

KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q2 FY2017 and H1 ended
30.09.2016

Operational Performance: Snapshot

	Q2 FY2017		Q2 FY 2016		FY2016-17		FY2015-16		Growth
	Rs crs	% of sales	Rs crs	% of sales	Rs crs	% of sales	Rs crs	% of sales	
Total revenue	155.31	100.00%	142.17	100.00%	263.58	100.00%	234.57	100.00%	12.37%
Operating EBITDA	36.85	23.73%	37.64	26.49%	56.22	21.33%	52.86	22.53%	6.36%
Profit before tax (PBT)	41.69	26.84%	36.20	25.46%	60.53	22.96%	53.69	22.89%	12.74%
Profit after tax (PAT)	29.51	19.00%	24.12	16.97%	42.11	15.98%	35.49	15.13%	18.65%
Apparel Sales value growth			7.78%				10.31%		
Volume Growth			-0.66%				1.59%		
Realisation growth			8.49%				8.58%		

Operational Performance: Q2 and H1 FY 2017

	Q2 FY 2016	% of	Q2 FY 2015	% of		H1 FY 2016	% of	H1 FY 2015	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Net Sales	153.89		141.05			260.89		232.29		
Other operating income	1.43		1.12			2.69		2.29		
Total Revenue	155.31	100.00%	142.17	100.00%	0.00%	263.58	100.00%	234.57	100.00%	0.00%
Cost of goods sold	60.67	39.06%	60.85	42.80%	-3.74%	103.69	39.34%	100.92	43.02%	-3.68%
Employee benefit expenses	17.55	11.30%	13.98	9.83%	1.47%	31.82	12.07%	26.58	11.33%	0.74%
Manufacturing and operating expenses	16.99	10.94%	13.51	9.50%	1.44%	30.23	11.47%	21.14	9.01%	2.46%
Administrative and other expenses	9.11	5.87%	7.21	5.07%	0.79%	15.00	5.69%	12.68	5.41%	0.29%
Selling and distribution expenses	14.13	9.10%	8.98	6.32%	2.78%	26.61	10.10%	20.39	8.69%	1.40%
Operational expenditure	118.45	76.27%	104.53	73.52%	2.74%	207.35	78.67%	181.71	77.47%	1.20%
EBITDA	36.85	23.73%	37.64	26.48%	-2.75%	56.23	21.33%	52.86	22.53%	-1.20%
Finance expenses	1.30	0.84%	0.95	0.67%	0.17%	2.50	0.95%	1.58	0.67%	0.27%
Depreciation/ Ammotisation	1.19	0.77%	1.04	0.73%	0.03%	2.22	0.84%	2.00	0.85%	-0.01%
Other income	7.32	4.71%	0.56	0.39%	4.32%	9.02	3.42%	4.41	1.88%	1.54%
Profit before tax (PBT)	41.70	26.85%	36.20	25.46%	1.39%	60.53	22.96%	53.69	22.89%	0.08%
Income Tax	12.19	7.85%	12.09	8.50%	-0.66%	18.42	6.99%	18.20	7.76%	-0.77%
Profit after tax (PAT)	29.51	19.00%	24.12	16.97%	2.04%	42.11	15.98%	35.49	15.13%	0.85%

Financial Highlights: Q2 FY 2017

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

- a. Increase in apparel realisation per garment by 8.49% as compared to corresponding quarter last year.
- b. Increase in other income by 6.76crs as compared to corresponding quarter last year
- c. Reduction in cost of goods sold by 3.74% of sales.

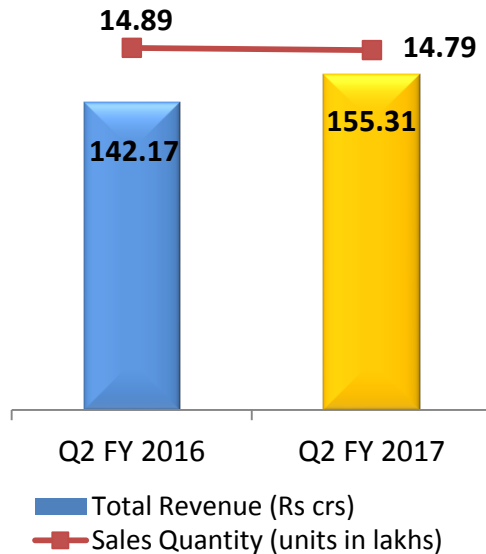
- **Factors responsible for dampening profitability growth :-**

- a. Increase in Manufacturing and operating expenses by 1.44% of sales.
- b. Strengthening of provisions for Diminution in the value of Investments by 53 lakhs, End of Season sales support and repairs and maintenance etc.
- c. Increase in personnel cost by 1.30% , Administrative and other expenses by 0.96% and selling and distribution expenses by 2.78 % of sales.

Trend in Revenue

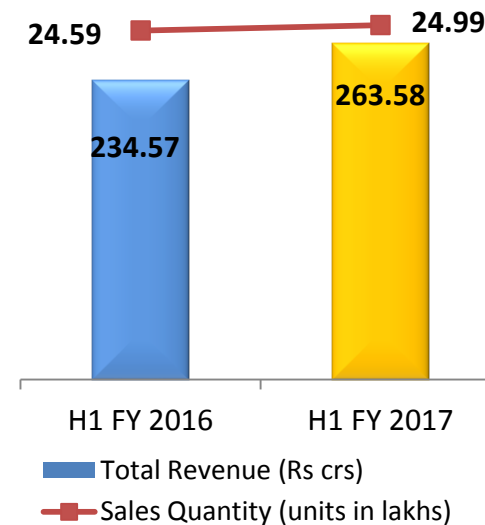
Q2 FY2016-17

- Total Revenue up by 9.24%
- Apparel sales value up by 7.78% to Rs. 149.13 crores
- Apparel sales quantity steady at similar levels
- Apparel sales realization per unit up by 8.49% to Rs. 1008



H1 FY2016-17

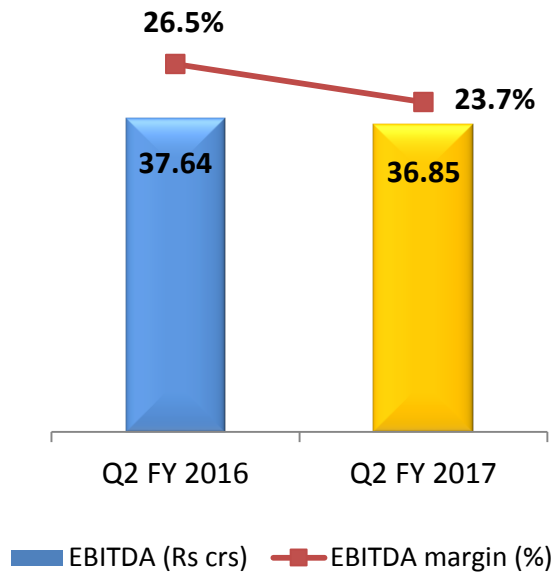
- Total Revenue up by 12.37%
- Apparel sales value up by 10.31% to Rs. 250.43 crores
- Apparel sales quantity up by 1.59%
- Apparel sales realization per unit up by 8.58% to Rs. 1002



Trend in Operating Profit

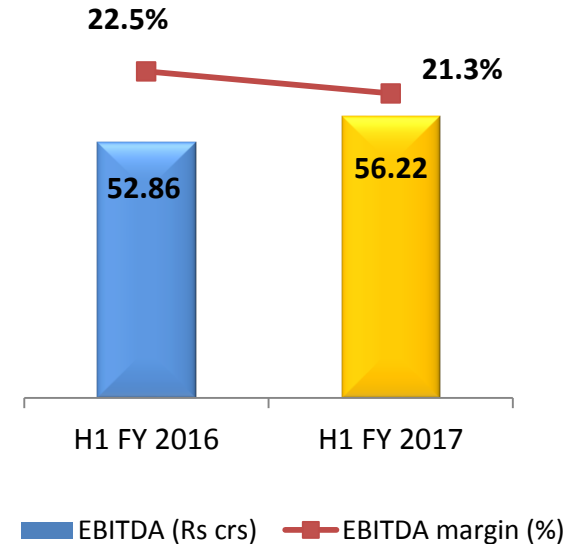
Q2 FY2016-17

- EBITDA down by 2.08%
- EBITDA margin stood at 23.73%



H1 FY2016-17

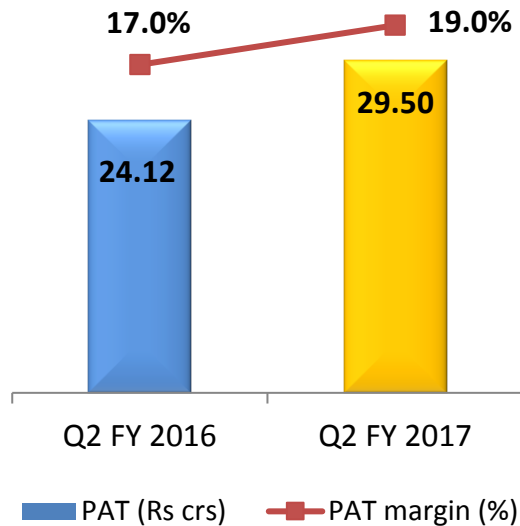
- EBITDA up by 6.35%
- EBITDA margin stood at 21.33%



Trend in Net Profit

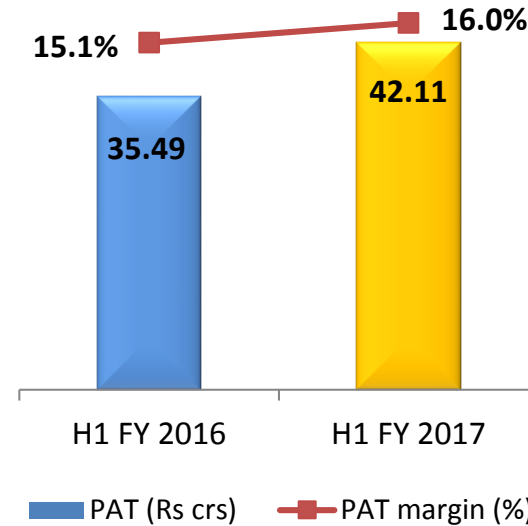
Q2 FY2016-17

- PAT up 22.31% to Rs. 29.50 crores
- PAT margin higher at 19%
- Quarterly EPS at Rs. 23.94 (19.57)



H1 FY2016-17

- PAT up by 18.64% to Rs. 42.11 crores
- PAT margin higher at 16%
- H1 EPS at Rs. 34.17 (28.80)



Balance Sheet

(Rs crs)	As at Sept. 2016 (Audited)	As at Mar. 2016 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	328.52	286.41
Shareholders' Funds	340.85	298.74
Other Long-Term Liabilities	17.92	17.14
Long-Term Provisions	0.14	0.13
Non Current Liabilities	18.06	17.27
Short-term borrowings	39.40	28.88
Trade Payables	43.72	46.88
Other Current Liabilities	16.63	13.75
Short-term Provisions	20.16	18.34
Current Liabilities	119.91	107.85
Total Shareholders' Funds and Liabilities	478.81	423.86
Fixed Assets	70.92	62.61
Non Current Investments	61.59	58.76
Deferred Tax Assets (Net)	0.36	0.50
Long-term loans and advances	4.85	9.01
Other non-current assets	0.14	0.04
Non-Current Assets	137.86	130.92
Current Investments	96.53	99.15
Inventories	65.90	55.73
Trade receivables	141.44	108.97
Cash & Cash Equivalents	32.03	24.75
Short-term Loans & Advances	3.87	3.29
Other Current Assets	1.18	1.05
Current Assets	340.95	292.94
Total Assets	478.81	423.86

Ratios and Cash-flow Analysis

Cash Flows (in Rs crs)	H1 FY2017
I. Cash Flow from Operating Activity	(1.66)
<i>*Operating Profit before Working Capital Changes</i>	58.32
<i>*Adjustment for Working Capital</i>	(42.93)
<i>*Direct Taxes Paid</i>	(17.05)
II. Cash Flow from Investing Activity	-
<i>*Purchase of Fixed Assets</i>	(7.44)
<i>*(Purchase) / Redemption of Investments in mutual funds</i>	7.21
III. Cash Flow from Financing Activity	8.67
<i>*Secured Loans - Bank Overdraft (Net)</i>	10.51
<i>*Interest Paid</i>	(1.84)
Cash and Cash Equivalents - Closing	30.71

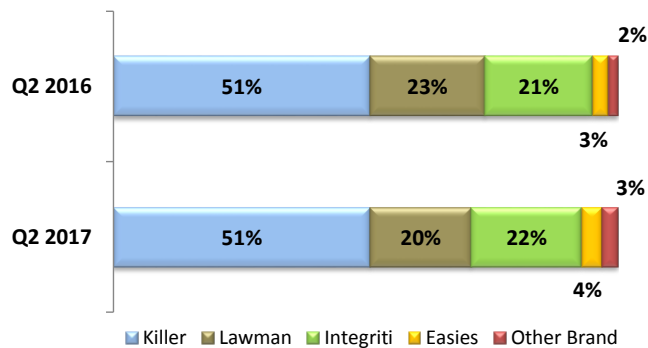
- **The financial position remains stable with healthy cash reserves**

Ratios	Q2 FY2017	Q2 FY2016
Debt Equity ratio	0.12	0.10
Current Ratio	3.40	3.05
Debtors turnover (days)	82.00	73.00
Creditors turnover (days)	47.00	30.00
Inventory turnover (days)	41.00	33.00
Finished goods	20.00	15.00
WIP	17.00	14.00
Raw Materials	5.00	4.00
ROCE in Operations	63.84%	76.39%
ROCE overall Company	30.52%	33.21%
RONW	26.34%	22.78%

Brands

- Killer continues to be the flagship brand with share of 51%
- Integriti Sales up by 12% to Rs. 33.72 crores

Brand wise sales break up Q2 FY 2017

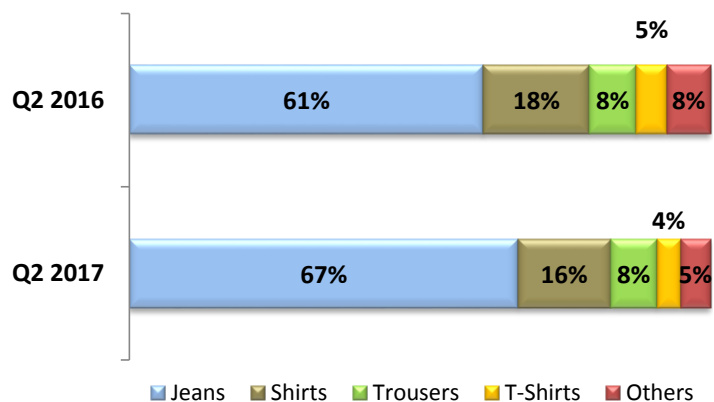


Sales (Rs crs)	Q2 2017	Q2 2016	% Change
Killer	78.35	71.78	9%
Lawman	30.84	32.04	-4%
Integriti	33.72	30.15	12%
Easies	6.23	4.38	42%
Other Brand	4.75	2.68	78%
Total	153.89	141.03	9%

Products

- Jeans showed strong growth of 20% and had increased its share to 67%
- Trousers sales grew by 7%

Product wise sales break up Q2 FY 2017

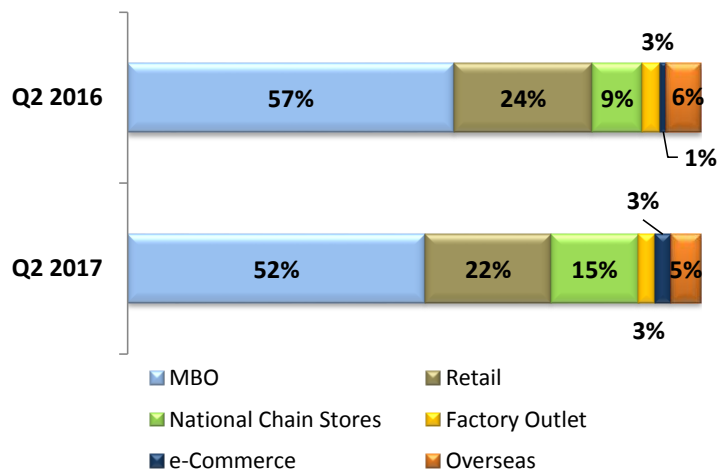


Sales (Rs crs)	Q2 2017	Q2 2016	% Change
Jeans	102.92	85.96	20%
Shirts	24.43	25.61	-5%
Trousers	12.32	11.46	7%
T-Shirts	6.20	7.40	-16%
Others	8.02	10.60	-24%
Total	153.89	141.03	9%

Channels

- MBO continues to be the largest seller with 52% share
- National Chain Stores & E-commerce Channels showed strong growth of 89% and 175% respectively

Channel wise sales break up Q2 FY 2017

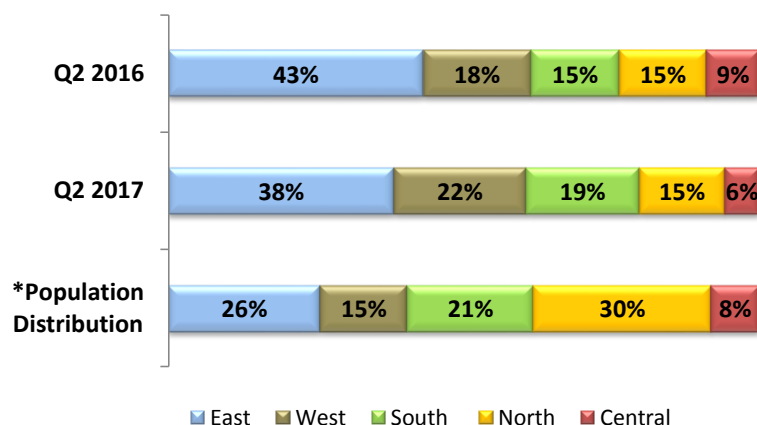


Sales (Rs crs)	Q2 2017	Q2 2016	% Change
MBO	80.22	80.38	-0.2%
Retail	33.71	33.98	-1%
National Chain Stores	23.23	12.32	89%
Factory Outlet	4.42	4.39	1%
e-Commerce	4.41	1.60	175%
Overseas	7.90	8.36	-6%
Total	153.89	141.03	9%

Regional Distribution

- Eastern region retains the largest share at 38%
- Southern and Western regions showed strong growth of 41% and 34% respectively

Region wise sales break up Q2 FY 2017



Sales (Rs crs)	Q2 2017	Q2 2016	% Change
East	55.99	57.23	-2%
West	32.39	24.17	34%
South	28.06	19.86	41%
North	21.09	19.67	7%
Central	8.46	11.74	-28%
Domestic Sales	145.99	132.67	10%
Overseas	7.90	8.36	-6%
Total	153.89	141.03	9%

Key developments

The Board of Directors have recommended a interim dividend of Rs.9 per equity share of Rs.10 each for the period ended 30th Sep 2016, the record date for the payment is 9th Nov, 2016.

Advertisement and branding initiatives:-

- Killer and LawmanPg3 have purchased On Ground Advertising Rights for India Vs West Indies Test Cricket series, 2016
- All 4 brands of the Company continued to become Sponsor for “U Mumba” team of the ‘Pro Kabaddi League, 2016
- Integriti’s 2 campaigns “The Collection Called Flirt” & “The Collection Called Escape” were aired on Colors Infinity & Comedy Central Television Channels during July and August months.

Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	2	10	170	182
Killer EBO			84	84
LawmanPg3-EBO			12	12
Integrati-EBO			46	46
LawmanPg3 cum Integrati-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2	1	3
Total	2	12	315	329

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	30.09.16	31.03.16
Existing	327	316
New opened	21	45
Converted		
Relocated/closed	19	34
Work-in process	19	26
Total Retail Stores	348	353

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.