KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q2 FY2016 and H1 ended 30.09.2015

Operational Performance-Snapshot

	Q2 FY2016		Q2 FY 2015		
	Rs crs	% of sales	Rs crs	% of sales	Growth
Total revenue	142.17	100.00%	129.83	100.00%	9.50%
Operating EBITDA	37.64	26.48%	35.75	27.55%	5.29%
Profit before tax (PBT)	36.21	25.47%	36.61	28.20%	-1.09%
Profit after tax (PAT)	24.12	16.97%	24.26	18.69%	-0.57%
Apparel Sales value growth			11.25%		
Volume Growth			9.39%		
Realisation growth			1.70%		

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Operational Performance: Q2 and H1 FY 2016

	Q2 FY 2016 Rs crs	**% of sales**	Q2 FY 2015 Rs crs	% of sales	Variation	**H1 FY 2016 Rs crs**	**% of sales**	H1 FY 2015 Rs crs	% of sales	Variation
Net Sales	**141.05**		129.08			**232.29**		213.51		
Other operating income	**1.12**		0.75			**2.28**		1.63		
Total Revenue	**142.17**	**100.00%**	129.83	100.00%	0.00%	**234.57**	**100.00%**	215.14	100.00%	0.00%
Cost of goods sold	**60.85**	**42.80%**	55.33	42.62%	0.18%	**100.92**	**43.02%**	93.04	43.25%	-0.22%
Personnel cost	**13.98**	**9.83%**	12.32	9.49%	0.34%	**26.58**	**11.33%**	22.77	10.58%	0.75%
Manufacturing and operating expenses	**13.51**	**9.50%**	11.48	8.84%	0.66%	**21.14**	**9.01%**	18.19	8.45%	0.56%
Administrative and other expenses	**7.21**	**5.07%**	5.24	4.04%	1.04%	**12.68**	**5.41%**	10.38	4.82%	0.58%
Selling and distribution expenses	**8.98**	**6.32%**	9.71	7.48%	-1.16%	**20.39**	**8.69%**	18.95	8.81%	-0.12%
Operational expenditure	**104.53**	**73.52%**	94.08	72.46%	1.06%	**181.71**	**77.47%**	163.33	75.92%	1.55%
EBITDA	**37.64**	**26.48%**	**35.75**	27.54%	-1.06%	**52.86**	**22.53%**	51.80	24.08%	-1.54%
Finance expenses	**0.95**	**0.67%**	0.84	0.65%	0.02%	**1.58**	**0.67%**	1.48	0.69%	-0.01%
Depreciation/ Ammotisation	**1.04**	**0.73%**	0.93	0.72%	0.02%	**2.00**	**0.85%**	1.84	0.86%	0.00%
Other income	**0.56**	**0.39%**	2.63	2.03%	-1.63%	**4.41**	**1.88%**	3.40	1.58%	0.30%
Profit before tax (PBT)	**36.21**	**25.47%**	36.61	28.20%	-2.73%	**53.69**	**22.89%**	51.88	24.11%	-1.23%
Income Tax	**12.09**	**8.50%**	12.35	9.51%	-1.01%	**18.19**	**7.75%**	17.48	8.12%	-0.37%
Profit after tax (PAT)	**24.12**	**16.97%**	24.26	18.69%	-1.72%	**35.50**	**15.13%**	34.40	15.99%	-0.86%

Financial Highlights: Q2 FY 2015

Factors contributing to increase in profitability :

a. Increase in apparel sale volume by 9.39% and realization per garment by 1.70 % as compared to corresponding quarter last year.

b. Advertisement & Publicity expenses were lower by Rs. 184 lakhs as compared to corresponding quarter last year.

Factors responsible for dampening profitability growth :-

a. Other income (Gain on redemption of Mutual Funds/FMPs) decreased by 78% as compared to corresponding quarter last year.

b. Higher administration cost by 1.04% of sales, manufacturing and operating expenses by 0.66% of sales.

c. Strengthening of provisions for End of Season sales support and repairs and maintenance etc.

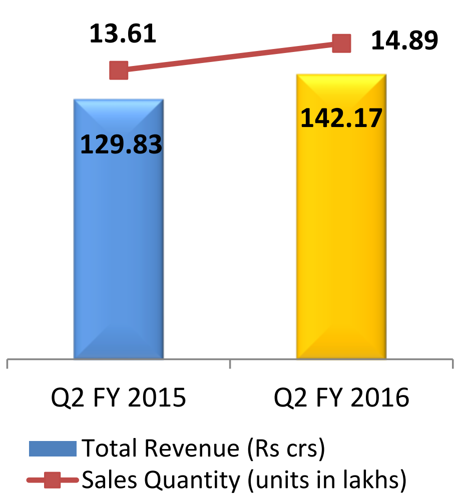
Trend in Revenue

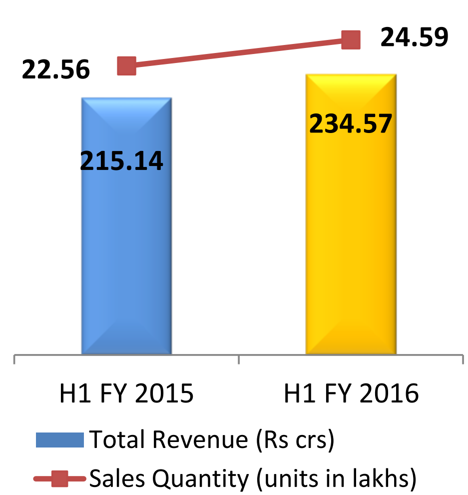
Q2 FY2015-16

- Total Revenue up by 9.50%
- Apparel sales value up by 11.25% to Rs. 138.35 crores
- Apparel sales quantity up by 9.39%
- Apparel sales realization per unit up by 1.70% to Rs. 929

H1 FY2015-16

- Total Revenue up by 9.03%
- Apparel sales value up by 11.19% to Rs. 227.01 crores
- Apparel sales quantity up by 9.00%
- Apparel sales realization per unit up by 2.01% to Rs. 923





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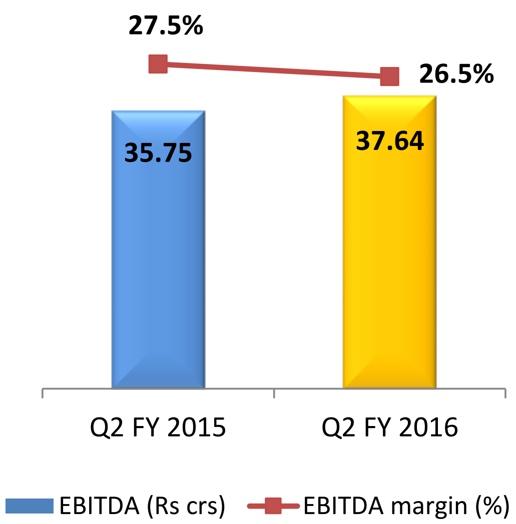
Trend in Operating Profit

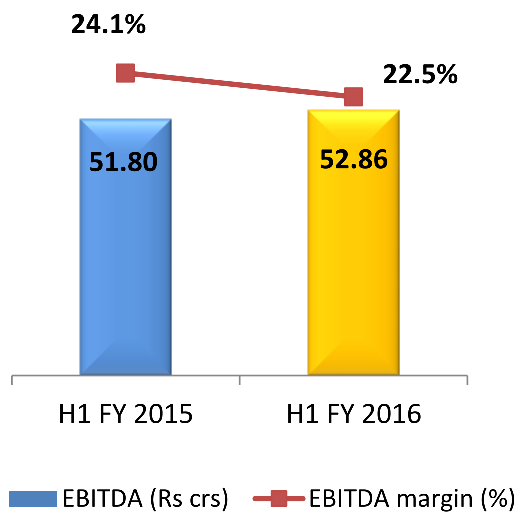
Q2 FY2015-16

- **EBITDA up by 5.27%**
- **EBITDA margin stood at 26.48%**

H1 FY2015-16

- **EBITDA up by 2.05%**
- **EBITDA margin stood to 22.53%**





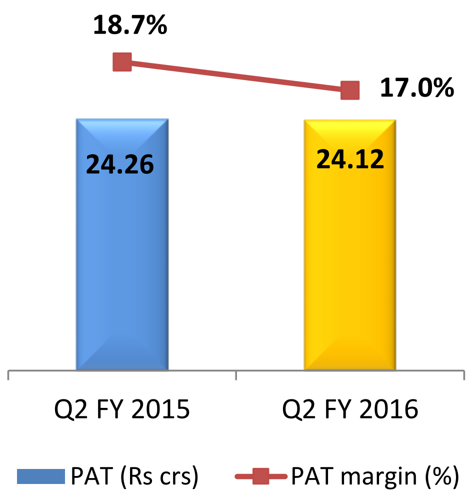
Trend in Net Profit

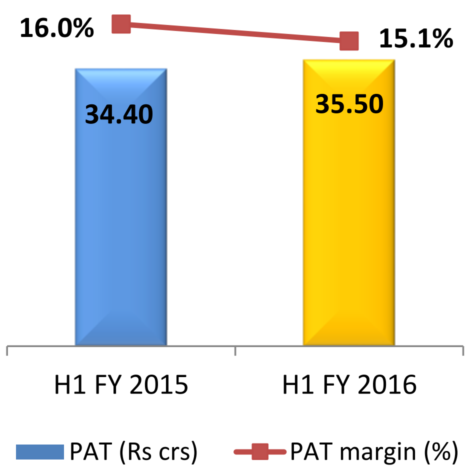
Q2 FY2015-16

- **PAT marginally down by 0.57%**
- **PAT margin stood at 17%**
- **Quarterly EPS at Rs. 19.57 (19.68)**

H1 FY2015-16

- **PAT up by 3.19%**
- **PAT margin stood at 15.1%**
- **H1 EPS at Rs. 28.80 (27.90)**





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Balance Sheet

(Rs crs)	As at Sept. 2015 (Audited)	As at Mar. 2015 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	291.04	307.48
Shareholders' Funds	303.37	319.81
Other Long-Term Liabilities	11.05	9.87
Long-Term Provisions	0.49	0.51
Non Current Liabilities	11.54	10.38
Short-term borrowings	31.24	11.35
Trade Payables	37.35	30.45
Other Current Liabilities	18.10	18.22
Short-term Provisions	21.47	20.28
Current Liabilities	108.16	80.30
Total Shareholders' Funds and Liabilities	423.07	410.49
Fixed Assets	59.42	58.21
Non Current Investments	91.86	140.96
Deferred Tax Assets (Net)	0.93	1.18
Long-term loans and advances	5.80	7.93
Other non-current assets	0.49	0.43
Non-Current Assets	158.50	208.71
Current Investments	69.56	37.15
Inventories	46.11	40.41
Trade receivables	122.05	77.43
Cash & Cash Equivalents	19.92	43.17
Short-term Loans & Advances	6.05	2.10
Other Current Assets	0.88	1.52
Current Assets	264.57	201.78
Total Assets	423.07	410.49

Ratios and Cash-Flow Analysis

	Cash Flows (in Rs crs)	H1 FY2016
I.	**Cash Flow from Operating Activity**	**6.93**
	**Operating Profit before Working Capital Changes*	*53.48*
	**Adjustment for Working Capital*	*(32.61)*
	**Direct Taxes Paid*	*(13.94)*
II.	**Cash Flow from Investing Activity**	**17.07**
	**Purchase of Fixed Assets*	*(2.64)*
	**Purchase/Redemption of Investments in mutual funds*	*18.64*
III.	**Cash Flow from Financing Activity**	**(47.03)**
	**Secured & unsecured Loans- Bank Overdraft (Net)*	*12.89*
	**Dividend Paid including tax*	*(58.59)*
	Cash and Cash Equivalents - Closing	**19.26**

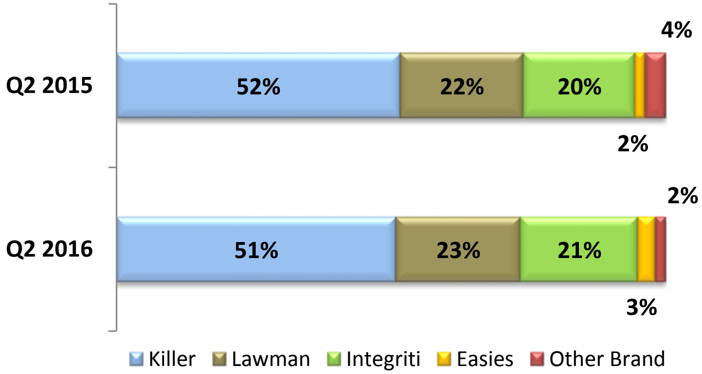
- **The financial position remains stable with healthy cash reserves**

Ratios	Q2 FY2016	Q2 FY2015
Debt Equity ratio	0.10	0.04
Current Ratio	3.05	2.94
Debtors turnover (days)	73	63
Creditors turnover (days)	30	33
Inventory turnover (days)	33	43
Finished goods	15	18
WIP	14	18
Raw Materials	4	7
ROCE in operations	76.39%	86.93%
ROCEoverall for company	33.21%	31.81%
RONW	22.78%	22.79%

Brands

- Killer continues to be the flagship brand with share of 51%
- Integriti Sales up by 15%

Brand wise sales break up Q2 FY 2016

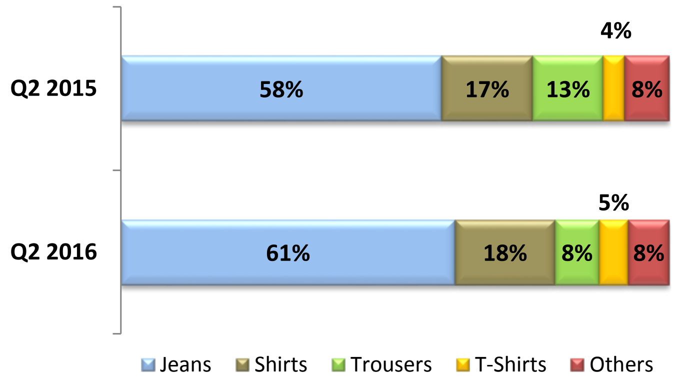


Sales (Rs crs)	Q2 2016	Q2 2015	% Change
Killer	71.78	66.63	8%
Lawman	32.04	29.15	10%
Integriti	30.15	26.14	15%
Easies	4.38	2.44	80%
Other Brand	2.68	4.72	-43%
Total	141.03	129.08	9%

Products

- Jeans is the largest selling product with share of 61%
- Shirts Sales grew by 20% to reach Rs. 25.61 Crores

Product wise sales break up Q2 FY 2016

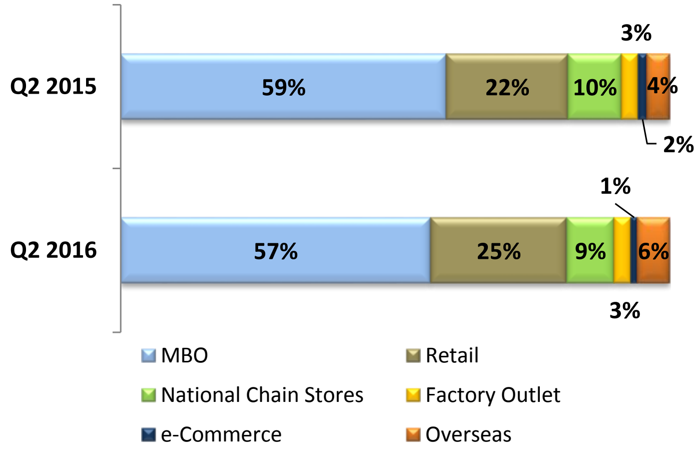


Sales (Rs crs)	Q2 2016	Q2 2015	% Change
Jeans	85.95	75.49	14%
Shirts	25.61	21.39	20%
Trousers	11.46	16.63	-31%
T-Shirts	7.40	5.07	46%
Others	10.60	10.50	1%
Total	141.03	129.08	9%

Channels

- **MBO continues to be the largest channel with 57% share**
- **Sales through retail channel showed strong growth of 19%**

Channel wise sales break up Q2 FY 2016

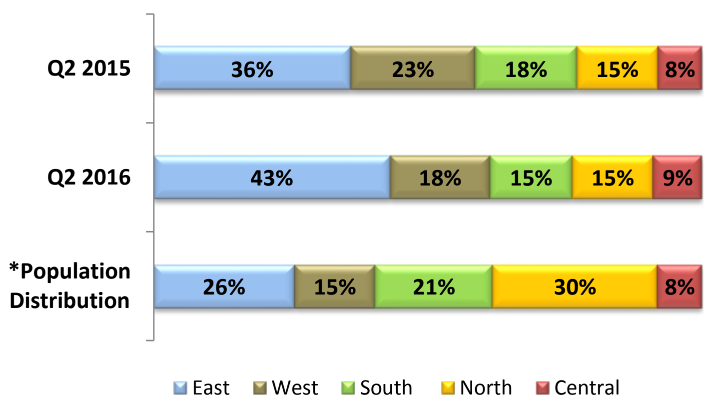


Sales (Rs crs)	Q2 2016	Q2 2015	% Change
MBO	80.38	76.61	5%
Retail	33.98	28.60	19%
National Chain Stores	12.32	12.55	-2%
Factory Outlet	4.39	3.95	11%
e-Commerce	1.60	2.07	-23%
Overseas	8.36	5.30	58%
Total	141.03	129.08	9%

Regional Distribution

- Eastern Region retains the largest share at 43% and recorded the highest growth at 29%
- Central region recorded growth of 19%

Region wise sales break up Q2 FY 2016



Sales (Rs crs)	Q2 2016	Q2 2015	% Change
East	57.23	44.49	29%
West	24.17	28.10	-14%
South	19.86	22.93	-13%
North	19.67	18.37	7%
Central	11.74	9.89	19%
Domestic Sales	132.67	123.78	7%
Overseas	8.36	5.30	58%
Total	141.03	129.08	9%

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Key developments

- The Company has achieved highest Q2 revenues of Rs. 141.05 Crores in Q2 FY2016.

Advertisement and Branding Initiatives :-

- *Integriti has become the Channel Partner and the Launch Partner for Viacom 18`s high profile English General Entertainment Channel "**Colors Infinity**" launched on 31st July, 2015.*
- *Killer is proud be Apparel Partner of the heart- throbbing car racing event "***Volkswagen Vento Cup- 2015**" organised by Volkswagen Motorsport India.
- *LawmanPg3 is the Style Partner for the TV show "**See Taare Mastiii Mein**" on the Top Rated Hind Music Channel "Mastii".*
- *Killer Presented Studio Bollywood Nights* 21st August, 2015 *held at "**Hard Rock Café, Andheri"**.*
- *LawmanPg3 has tied up with Zee Café and is **"Powered by Sponsor"** for its flagship show "**Look Who`s Talking with Niranjan Season-2**" started on 23rd August, 2015.*
- *Sony Liv has roped in Integriti as the Presenting Sponsor for its first original digital series "**Love Bytes"**.*

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	2	8	162	172
Killer EBO			77	77
LawmanPg3-EBO			14	14
Integriti-EBO			48	48
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	2	10	303	315

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	30.09.15	31.03.15
Existing	316	308
New opened	20	48
Converted		6
Relocated/closed	21	34
Work-in process	42	16
Total Retail Stores	357	332

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.*