

KEWAL KIRAN CLOTHING LTD

Financial Results Review for
quarter ended 30.06.12

Operational Performance-Snapshot

Particulars	Quarter ended 30.06.12		Quarter ended 30.06.11		Growth
	(Rs crs)	% of sales	(Rs crs)	% of sales	
Total revenue	56.86	100.00%	69.33	100.00%	-18%
Operating EBITDA	9.53	16.75%	17.31	24.97%	-45%
Profit before tax (PBT)	10.61	18.66%	18.40	26.53%	-42%
Profit after tax (PAT)	7.27	12.79%	12.62	18.21%	-42%
Sales value de-growth	17.98%				
Apparels Volume de-growth	16.88%				
Realisations Growth	1.72%				
No. of stores opened	15				
Closed	9				

Operational Performance: Q1 FY 2012-13

	Q1 FY 2013 Rs crs	% of sales	Q1 FY 2012 Rs crs	% of sales	Variation
Net Sales	56.43		68.91		
Other operating income	0.43		0.42		
	56.86	100.00%	69.33	100.00%	
Cost of goods sold	22.05	38.78%	27.47	39.62%	-0.84%
Personnel cost	8.05	14.16%	7.45	10.75%	3.41%
Manufacturing and operating expenses	5.14	9.04%	5.09	7.34%	1.70%
Administrative and other expenses	2.89	5.08%	2.82	4.07%	1.02%
Selling and distribution expenses	9.21	16.20%	9.19	13.26%	2.94%
Operational expenditure	47.34	83.26%	52.02	75.03%	8.22%
EBITDA	9.52	16.74%	17.31	24.97%	-8.22%
Finance expenses	0.65	1.14%	0.55	0.79%	0.35%
Depreciation/ Ammotisation	1.46	2.57%	1.41	2.03%	0.53%
Other income	3.20	5.63%	3.04	4.38%	1.24%
Profit before tax (PBT)	10.61	18.66%	18.39	26.53%	-7.87%
Income Tax	3.34	5.87%	5.78	8.34%	-2.46%
Profit after tax (PAT)	7.27	12.79%	12.61	18.19%	-5.40%

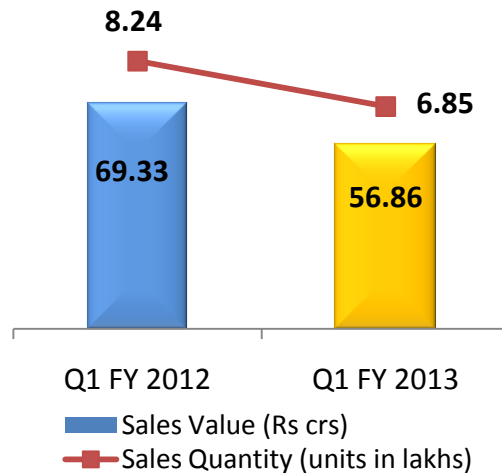
Financial Highlights – Q1 FY 2012-13

- **Factors responsible for drop in Sales and dampening Profitability :-**
 - a. Market conditions and bleak consumer sentiments resulted into less footfalls and decline in sales volume by 16.88%.
 - b. Low level of finished goods inventory during the quarter post completion of FY 2011-12
 - c. No marriages during May 2012 this summer season thus deferring the purchases.
 - d. Overall a dismal economic scenario when India's GDP growth dropping to a nine year low, and India's Index of Industrial production painting a depressing scenario
 - e. Rise in inflation, spurt in real estate prices and depreciation in rupee has impact of meagre disposable income in the hands of consumers for discretionary spend
 - f. All expenses though marginally increased in absolute value but appears high as percentage of sales due to lower sales value during the quarter.
 - g. Sponsoring Pune Warrior in IPL cricket event for second consecutive year and Ad film for KILLER water saver jeans aggregating to Rs 3.28 Crores.
- **Factors contributing to Profitability :**
 - a. Increase in apparel sales realisation per garment by 1.72% as compared to corresponding period previous year.
 - b. Reduction in cotton and fabric prices resulting into saving in Cost of Goods sold by modest 0.84% of sales on YoY (same quarter PY) basis and 6.36% based on Q-o-Q (sequential quarter)

Trend in Sales and Operating Profit

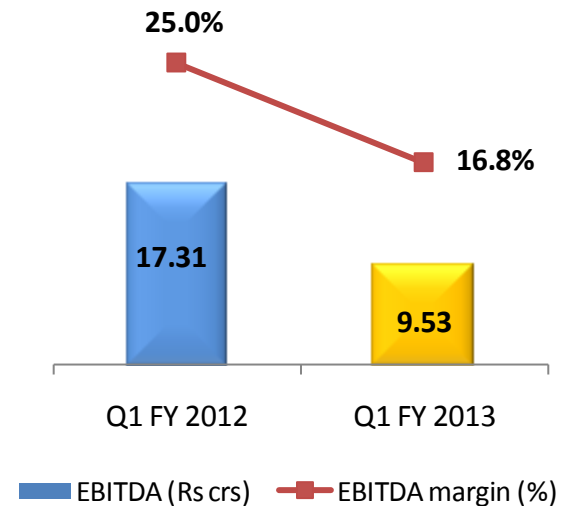
Sales - Q1 FY2012-13

- Total Sales value decreased by 17.99%
- Apparel sales quantity decreased by 16.88%
- Apparel sales realization per unit increased by 2.25% to Rs. 774



EBITDA - Q1 FY2011-12

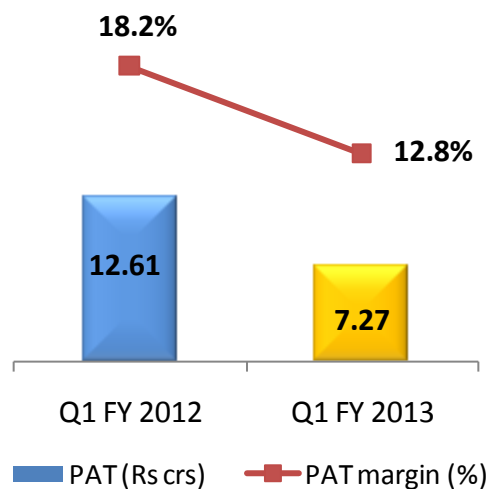
- EBITDA at Rs 9.53 Crores
- EBITDA margin at 16.8%
- Margin reduction due to drop in sales



Trend in Net Profit and Cash & Bank Balance

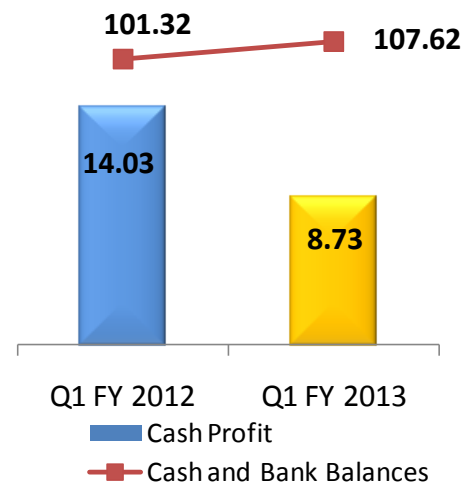
PAT - Q1 FY2012-13

- PAT decreased by 42.39%
- PAT margin declined to 12.8%
- Quarterly EPS at Rs. 5.90 (10.24)



Cash - Q1 FY2012-13

- Cash Accruals increased by 6.22% to Rs 107.62 crs
- Cash profit decreased by 37.78% to Rs 8.73 crs



Balance Sheet

(Rs crs)	As at Jun. 2012 (Audited)	As at Mar. 2012 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	220.49	213.22
Shareholders' Funds	232.82	225.55
Non- Current Laibilities		
LongTerm Liabilities	4.30	3.87
Long-term Provisions	0.69	0.69
Current Liabilities		
Short-term borrowings	14.01	14.89
Trade Payables	24.55	15.78
Other Current Liabilities	8.48	7.80
Short-term Provisions	16.78	14.42
Total Shareholders' Funds and Liabilities	301.63	283.00
Fixed Assets	45.25	44.32
Non Current Investments	3.50	3.51
Deferred Tax Assets (Net)	1.49	1.73
Long-term loans and advances	11.00	10.26
Other non-current assets	1.91	1.09
Non-Current Assets	63.15	60.91
Current Investments	29.14	28.07
Inventories	43.90	32.09
Trade receivables	44.02	48.22
Cash & Cash Equivalents	107.62	101.32
Short-term Loans & Advances	5.03	4.95
Other Current Assets	8.77	7.44
Current Assets	238.48	222.08
Total Assets	301.63	283.00

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	Q1 FY2013
I. Cash Flow from Operating Activity	10.80
<i>*Operating Profit before Working Capital Changes</i>	9.74
<i>*Adjustment for Working Capital</i>	4.57
<i>*Direct Taxes Paid</i>	(3.51)
II. Cash Flow from Investing Activity	(3.24)
<i>*Purchase of Fixed Assets</i>	(2.35)
<i>*Redemption of Investments in mutual funds</i>	(1.07)
III. Cash Flow from Financing Activity	(1.37)
<i>*Secured Loans - Bank Overdraft (Net)</i>	(0.88)
<i>*Interest Paid</i>	(0.50)
Cash and Cash Equivalents - Closing	106.87

- Continued profits and positive cash flows reinforces the strong financial position

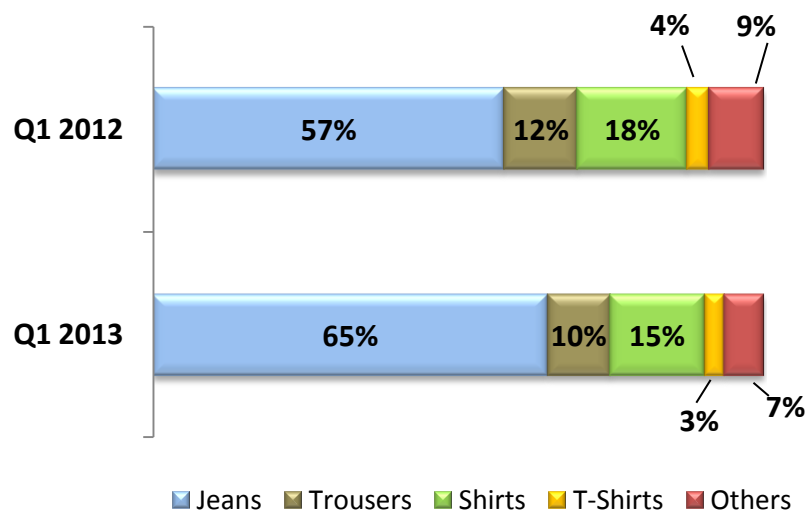
Ratios	30.06.12	31.03.12
Debt Equity ratio	0.06	0.07
Current Ratio	5.07	5.77
Creditors turnover (days)	53*	28
Debtors turnover (days)	59	46
Inventory/Sales (days)		
Finished Goods	24	21
WIP	17	14
Raw Materials	<u>6</u>	<u>7</u>
Total	47	42
RONW	16.15%	24.64%
ROCE	17.76%	30.42%

- Current quarter's ratios are annualised based on TTM (Trailing Twelve months) sales
- *High due to building up inventory for festival season. Overdue creditors-NIL

Brands

- Killer has been the top selling brand followed by Integriti
- Integriti increased its share to 25%

Brand wise sales break up Q1 FY 2013

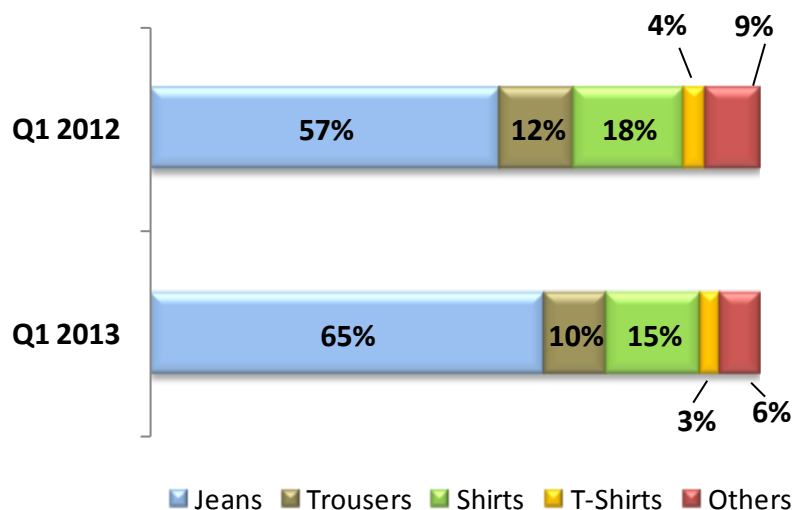


Sales (Rs crs)	Q1 2013	Q1 2012	% Change
Killer	27.21	31.66	-14%
Lawman	10.99	13.49	-19%
Easies	0.89	1.65	-46%
Integriti	13.99	15.84	-12%
ADDICTION	3.35	6.27	na
Total	56.43	68.91	-18%

Products

- Jeans remain the largest selling product
- Jeans increased its share to 65%

Product wise sales break up Q1 FY 2013



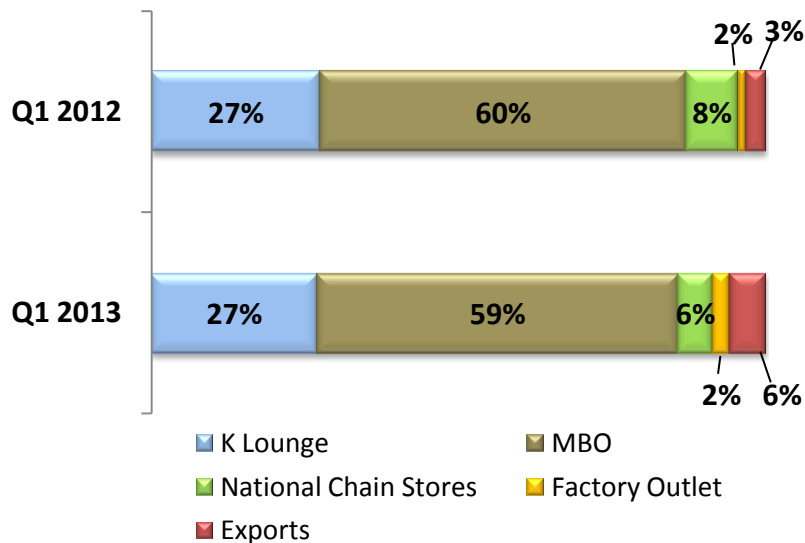
Sales (Rs crs)	Q1 2013	Q1 2012	% Change
Jeans	36.42	39.62	-8%
Trousers	5.80	8.28	-30%
Shirts	8.69	12.32	-30%
T-Shirts	1.85	2.55	-27%
Others	3.67	6.14	-40%
Total	56.43	68.91	-18%

Channels

- MBOs continue to remain the dominant contributor to sales
- Factory Outlets and Exports showed growth in this quarter

Sales (Rs crs)	Q1 2013	Q1 2012	% Change
Retail	15.20	18.91	-20%
MBO	33.16	41.06	-19%
National Chain Stores	3.23	5.80	-44%
Factory Outlet	1.53	0.87	76%
Exports	3.31	2.27	46%
Total	56.43	68.91	-18%

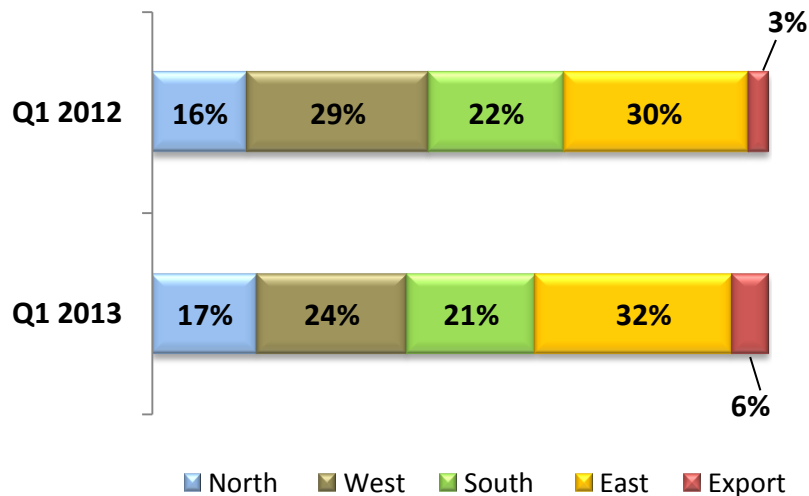
Channel wise sales break up Q1 FY 2013



Regional Distribution

- Sales across India were more diversified than before
- Eastern region contributes the largest share of total sales

Region wise sales break up Q1 FY 2013



Sales (Rs crs)	Q1 2013	Q1 2012	% Change
North	9.63	10.68	-10%
West	13.65	20.16	-32%
South	11.84	15.25	-22%
East	18.00	20.56	-12%
Exports	3.31	2.27	46%
Total	56.43	68.91	-18%

Key developments – Q1 FY12-13

- Supporting green initiative, Company produced a new Ad film promoting KILLER water saver jeans.
- “Killer” brand has been one of key sponsors for the Pune Warriors team during the IPL season 2012
- The Company’s Annual report for the year 2011-12 won silver award from ‘The League of American Communications Professionals’ (LACP) – The Worlds Largest annual report competition, featuring more than 5500 entries from two dozen countries.
- KKCL proposed a final dividend of Rs. 4 per share besides interim dividends of Rs 13 per share for FY 2011-12.
- CRISIL reaffirmed Company’s long term rating as CRISIL A+/Stable and short term rating as CRISIL A1+
- Opened 15 new retail stores i.e. 4 K-Lounges , 3 Killer EBOs, 5 Integriti EBOs, 2 LawmanPg3 EBOs and 1 Easies EBO and closed 4 K- Lounges and 5 Integriti EBOs. With this Company has expanded its presence to around 140 cities spread in 21 states across India.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	123	135
K-Lounge for her			2	2
Killer EBO		1	56	57
LawmanPg3-EBO		2	10	12
Integriti-EBO			43	43
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Addiction-EBO			2	2
Factoy Outlet		5		5
Total	1	19	238	258

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	30.06.12	31.03.12
Existing	252	240
New opened	15	17
Closures	9	5
Work-in process	21	20
Total Retail Stores	279	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 any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances.