

KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q1 FY2014
Quarter ended 30.06.2013

Operational Performance-Snapshot

Particulars	Quarter ended 30.06.13		Quarter ended 30.06.12		Growth
	(Rs crs)	% of sales	(Rs crs)	% of sales	
Total revenue	74.49	100.00%	56.86	100.00%	31.01%
Operating EBITDA	17.44	23.41%	9.53	16.75%	83.03%
Profit before tax (PBT)	17.93	24.07%	10.61	18.66%	68.94%
Profit after tax (PAT)	12.18	16.36%	7.27	12.79%	67.52%
Apparel Sales value growth	33.87%				
Apparels Volume growth	18.50%				
Realisations Growth	12.90%				
No. of stores opened	19				
Closed	12				

Operational Performance: Q1 FY 2014

	Q1 FY 2014 Rs crs	% of sales	Q1 FY 2013 Rs crs	% of sales	Variation
Net Sales	73.71		56.43		
Other operating income	0.78		0.43		
	74.49	100.00%	56.86	100.00%	0.00%
Cost of goods sold	28.33	38.03%	22.05	38.78%	-0.75%
Personnel cost	9.30	12.49%	8.05	14.15%	-1.66%
Manufacturing and operating expenses	7.29	9.78%	5.14	9.04%	0.74%
Administrative and other expenses	4.33	5.81%	3.75	6.60%	-0.79%
Selling and distribution expenses	7.81	10.48%	8.34	14.67%	-4.19%
Operational expenditure	57.06	76.60%	47.33	83.24%	-6.64%
EBITDA	17.44	23.41%	9.53	16.76%	6.65%
Finance expenses	0.68	0.92%	0.65	1.14%	-0.22%
Depreciation/ Ammortisation	1.22	1.63%	1.46	2.58%	-0.95%
Other income	2.39	3.21%	3.20	5.62%	-2.41%
Profit before tax (PBT)	17.93	24.07%	10.61	18.67%	5.40%
Income Tax	5.75	7.71%	3.34	5.87%	1.84%
Profit after tax (PAT)	12.18	16.36%	7.27	12.79%	3.57%

Financial Highlights: Q1 FY 2014

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

- a. Increase in apparel sale volume by 18.50% and realisation per garment by 12.90% increasing apparel sales value by 33.87% as compared corresponding quarter last year .
- b. Reduction in cost of goods sold by 0.75% of sales and selling and distribution expenses by 4.19% of sales. Personnel and administrative and other expenses though increased in absolute terms is lower by 1.66% and 0.79 % of sales respectively.
- c. Increase in exports sales by 152% resulting into foreign exchange gain by Rs 22 Lakhs and increase in duty drawback by Rs 38 Lakhs.
- d. Opening of 19 retail stores during the quarter.

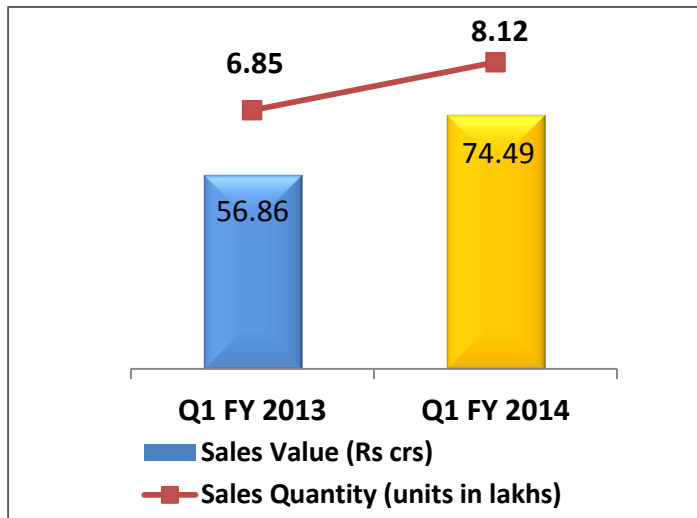
- **Factors responsible for dampening profitability growth :-**

- a. Increase in manufacturing and operating expenses YoY by 0.74% of sales
- b. Other income is lower YoY by Rs 94 Lakhs due to switchover of Bank FDs into mutual funds schemes /FMP where income is recognised on maturity.

Trend in Sales and Operating Profit

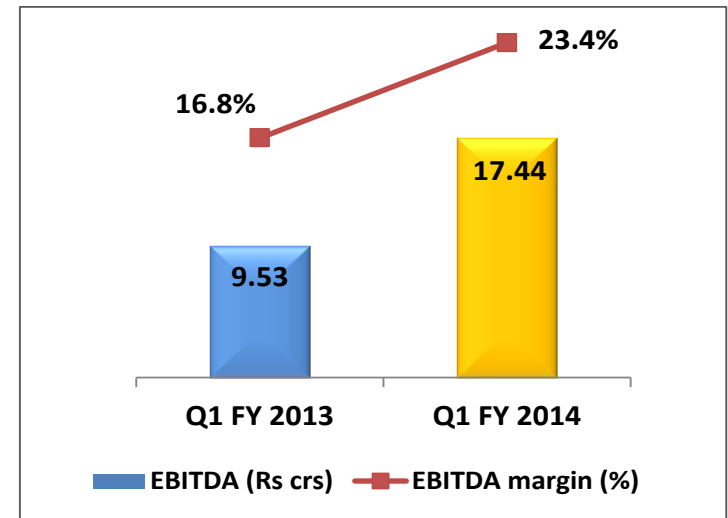
Sales - Q1 FY2013-14

- Sales value increased by 31%
- Apparel sales value increased by 33.87% to Rs 71.02 Crs
- Apparel sales quantity was up by 18.50%
- Apparel sales realization per unit increased by 12.90% to Rs 875



EBITDA - Q1 FY2013-14

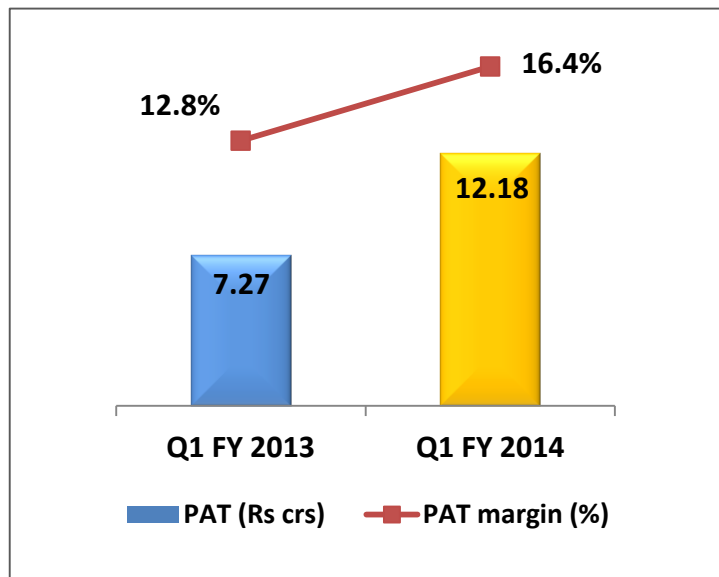
- EBITDA increased by 83.03% to Rs 17.44 Crs
- EBITDA margin increased to 23.41%



Trend in Net Profit and Cash Position

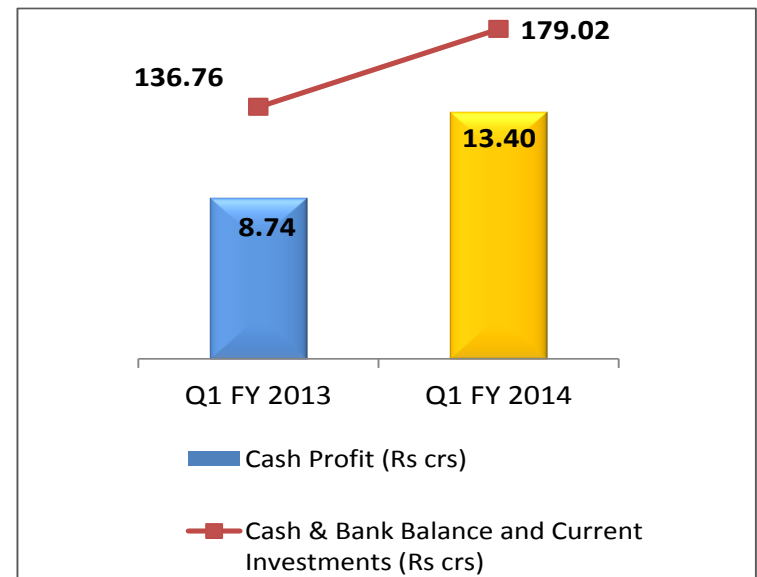
PAT - Q1 FY2013-14

- PAT increased by 67.62% to Rs 12.18 Crs
- PAT margin increased to 16.35%
- Quarterly EPS at Rs. 9.88 (5.90)



Cash - Q1 FY2013-14

- Cash & Bank balance and Current Investments increased to Rs. 179.02 Crs
- Cash profit increased by 53.34% to Rs. 13.40 Crs



Balance Sheet

(Rs crs)	As at June 2013 (Audited)	As at March 2013 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	253.71	241.53
Shareholders' Funds	266.04	253.86
Other Long-Term Liabilities	6.64	5.43
Long-Term Provisions	0.56	0.56
Non Current Liabilities	7.20	5.99
Short-term borrowings	17.23	14.09
Trade Payables	26.50	22.74
Other Current Liabilities	8.78	11.16
Short-term Provisions	13.15	16.59
Current Liabilities	65.66	64.58
Total Shareholders' Funds and Liabilities	338.90	324.43
Fixed Assets	43.76	44.25
Non Current Investments	3.48	3.48
Deferred Tax Assets (Net)	1.53	2.03
Long-term loans and advances	9.32	9.68
Other non-current assets	0.95	0.96
Non-Current Assets	59.04	60.40
Current Investments	113.12	118.13
Inventories	47.46	33.67
Trade receivables	46.28	47.87
Cash & Cash Equivalents	65.90	60.77
Short-term Loans & Advances	4.70	1.82
Other Current Assets	2.40	1.77
Current Assets	279.86	264.03
Total Assets	338.90	324.43

Cash-flow and Ratios Analysis

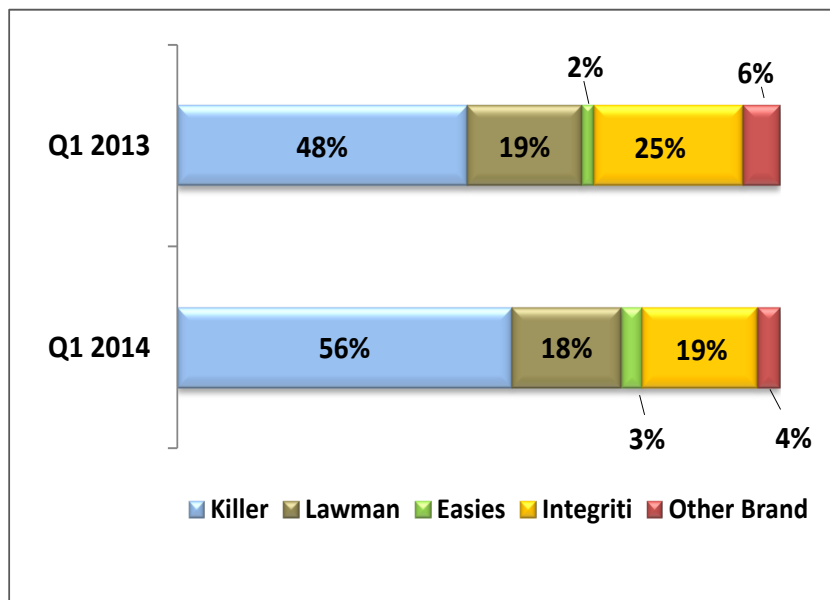
Cash Flows (in Rs crs)	Q1 FY2014
I. Cash Flow from Operating Activity	1.06
<i>*Operating Profit before Working Capital Changes</i>	<i>18.08</i>
<i>*Adjustment for Working Capital</i>	<i>(12.56)</i>
<i>*Direct Taxes Paid</i>	<i>(4.46)</i>
II. Cash Flow from Investing Activity	5.75
<i>*Net Redemption of Investments in mutual funds</i>	<i>5.76</i>
III. Cash Flow from Financing Activity	(1.78)
<i>*Secured Loans - Working Capital Demand Loan (Net)</i>	<i>3.14</i>
<i>*Payment of Dividend (Including Dividend Tax)</i>	<i>(4.33)</i>
Cash and Cash Equivalents - Closing	65.01
Financial and cash position continued to remain strong	

Ratios	Q1 FY2014	Q1 FY2013
Debt Equity ratio	0.06	0.06
Current Ratio	5.33	5.07
Debtors turnover (days)	52	73
Creditors turnover (days)	42	53
Inventory turnover (days)	49	60
Finished Goods	18	31
WIP	22	22
Raw Materials	9	7
ROCE in operations	74.59%	38.84%
ROCE overall for Company	28.77%	20.89%
RONW	18.75%	12.69%

Brands

- Killer grew by 50% and now accounts for 56% of sales
- Integriti is the second largest brand with 19% share

Brand wise sales break up Q1 FY 2014

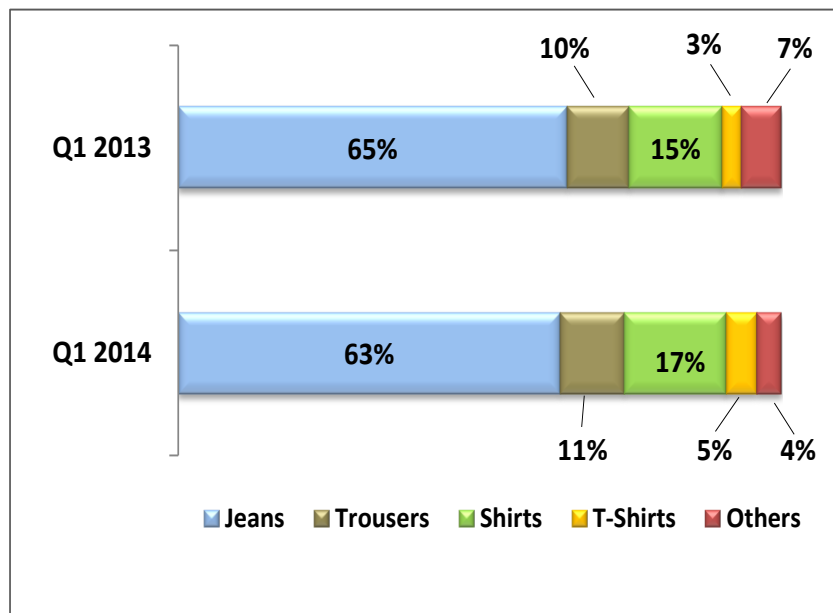


Sales (Rs crs)	Q1 2014	Q1 2013	% Change
Killer	40.99	27.27	50%
Lawman	13.38	11.01	22%
Easies	2.53	0.90	181%
Integriti	14.13	13.87	2%
Others	2.68	3.38	-21%
Total	73.71	56.43	31%

Products

- Jeans is the largest selling product with a share of 63% of sales
- Sale of T-Shirts increased by 104%

Product wise sales break up Q1 FY 2014

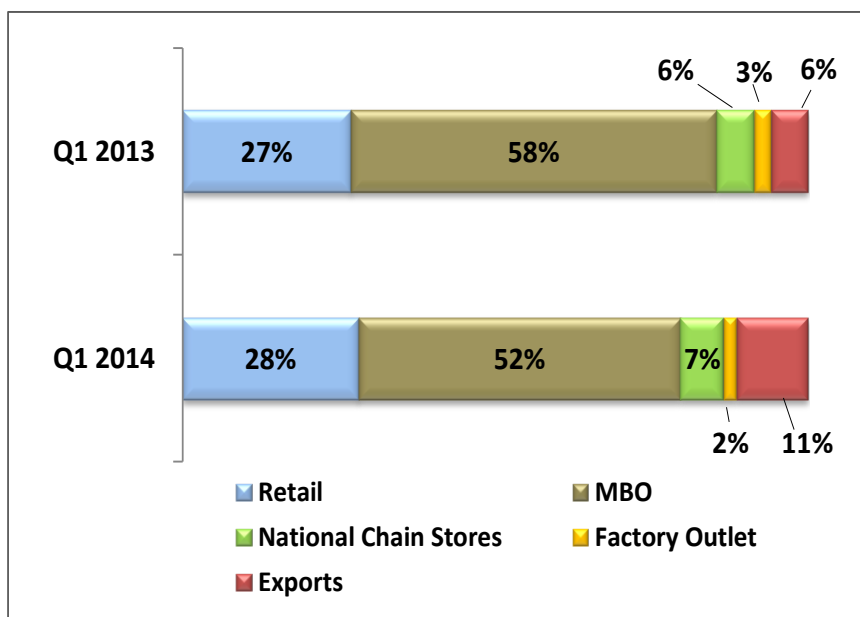


Sales (Rs crs)	Q1 2014	Q1 2013	% Change
Jeans	46.67	36.42	28%
Trousers	7.90	5.80	36%
Shirts	12.40	8.69	43%
T-Shirts	3.77	1.85	104%
Others	2.97	3.67	-19%
Total	73.71	56.43	31%

Channels

- MBOs maintained the largest share at 52% of sales
- Sales through Retail and National Chain Stores showed strong growth of 37% and 58% respectively

Channel wise sales break up Q1 FY 2014

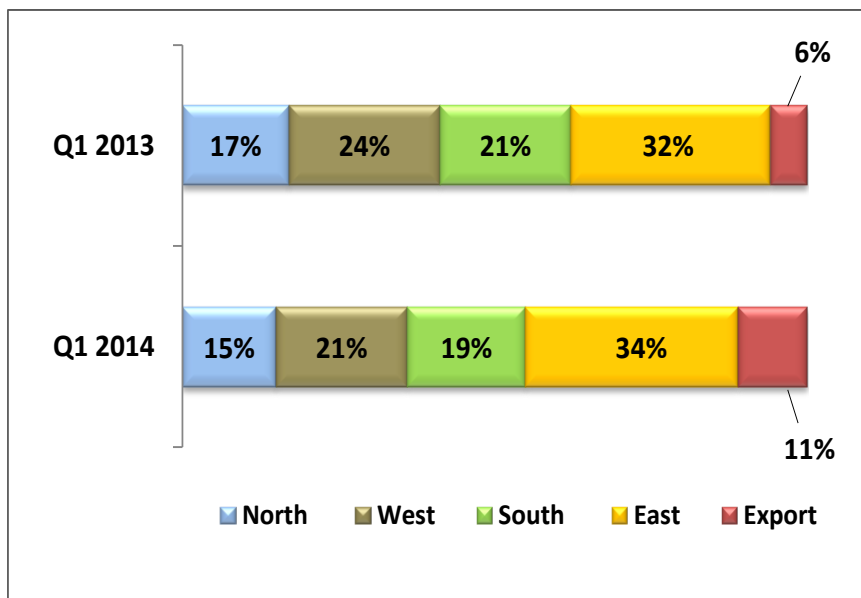


Sales (Rs crs)	Q1 2014	Q1 2013	% Change
Retail	20.76	15.20	37%
MBO	37.96	33.16	14%
National Chain Stores	5.10	3.23	58%
Factory Outlet	1.54	1.53	1%
Exports	8.35	3.31	152%
Total	73.71	56.43	31%

Regional Distribution

- Eastern region retains the largest share at 34%
- Exports have shown strong growth of 152%

Region wise sales break up Q1 FY 2014



Sales (Rs crs)	Q1 2014	Q1 2013	% Change
North	11.09	9.63	15%
West	15.26	13.65	12%
South	13.61	11.84	15%
East	25.40	18.00	41%
Exports	8.35	3.31	152%
Total	73.71	56.43	31%

Key Developments

- The Company won prestigious Platinum award in “2012 Vision Awards for Annual Report” Competition” organised by ‘The League of American Communications Professionals’ (LACP) for excellence within its industry on the development of organisation’s annual report.
- KKCL proposed a final dividend of Rs. 1 per share besides interim dividends of Rs 16.5 per share aggregating to Rs 17.5 per equity share for FY 2012-13 .
- The Company enhanced “Business Progressive Fund” to Rs 11 Cr by additionally creating Rs 1 Cr during current quarter out of its profits.
- Union Budget 2013 had removed excise duty on all branded garments with effect from 01.03.2013. The excise duty was 3.708% of MRP which approximates to 6.4% of Whole sale price (WSP).
- Sales Tax holidays of 15 years at Daman completed on 27.03.2013, hence sales in current quarter is net of Central sales Tax Act at 2% on WSP.
- CRISIL reaffirmed Company’s long term rating as CRISIL A+/Stable .
- Opened 19 new retail stores i.e. 8 K-Lounges , 9 Killer EBOs, 1 Integriti EBO, 1 LawmanPg3 EBO and closed 12 retail stores.

Retail Stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	130	142
K-Lounge for her			2	2
Killer EBO			70	70
LawmanPg3-EBO			12	12
Integriti-EBO			49	49
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	13	265	279

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	30.06.13	31.03.13
Existing excluding ADDICTION stores	272	250
New opened	19	69
Closures	12	47
Work-in process	28	21
Total Retail Stores	307	293

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.