

KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q1 FY2015
Quarter ended 30.06.2014

Operational Performance-Snapshot

Particulars	Quarter ended 30.06.14		Quarter ended 30.06.13		Growth
	(Rs crs)	% of sales	(Rs crs)	% of sales	
Total revenue	85.31	100.00%	74.49	100.00%	14.53%
Operating EBITDA	16.05	18.81%	17.43	23.41%	-7.92%
Profit before tax (PBT)	15.27	17.90%	17.93	24.07%	-14.83%
Profit after tax (PAT)	10.14	11.89%	12.18	16.36%	-16.77%
Apparel Sales value growth	12.37%				
Apparels Volume growth	8.14%				
Realisations Growth	3.91%				
No. of stores opened	11				
Closed	0				

Operational Performance: Q1 FY 2014-15

	Q1 FY 2015 Rs crs	% of Revenue	Q1 FY 2014 Rs crs	% of Revenue	Variation
Net Sales	84.43	98.97%	73.71	98.95%	
Other operating income	0.88	1.03%	0.78	1.05%	
Total Revenue	85.31	100.00%	74.49	100.00%	
Cost of goods sold	37.70	44.19%	28.33	38.03%	6.16%
Personnel cost	10.46	12.26%	9.30	12.49%	-0.22%
Manufacturing and operating expenses	6.72	7.88%	7.29	9.78%	-1.91%
Administrative and other expenses	5.14	6.03%	4.33	5.81%	0.21%
Selling and distribution expenses	9.24	10.83%	7.81	10.48%	0.35%
Operational expenditure	69.26	81.19%	57.05	76.59%	4.59%
EBITDA	16.05	18.81%	17.43	23.41%	-4.59%
Finance expenses	0.64	0.75%	0.68	0.92%	-0.17%
Depreciation/ Ammotisation	0.91	1.07%	1.22	1.63%	-0.56%
Other income	0.77	0.90%	2.39	3.21%	-2.31%
Profit before tax (PBT)	15.27	17.90%	17.93	24.07%	-6.17%
Income Tax	5.13	6.01%	5.75	7.71%	-1.70%
Profit after tax (PAT)	10.14	11.89%	12.18	16.35%	-4.47%

Financial Highlights: Q1 FY 2014-15

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

- a. Increase in apparel sale volume by 8.14% and realisation per garment by 3.91% as compared to corresponding quarter last year.
- b. Reduction in personnel cost YoY by 0.21% of sales and manufacturing and operating expenses by 1.91% of sales (Reduction partly attributable to increase in CoGS).

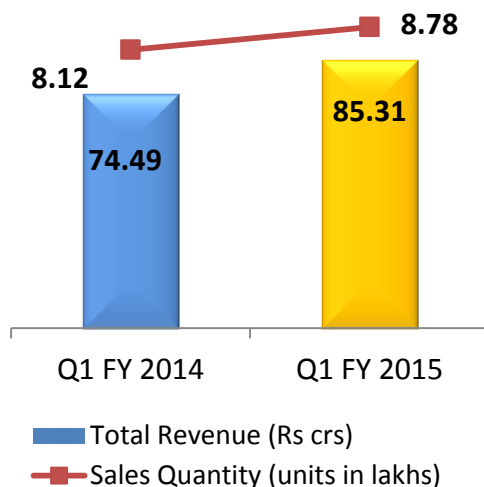
- **Factors responsible for sluggish profitability growth :-**

- a. The first quarter is conventionally sluggish due to summer vacations.
- b. Higher advertisement and publicity expenditure of Rs 1.43 Crs
- c. Cost of Goods Sold (CoGS) increased YoY by 6.16% (QoQ 0.27%) of sales :-
 - *Company's endeavor to offer higher value added and innovative products with superior quality standards. Sequential quarter increase in CoGS is 0.27% .*
 - *Change in product sourcing mix in favour of stitched garments against through job workers.*
 - *Augmentation of franchisees under master stockist where trade discounts are higher but post sales expenses are lower thus saving selling & distribution expenses.*
 - *73% growth in sale of life style accessories and personal care products which are at promotional stage.*
- c. Strengthening of provisions for research and development, repairs & maintenance, inventories and receivables etc
- d. Contribution of Rs 42 Lakhs towards Corporate Social Responsibility during the quarter.
- e. Lower other income of Rs 1.62 Cr YoY due to deferral of income from debt fund investments

Trend in Sales and Operating Profit

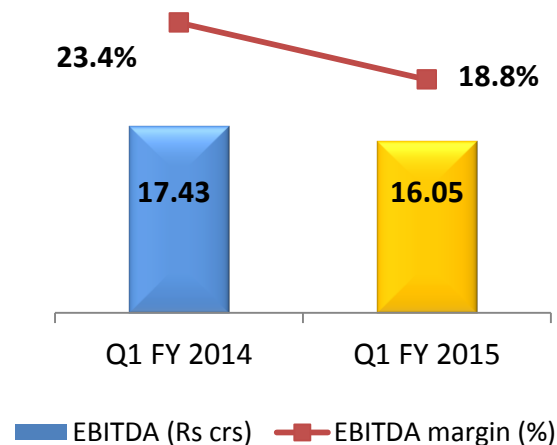
Sales - Q1 FY2014-15

- Total Revenue up by 14.53%
- Apparel sales value up by 12.37% to Rs 79.79 Crs
- Apparel sales quantity was up by 8.14%
- Apparel sales realization per unit up by 3.91% to Rs 909



EBITDA - Q1 FY2014-15

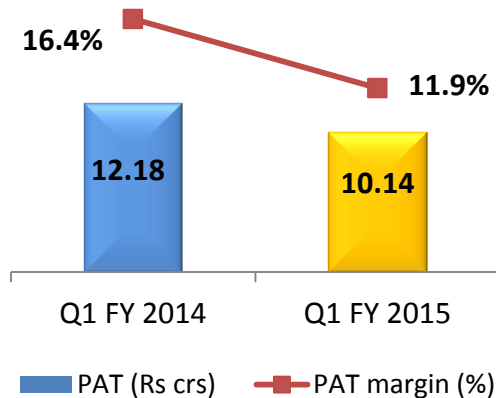
- EBITDA down by 7.93% to Rs 16.05 Crs
- EBITDA margin at 18.81%



Trend in Net Profit and Cash Position

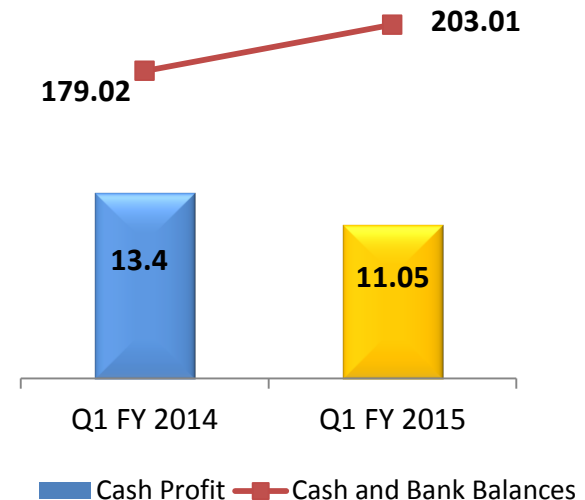
PAT - Q1 FY2014-15

- PAT down by 16.78% to Rs 10.14 Crs
- PAT margin at 11.89%
- Quarterly EPS at Rs. 8.22 (9.88)



Cash - Q1 FY2014-15

- Cash & Bank balance and Current Investments increased to Rs. 203.01 Crs
- Cash profit down by 17.54% to Rs. 11.05 Crs



Balance Sheet

(Rs crs)	As at June 2014 (Audited)	As at Mar. 2014 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	288.05	278.28
Shareholders' Funds	300.38	290.61
Other Long-Term Liabilities	7.76	7.28
Long-Term Provisions	0.52	0.59
Non Current Liabilities	8.28	7.87
Short-term borrowings	17.94	11.88
Trade Payables	31.18	27.28
Other Current Liabilities	9.12	9.28
Short-term Provisions	16.68	23.63
Current Liabilities	74.91	72.06
Total Shareholders' Funds and Liabilities	383.57	370.54
Fixed Assets	41.80	42.67
Non Current Investments	3.51	3.49
Deferred Tax Assets (Net)	1.73	1.78
Long-term loans and advances	8.19	8.19
Other non-current assets	0.71	0.73
Non-Current Assets	55.95	56.86
Current Investments	161.30	163.20
Inventories	56.85	47.89
Trade receivables	64.02	63.68
Cash & Cash Equivalents	41.71	34.17
Short-term Loans & Advances	2.69	3.63
Other Current Assets	1.05	1.11
Current Assets	327.62	313.68
Total Assets	383.57	370.54

Ratios and Cash-flow Analysis

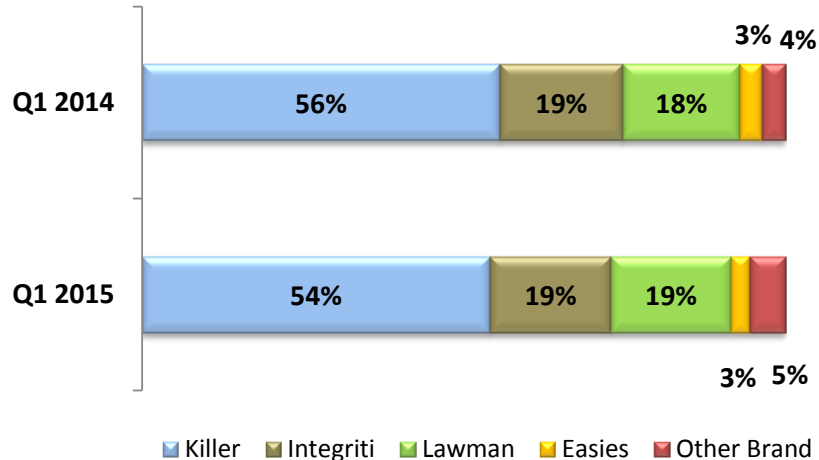
Cash Flows (in Rs crs)	Q1 FY2015	Ratios	Q1 FY2015	Q1 FY2014
I. Cash Flow from Operating Activity	7.52	Debt Equity ratio	0.06	0.06
<i>*Operating Profit before Working Capital Changes</i>	16.84			
<i>*Adjustment for Working Capital</i>	(2.70)	Current Ratio	5.63	5.33
<i>*Direct Taxes Paid</i>	(6.62)			
II. Cash Flow from Investing Activity	1.72	Debtors turnover (days)	63	52
<i>*Purchase of Fixed Assets</i>	(0.74)			
<i>*Purchase/Redemption of Investments in mutual funds</i>	2.01	Creditors turnover (days)	38	42
III. Cash Flow from Financing Activity	(1.70)	Inventory turnover (days)	55	49
<i>*Secured Loans (Working Capital Demand Loan)</i>	6.06	Finished Goods	22	18
<i>*Payment of Dividend (Including Dividend Tax)</i>	(7.21)	WIP	21	22
		Raw Materials	12	9
Cash and Cash Equivalents - Closing	40.97	ROCE in operations	56.40%	74.59%
		ROCE overall for Company	19.51%	28.77%
		RONW	13.72%	18.75%

- Financial and cash position continues to strengthen

Brands

- Killer is the flagship brand with 54% share
- Lawman sales grew by 18%
- Integriti sales increased by 12%

Brand wise sales break up Q1 FY 2015

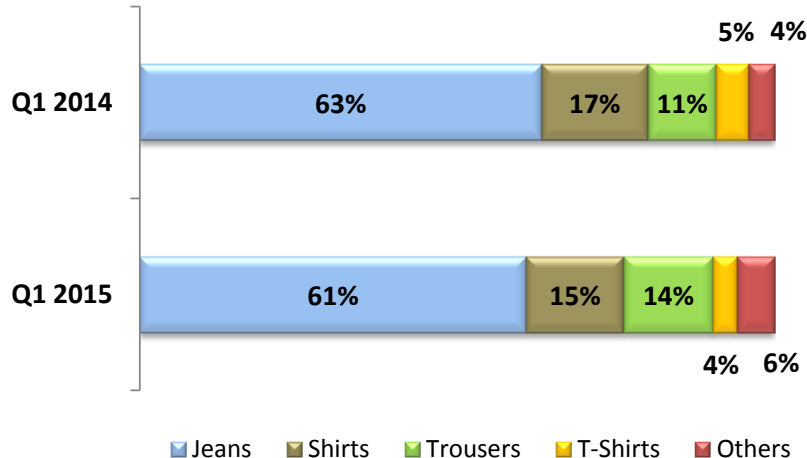


Sales (Rs crs)	Q1 2015	Q1 2014	% Change
Killer	45.67	40.99	11%
Integriti	15.88	14.13	12%
Lawman	15.77	13.38	18%
Easies	2.48	2.53	-2%
Other Brand	4.63	2.68	73%
Total	84.43	73.71	15%

Products

- Jeans is the largest selling product with a share of 61% of sales
- Trousers sales up by 55% due to trend in cotton casual colored pants

Product wise sales break up Q1 FY 2015

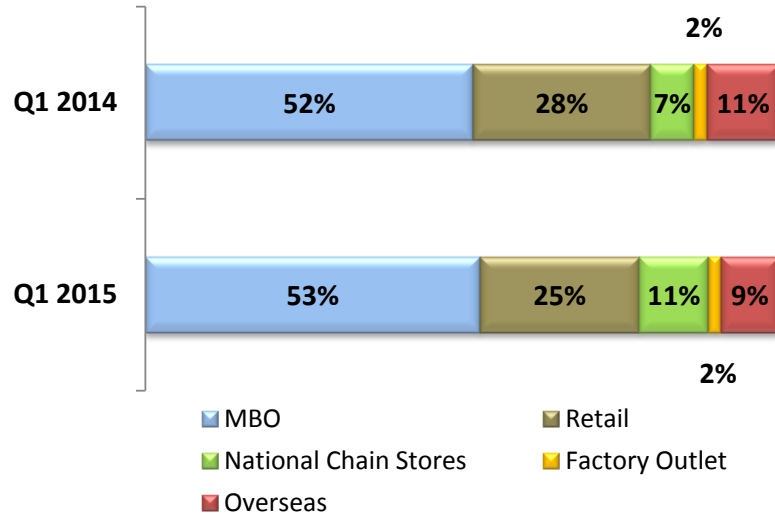


Sales (Rs crs)	Q1 2015	Q1 2014	% Change
Jeans	51.14	46.67	10%
Shirts	12.94	12.40	4%
Trousers	12.26	7.90	55%
T-Shirts	3.20	3.77	-15%
Others	4.88	2.97	64%
Total	84.43	73.71	15%

Channels

- MBOs maintained the largest share at 53% of sales
- Sales through National Chain Stores showed strong growth of 79%

Channel wise sales break up Q1 FY 2015

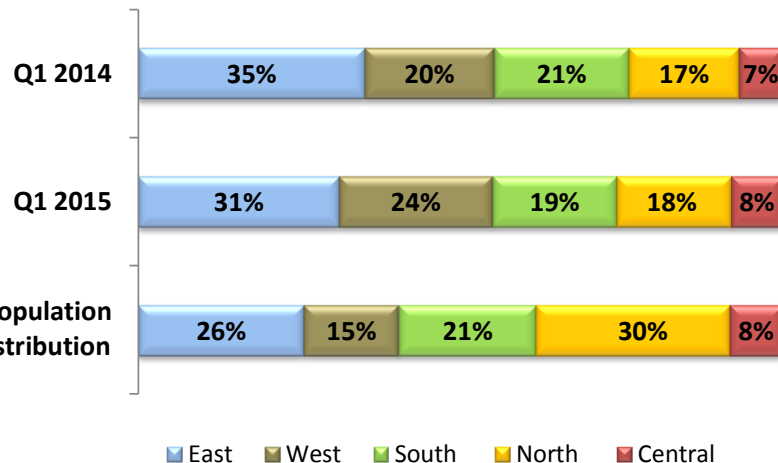


Sales (Rs crs)	Q1 2015	Q1 2014	% Change
MBO	44.35	37.96	17%
Retail	21.14	20.76	2%
National Chain Stores	9.14	5.10	79%
Factory Outlet	2.15	1.54	40%
Overseas	7.65	8.35	-8%
Total	84.43	73.71	15%

Regional Distribution

- Western and Central regions have shown growth of 38% and 37% respectively
- Northern region sales grew by 22%

Region wise sales break up Q1 FY 2015



Sales (Rs crs)	Q1 2015	Q1 2014	% Change
East	24.24	22.97	6%
West	18.14	13.13	38%
South	14.80	13.70	8%
North	13.59	11.18	22%
Central	6.01	4.38	37%
Domestic Sales	76.77	65.36	17%
Overseas	7.65	8.35	-8%
Total	84.43	73.71	15%

Key Developments

- The Company has examined all related aspects of new Companies Act, 2013 and accordingly realigned its corporate governance standards and its internal financial controls.
- The Company declared third interim dividend of Rs 5 per equity share and proposed final dividend of Rs 1.5 per equity share in its board meeting held on 10.05.2014. The Company had earlier declared and paid interim dividends of Rs 7 and Rs 7.5 per equity share. Aggregate dividend for the financial year 2014 is Rs.21 (210%) per equity share

Advertisement and branding initiatives :-

- Integriti brand has been principal sponsor for Rajasthan Royals during the IPL season 2014
 - Lawman Pg3 has tied up with Balaji Motion Pictures for co-promotions of feature film “Ek Villain”
 - KILLER was the “Title Sponsor” for MTV’s popular show Spilts Villa-7
- Opened 11 new retail stores i.e 7 – K-lounge, 2 – Killer & 2 – Integriti exclusive stores. With this Company has presence in 189 cities and 25 states across India.

Retail Stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	10	155	166
Killer EBO		1	79	80
LawmanPg3-EBO			15	15
Integriti-EBO			54	54
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	13	305	319

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	30.06.14	31.03.14
Existing	308	272
Newly opened	11	66
Closure	-	30
Work-in process	21	29
Total Retail Stores	340	337

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.