

KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q1 FY2012 ended
30.06.2011



Financial Highlights: Q1 FY2012

	Q1 FY2012 Rs crs	% of sales	Q1 FY 2011 Rs crs	% of sales	Variation
Net Sales	68.91		45.14		
Other operating income	0.42		0.27		
	69.33	100.00%	45.41	100.00%	
Cost of goods sold	27.47	39.62%	17.03	37.50%	2.12%
Personnel cost	7.45	10.75%	6.10	13.43%	-2.69%
Manufacturing and operating expense	5.09	7.34%	3.00	6.61%	0.74%
Administrative and othe expenses	2.82	4.07%	1.93	4.25%	-0.18%
Selling and distribution expenses	9.19	13.26%	4.38	9.65%	3.61%
Operational expenditure	52.02	75.03%	32.44	71.44%	3.59%
EBITDA	17.31	24.97%	12.97	28.56%	-3.59%
Finance expenses	0.55	0.79%	0.52	1.15%	-0.35%
Depreciation/ Ammotisation	1.42	2.05%	1.32	2.91%	-0.86%
Other income	3.05	4.40%	2.14	4.71%	-0.31%
Profit before tax (PBT)	18.39	26.53%	13.27	29.22%	-2.70%
Income Tax	5.77	8.32%	4.42	9.73%	-1.41%
Profit after tax (PAT)	12.62	18.20%	8.85	19.49%	-1.29%

Operational Performance: Q1 FY2012

- **Factors contributing to increase in profitability**

- a. Increase in sales by 52.68% including lifestyle accessories items sold under 'ADDICTION' brand . Addiction sale exceeded last whole years sale during Q1 of current year.
- b. Realisation per garment increased by 17.46% (excluding excise duty) as compared to the corresponding period previous year
- c. All expenses though increased in absolute value but lower as a percentage of sales due to benefit of scale and higher activity level.
- d. Opening of 26 retail stores, majorly on franchisee model.

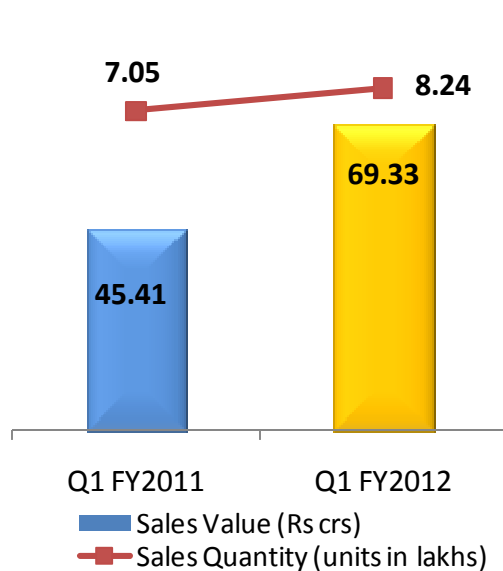
- **Factors contributing to decrease in profitability**

- a. Cost of goods sold increased by 2.12% of sales due to increased share of lifestyle accessories which at promotional stage and escalation in cotton and denim fabric prices even after realisation per garment increased by 17.46%
- b. Selling and distribution expense increased by 3.61% as a result of the advertising cost associated with sponsoring the Pune Warriors team during IPL 2011

Trend in Sales and Operating Profit for Q1 FY2012

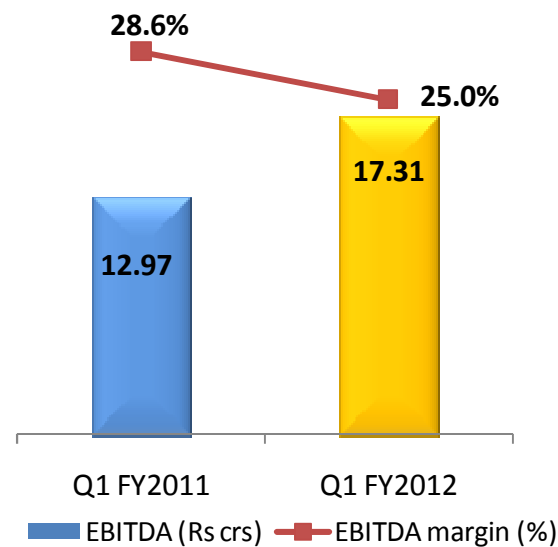
Sales - Q1 FY2011-12

- Sales revenue increased by 52.7%
- Apparel sales quantity increased by 16.9%
- Apparel sales realization per unit increased by 17.5% to Rs. 760



EBITDA - Q1 FY2011-12

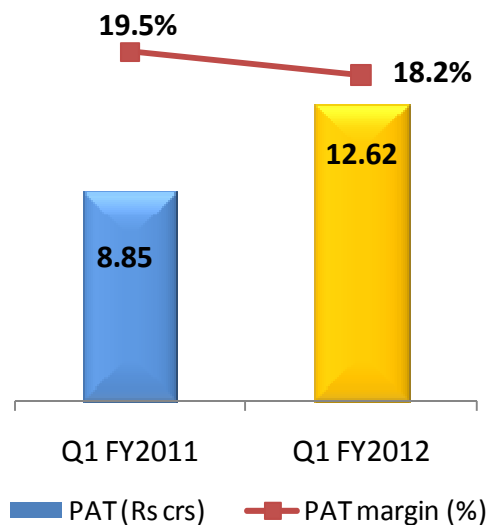
- EBITDA increased by 33.4%
- EBITDA margin of 25%



Trend in Net Profit and Cash Accruals for Q1 FY2012

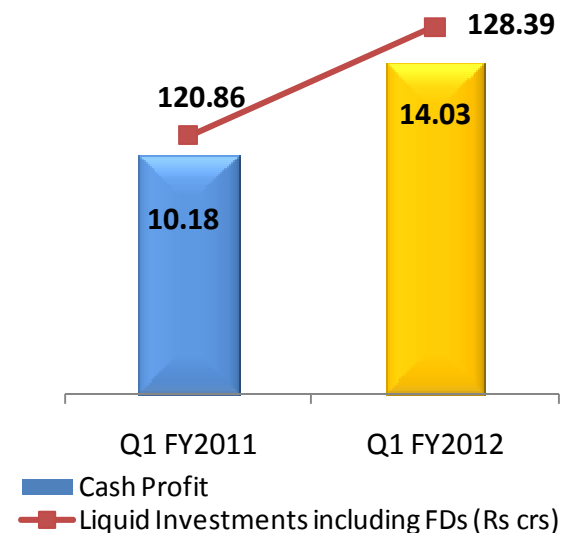
PAT - Q1 FY2011-12

- PAT increased by 42.6%
- PAT margin of 18.2%
- Quarterly EPS at Rs. 10.24 (7.18)



Cash Accruals - Q1 FY2011-12

- Cash Accruals increased by 6.2% to Rs 128.39 crs
- Cash profit increased by 37.9% to Rs 14.04 crs



Balance Sheet

	(Rs crs)	
	As on June 2011 (Audited)	As on June 2010 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	198.06	171.71
Shareholders' Funds	210.38	184.04
Long-term Provisions	6.54	2.51
Current Liabilities		
Short-term borrowings	6.19	10.55
Trade Payables	28.24	15.92
Other Current Liabilities	9.33	3.05
Short-term Provisions	17.27	10.85
Total Shareholders' Funds and Liabilities	277.95	226.91
Fixed Assets	40.08	39.92
Capital Work in Progress	2.75	3.16
Non Current Investments	3.51	3.53
Deferred Tax Assets (Net)	1.72	1.64
Long-term loans and advances	11.05	9.89
Other non-current assets	3.30	0.26
Non-Current Assets	62.41	58.41
Current Investments	27.85	34.02
Inventories	49.82	23.77
Trade receivables	37.41	22.69
Cash & Cash Equivalents	91.96	79.47
Short-term Loans & Advances	5.65	3.75
Other Current Assets	2.85	4.79
Current Assets	215.54	168.50
Total Assets	277.95	226.91

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	Q1 FY2012
I. Cash Flow from Operating Activity	9.43
*Operating Profit before Working Capital Changes	17.65
*Adjustment for Working Capital	(4.01)
*Direct Taxes Paid	(4.21)
II. Cash Flow from Investing Activity	7.15
*Purchase of Fixed Assets	(1.04)
*Redemption of Investments in mutual funds	7.32
III. Cash Flow from Financing Activity	(8.13)
*Secured Loans - Bank Overdraft (Net)	0.46
*Payment of Dividend (Including Dividend Tax)	(8.59)
Cash and Cash Equivalents - Closing	112.34

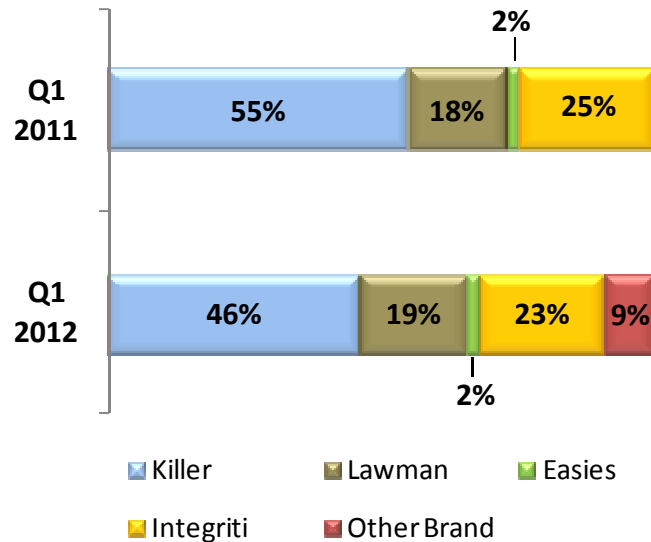
- Strong profitability and robust cash flows continue to strengthen the financial position
- Company continues to invest in growth along with sharing profits with shareholders

Ratios	30.06.11	31.03.11
Debt Equity ratio	0.03	0.03
Current Ratio	4.93	6.88
Creditors turnover (days)	49	32
Debtors turnover (days)	44	41
Inventory/Sales (days)		
Finished Goods	25	21
WIP	18	14
Raw Materials	<u>13</u>	<u>10</u>
Total	56	45
RONW	24.74%	24.79%
ROCE	24.37%	24.43%

Brands

- All brands showed robust growth over the same period last year
- 'Killer' has been the top selling brand followed by Integriti
- 'Lawman' has recorded the highest growth

Brand wise sales break up FY 2011

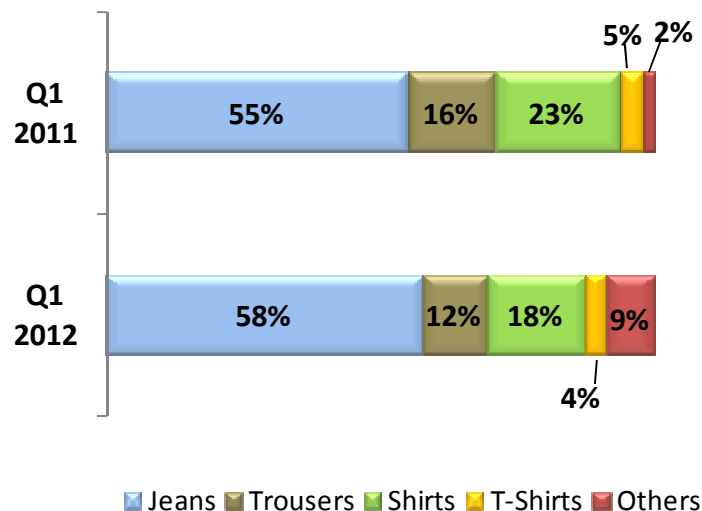


Sales (Rs crs)	Q1 2012	Q1 2011	% Change
Killer	32.08	24.66	26.15%
Lawman	13.49	8.08	68%
Easies	1.65	1.03	62%
Integriti	15.84	11.37	40%
Others	6.27	-	NA
Total	69.33	45.14	53%

Products

- Jeans is the largest selling product and enhanced its share to 57%
- Others include Sweaters, Jackets and Accessories which have seen high growth

Product wise sales break up FY 2011



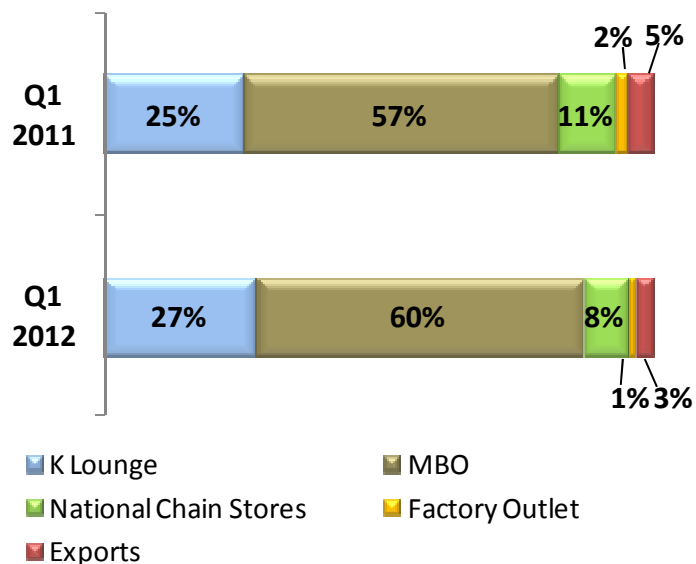
Sales (Rs crs)	Q1 2012	Q1 2011	% Change
Jeans	39.87	24.95	60%
Trousers	8.28	7.26	14%
Shirts	12.32	10.24	20%
T-Shirts	2.55	2.05	24%
Others	6.31	0.91	NA
Total	69.33	45.41	53%

Channels

- K-Lounge accounts for the highest growth among the channels
- MBOs continues to remain the dominant contributor to sales

Sales (Rs crs)	Q1 2012	Q1 2011	% Change
K Lounge	18.91	11.49	65%
MBO	41.48	26.01	59%
National Chain Stores	5.80	4.90	18%
Factory Outlet	0.87	0.99	-12%
Exports	2.27	2.03	12%
Total	69.33	45.41	53%

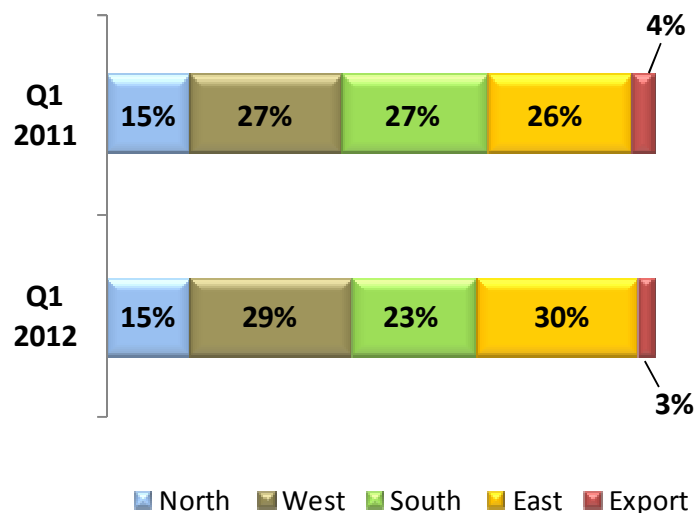
Channel wise sales break up FY 2011



Regional Distribution

- Sales across India were more diversified with strong performance from Eastern and Western regions
- Eastern region has registered the strongest growth and has overtaken the Western region

Region wise sales break up YTD FY 2011



Sales (Rs crs)	Q1 2012	Q1 2011	% Change
North	10.68	7.03	52%
West	20.16	12.34	63%
South	15.67	12.19	29%
East	20.56	11.82	74%
Export	2.27	2.03	12%
Total	69.33	45.41	53%

Key developments – Q1 FY 2012

- CRISIL IER upgraded Company's fundamental grade rating to "4/5" which signifies superior fundamentals relative to other listed securities in India.
- 'Killer' brand was one of key sponsors for the Pune Warriors team during the IPL season 2011
- Company proposed a final dividend of Rs. 4 per share besides interim dividend of Rs 12.5 for FY 2010-11.
- Opened 26 new retail stores i.e. 6 K-Lounges , 11 Killer EBO, 7 Integriti stores and 1 Lawman Pg3 store. With this Company has exceeded presence over 100 cities spreaded in 20 states across India. Closed one K Lounge, one Killer store and one Lawman/integriti store.
- Supply chain fast recovering post disruption due to levy of excise duty on branded apparels.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	102	114
Killer EBO		3	37	40
LawmanPg3-EBO		4	2	6
Integriti-EBO			29	29
Addiction-EBO			5	4
Factoy Outlet		7		7
Total	1	25	175	200

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	30.06.11	31.03.11
Existing	174	141
New opened	27	43
Closures	3	10
Work-in process	26	
Total Retail Stores	224	174

Thank You