

KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q4 FY2013
and fiscal year ended 31.03.2013

Operational Performance-Snapshot

	Q4 FY2013			Q4 FY 2012			FY2012-13			FY2011-12		
	Rs crs	% of sales		Rs crs	% of sales	Growth	Rs crs	% of sales		Rs crs	% of sales	Growth
Total sales	77.12	100.00%		67.17	100.00%	14.81%	302.99	100.00%		301.87	100.00%	0.37%
Operating EBITDA	21.77	28.23%		17.73	26.41%	22.79%	73.66	24.31%		73.38	24.31%	0.38%
Profit before tax (PBT)	23.10	29.96%		18.12	26.98%	27.49%	77.27	25.50%		76.32	25.28%	1.25%
Profit after tax (PAT)	16.49	21.38%		12.41	18.48%	32.89%	53.42	17.63%		52.14	17.27%	2.46%

Apparel Sales value growth	16.71%	2.99%
Volume Growth/(de-growth)	2.58%	(4.48)
Realisation growth	13.78%	7.82%
Number of stores opened during	Q4- 19	YTD- 69 stores Pipeline-21- closed 47

Operational Performance: Q4 and FY 2013

	Q4 FY 2013	% of	Q4 FY 2012	% of		FY 2013	% of	FY 2012	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Net Sales	76.37		66.72			300.52		300.17		
Other operating income	0.75		0.45			2.47		1.70		
	77.12	100.00%	67.17	100.00%	0.00%	302.99	100.00%	301.87	100.00%	0.00%
Cost of goods sold	32.88	42.63%	30.28	45.08%	-2.44%	126.29	41.68%	130.85	43.35%	-1.66%
Personnel cost	8.44	10.94%	6.61	9.84%	1.10%	34.07	11.24%	29.24	9.68%	1.56%
Manufacturing and operating expenses	4.91	6.37%	4.71	7.01%	-0.65%	23.83	7.86%	23.59	7.81%	0.05%
Administrative and other expenses	4.63	6.00%	4.37	6.51%	-0.50%	16.75	5.53%	15.55	5.15%	0.38%
Selling and distribution expenses	4.49	5.82%	3.47	5.17%	0.66%	28.39	9.37%	29.27	9.70%	-0.33%
Operational expenditure	55.35	71.77%	49.44	73.60%	-1.83%	229.33	75.69%	228.49	75.69%	0.00%
EBITDA	21.77	28.23%	17.73	26.40%	1.83%	73.66	24.31%	73.38	24.31%	0.00%
Finance expenses	0.57	0.74%	0.60	0.89%	-0.15%	2.62	0.86%	2.60	0.86%	0.00%
Depreciation/ Ammotisation	1.47	1.91%	1.67	2.49%	-0.57%	5.94	1.96%	6.23	2.06%	-0.10%
Other income	3.38	4.38%	2.66	3.96%	0.42%	12.17	4.02%	11.76	3.90%	0.12%
Profit before tax (PBT)	23.10	29.96%	18.12	26.98%	2.98%	77.27	25.50%	76.32	25.28%	0.22%
Income Tax	6.61	8.57%	5.71	8.50%	0.07%	23.85	7.87%	24.18	8.01%	-0.14%
Profit after tax (PAT)	16.49	21.38%	12.41	18.48%	2.91%	53.42	17.63%	52.14	17.27%	0.36%

Financial Highlights: Q4 FY 2013

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

- a. Increase in apparel sale volume 2.58% by and realisation per garment by 13.78% as compared to corresponding quarter last year.
- b. Reduction in cost of goods sold by 2.44% of sales and administrative expenses by 0.50% of sales.
- c. Removal of excise duty @ 3.708% of MRP w.e.f. from 01.03.13
- d. Opening of 19 retail stores during the quarter.
- e. Higher other income due to maturity of Fixed Maturity Plans(FMP) during the quarter

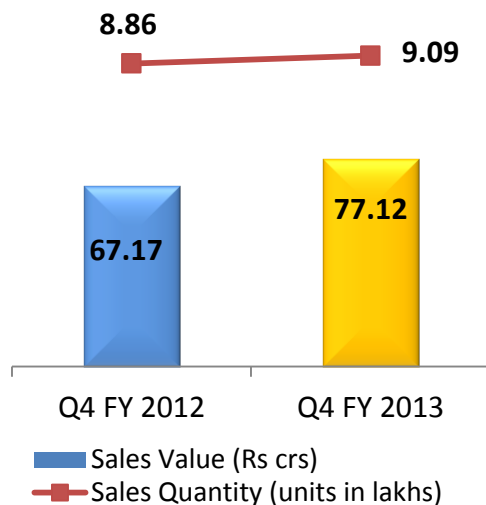
- **Factors responsible for dampening profitability growth :-**

- a. Increase in personnel cost YoY by 1.10% of sales and selling and distribution expenses by 0.66% of sales.
- b. Increase in provision of Property tax by Rs 74 lakhs including contingency provision of RS 61 Lakhs for current as well earlier two years based on revised rateable value by BMC.
- c. Closure of 10 retail stores.

Trend in Sales

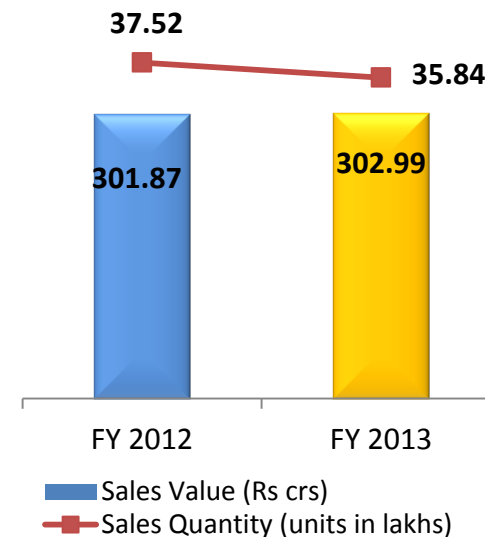
Q4 FY2012-13

- Sales value was up by 14.82%
- Apparel sales value was up by 16.71% to Rs 73.59 Crs
- Apparel sales quantity was up by 2.58%
- Apparel sales realization per unit was up by 13.78% to Rs 809



FY2012-13

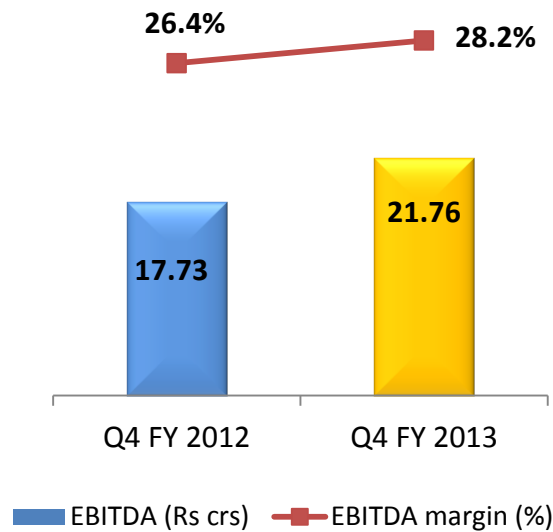
- Sales value was up by 0.37%
- Apparel sales value was up by 2.99% to Rs 288.78 crores
- Apparel sales quantity was down by 4.48%
- Apparel sales realization per unit was up 7.82% to Rs 806



Trend in Operating Profit

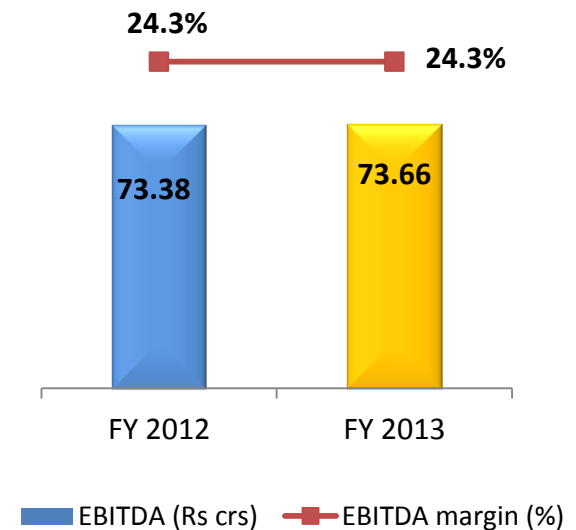
Q4 FY2012-13

- EBITDA was up by 22.71%
- EBITDA margin increased to 28.21%



FY2012-13

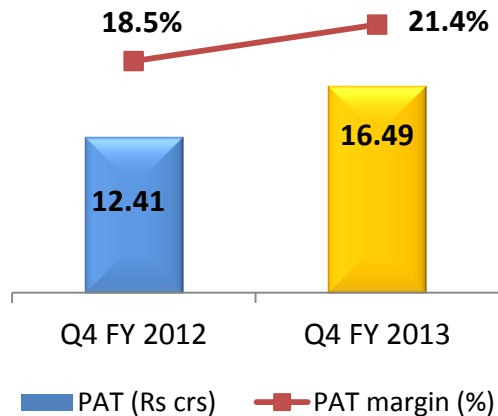
- EBITDA up by 0.37%
- EBITDA margin was at 24.31%



Trend in Net Profit

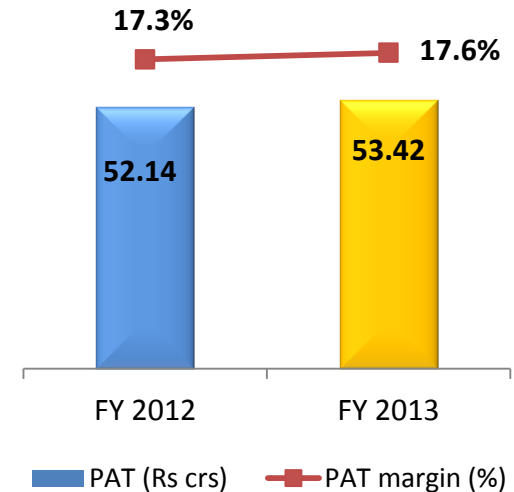
Q4 FY2012-13

- PAT was up by 32.90%
- PAT margin increased to 21.4%
- Quarterly EPS at Rs. 13.39 (10.07)



FY2012-13

- PAT was up by 2.47%
- PAT margin increased to 17.6%
- FY 2013 EPS at Rs. 43.34 (42.30)



Balance Sheet (Subject to proposed dividend)

(Rs crs)	As at Mar. 2013 (Audited)	As at Mar. 2012 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	247.30	213.22
Shareholders' Funds	259.63	225.55
Other Long-Term Liabilities	5.43	3.87
Long-Term Provisions	0.55	0.69
Non Current Liabilities	5.99	4.56
Short-term borrowings	14.09	14.89
Trade Payables	22.74	15.78
Other Current Liabilities	11.16	7.80
Short-term Provisions	10.82	14.42
Current Liabilities	58.82	52.89
Total Shareholders' Funds and Liabilities	324.43	283.00
Fixed Assets	44.25	44.32
Non Current Investments	3.48	3.51
Deferred Tax Assets (Net)	2.03	1.73
Long-term loans and advances	9.68	10.65
Other non-current assets	0.96	1.09
Non-Current Assets	60.40	61.30
Current Investments	118.13	28.07
Inventories	33.67	32.09
Trade receivables	47.87	48.22
Cash & Cash Equivalents	60.77	101.32
Short-term Loans & Advances	1.81	4.56
Other Current Assets	1.77	7.44
Current Assets	264.03	221.69
Total Assets	324.43	283.00

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	FY2013
I. Cash Flow from Operating Activity	66.22
<i>*Operating Profit before Working Capital Changes</i>	73.96
<i>*Adjustment for Working Capital</i>	15.05
<i>*Direct Taxes Paid</i>	(22.80)
II. Cash Flow from Investing Activity	(78.67)
<i>*Purchase of Fixed Assets</i>	(6.33)
<i>*Purchase/Redemption of Investments in mutual funds</i>	(87.49)
III. Cash Flow from Financing Activity	(28.25)
<i>*Interest and Finance Charges</i>	(2.38)
<i>*Payment of Dividend (Including Dividend Tax)</i>	(25.07)
Cash and Cash Equivalents - Closing	59.97

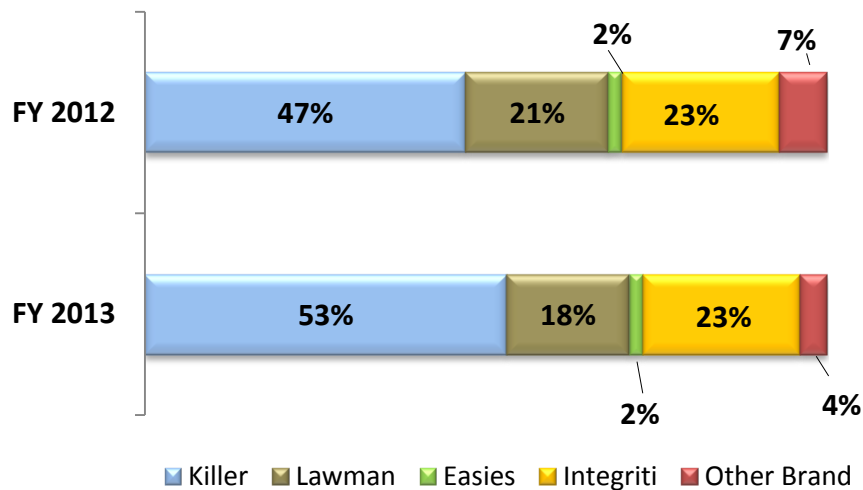
- Strong cash flows led by improved working capital management and operating profits
- Financial and liquidity position remains strong

Ratios	Q4 FY2013	Q4 FY2012
Debt Equity ratio	0.05	0.07
Current Ratio	5.50	5.76
Debtors turnover (days)	50	40
Creditors turnover (days)	33	24
Inventory turnover (days)	37	38
Finished Goods	17	19
WIP	15	13
Raw Materials	5	6
RONW	22.02%	24.64%
ROCE	26.73%	30.42%

Brands : FY 2012-13

- Killer remains the flagship brand and grew by 13%
- Integrity is the second largest brand with 23% share

Brand wise sales break up FY 2013

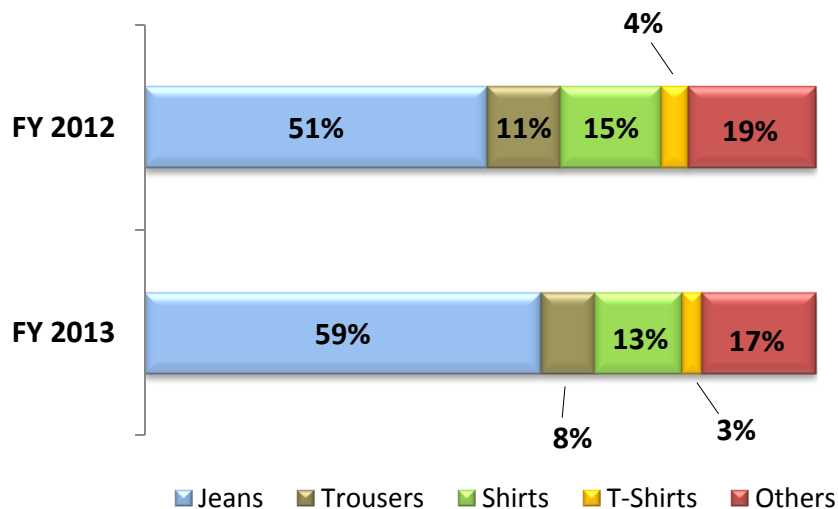


Sales (Rs crs)	FY 2013	FY 2012	% Change
Killer	159.73	141.31	13%
Lawman	53.86	61.96	-13%
Easies	6.36	7.27	-12%
Integrity	68.69	69.88	-2%
Others	11.78	19.72	-40%
Total	300.42	300.13	0%

Products : FY 2012-13

- Jeans has highest contribution in value and its share increased to 59%
- Revenue from Jeans grew by 17%

Product wise sales break up FY 2013

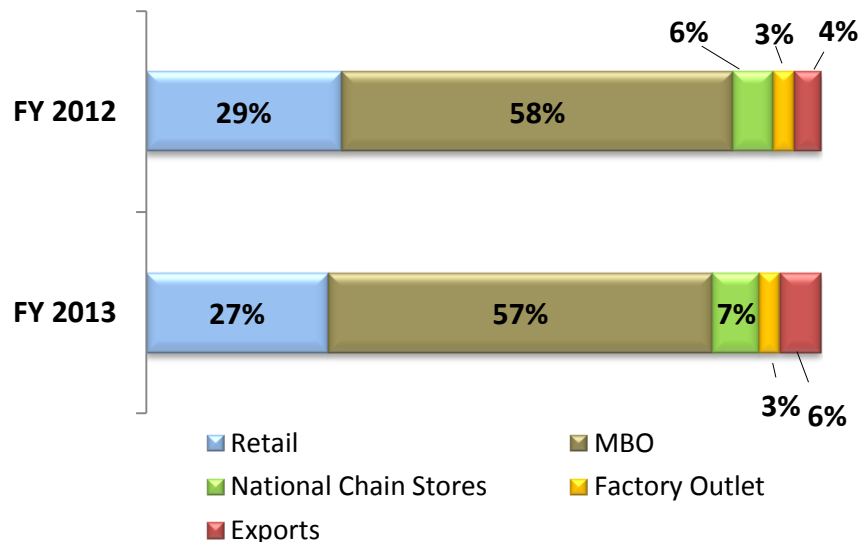


Sales (Rs crs)	FY 2013	FY 2012	% Change
Jeans	178.24	152.42	17%
Trousers	24.65	33.37	-26%
Shirts	38.79	45.87	-15%
T-Shirts	9.29	12.40	-25%
Others	49.46	56.07	-12%
Total	300.42	300.13	0%

Channels : FY 2012-13

- MBOs maintained the largest share at 57% of sales
- Exports showed strong growth of 48%

Channel wise sales break up FY 2013

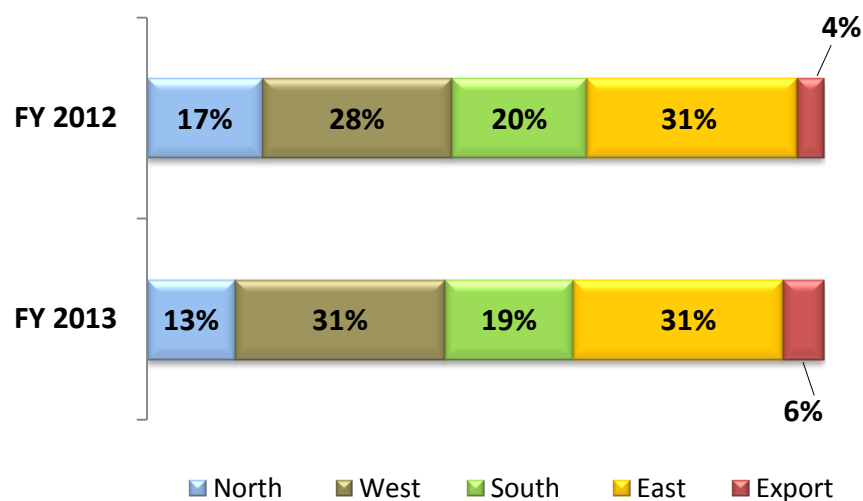


Sales (Rs crs)	FY 2013	FY 2012	% Change
Retail	81.45	87.60	-7%
MBO	170.31	173.26	-2%
National Chain Stores	20.11	19.11	5%
Factory Outlet	11.07	8.37	32%
Exports	17.49	11.79	48%
Total	300.42	300.13	0%

Regional Distribution : FY 2012-13

- Western and Eastern regions retain the largest share at 31% each
- Western region saw growth of 13%

Region wise sales break up FY 2013



Sales (Rs crs)	FY 2013	FY 2012	% Change
North	39.84	52.44	-24%
West	94.15	83.53	13%
South	56.47	60.50	-7%
East	92.47	91.88	1%
Exports	17.49	11.79	48%
Total	300.42	300.13	0%

Key developments –FY2012-13

- The Company has announced third interim dividend of Rs 3 per equity share and proposed final dividend of Rs 1 per equity share in its board meeting held on 11.05.2013. The Company had earlier declared and paid interim dividends of Rs 7 and Rs 6.5 per equity share. Aggregate dividend for the financial year 2013 is 175%
- The Company has created “Business Progressive Fund” of Rs 10 Cr during FY 2012-13 out of its profits, to maintain normal growth in sluggish market conditions and support superior growth for long term.
- ‘Killer’ brand has been one of the key sponsors for the third consecutive year for Pune Warriors team during the IPL season 2013
- The Company contributed 17.41 Crores as excise duty and 28.16 Crores as income tax and corporate dividend tax (CDT) to the exchequer, which constitutes 85.30 % of PAT earned by the Company during the year.
- Union Budget 2013 has removed central excise duty on all branded apparels with effect from 01.03.2013. The excise duty was @ 12.36% on 30% of MRP i.e 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 all products will now attract Central sales Tax Act (CST) at 2% on WSP.
- Opened 69 new retail stores i.e. 22 K-Lounges, 3 K-lounge for Her, 20 Killer EBO, 17 Integriti stores, 5 LawmanPg3, 1 Lawman/Integriti, 1 Easies store. Closed 47 retail stores. With this Company has presence in over 154 cities and 19 states across India.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	127	139
K-Lounge for her			3	3
Killer EBO			63	63
LawmanPg3-EBO			11	11
Integriti-EBO			51	51
LawmanPg3/Integriti			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	13	257	271

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.03.13	31.03.12
Existing on 1st April	252	176
New opened	69	99
Closures	47	23
Work-in process	21	20
Total Retail Stores	295	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 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.