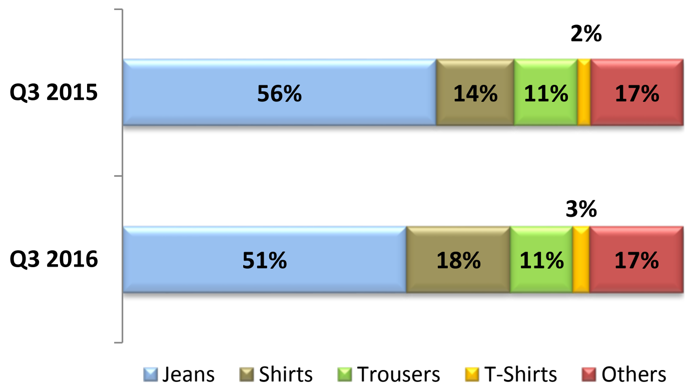


Sales (Rs crs)	Q3 2016	Q3 2015	% Change
Killer	52.90	49.61	7%
Lawman	16.96	15.53	9%
Integriti	16.43	16.80	-2%
Easies	4.28	1.95	120%
Other Brands	4.87	3.79	29%
Total	95.44	87.68	9%

Products

- Jeans remained the largest selling product with share of 51%
- All other product categories have shown growth

Product wise sales break up Q3 FY 2016

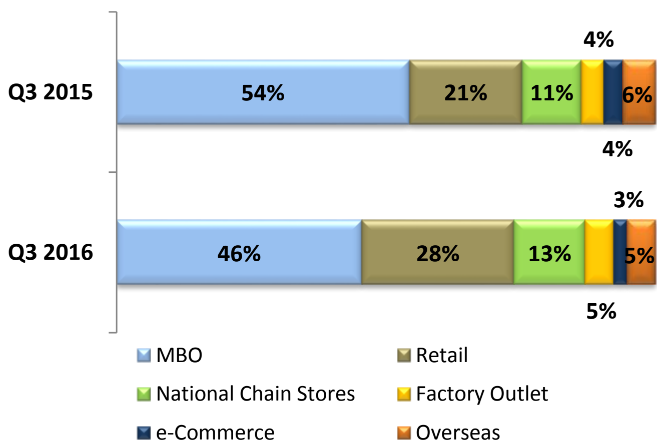


Sales (Rs crs)	Q3 2016	Q3 2015	% Change
Jeans	48.38	49.40	-2%
Shirts	17.63	11.73	50%
Trousers	10.68	9.94	7%
T-Shirts	2.87	2.08	38%
Others	15.88	14.53	9%
Total	95.44	87.68	9%

Channels

- MBOs continue to be the largest channel with 46% share
- Retail showed good growth of 47% to become the second largest channel with 28% share

Channel wise sales break up Q3 FY 2016

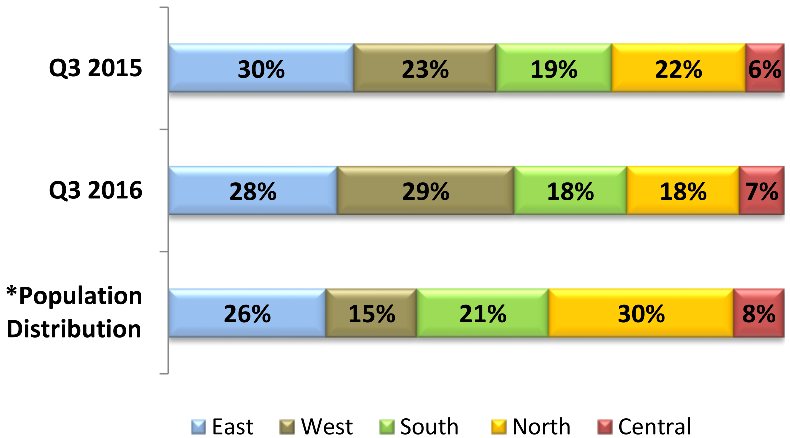


Sales (Rs crs)	Q3 2016	Q3 2015	% Change
MBO	43.50	47.64	-9%
Retail	26.98	18.34	47%
National Chain Stores	12.59	9.64	31%
Factory Outlet	5.07	3.69	37%
e-Commerce	2.30	3.11	-26%
Overseas	5.00	5.26	-5%
Total	95.44	87.68	9%

Regional Distribution

- Western Region sales grew by 36% to become the region with the largest share
- Central region showed strong growth of 28%

Region wise sales break up Q3 FY 2016



Sales (Rs crs)	Q3 2016	Q3 2015	% Change
East	24.91	24.91	0%
West	25.89	19.02	36%
South	16.56	15.43	7%
North	16.59	17.97	-7.6%
Central	6.49	5.09	28%
Domestic Sales	90.44	82.42	10%
Overseas	5.00	5.26	-5%
Total	95.44	87.68	9%

Key developments

- *The Company has won **Silver Shield** for Excellence in Financial Reporting from ICAI in 2 consecutive years (F.Y. 2014-15 & F.Y. 2013-14) under the Category VI, Manufacturing Sector (Turnover less than Rs. 500 crores).*

- *The Annual Report of the Company has been adjudged as recipient of "**Certificate of Merit"** for the F.Y. 2014-15 in the **Manufacturing Sector Category** by the* **South Asian Federation of Accountants** *for Improvement in Transparency, Accountability & Governance amongst South Asian Countries.*

Advertisement and Branding Initiatives :-

- *Integriti has continued to become the 'Channel Partner' for Viacom 18`s high profile English General Entertainment Channel "**Colors Infinity**" launched on 31st July, 2015*

- Killer's "*Together As One" campaign was started and published enormously in all the editions of Hindustan Times, Times of India, Dainik Bhaskar , DNA etc.*

- *Killer is continued to become Apparel Partner of the heart- throbbing car racing event "***Volkswagen Vento Cup- 2015**" organised by Volkswagen Motorsport India.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	2	7	169	178
Killer EBO			79	79
LawmanPg3-EBO			14	14
Integriti-EBO			49	49
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2	1	3
Total	2	9	314	325

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	31.12.15	31.03.15
Existing	316	308
New opened	36	48
Converted		6
Relocated/closed	27	34
Work-in process	26	16
Total Retail Stores	351	332

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 s no obligation to publicly update these forward looking statement to reflect subsequent events or circumstances.*