

# KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q3 FY2017 and YTD ended  
31.12.2016

# INDEX

<b>Contents</b>	<b>Page No</b>
Operational Performance - Snapshot	3-4
Financial Highlights	5
Trend in Revenue	6
Trend in Operating Profit	7
Trend in Net Profit	8
Balance Sheet	9
Ratios and Cash Flow Analysis	10
Brand	11
Product	12
Channels	13
Regional Distribution	14
Retail Stores	15

# Operational Performance: Q3 FY 2017 Actual

	Q3 FY2017		Q3 FY 2016			FY2016-17		FY2015-16		Growth
	Rs crs	% of sales	Rs crs	% of sales	Growth	Rs crs	% of sales	Rs crs	% of sales	
<b>Total revenue</b>	<b>98.50</b>	<b>100.00%</b>	96.19	100.00%	<b>2.40%</b>	<b>362.08</b>	<b>100.00%</b>	330.76	100.00%	<b>9.47%</b>
<b>Operating EBITDA</b>	<b>10.15</b>	<b>10.30%</b>	16.17	16.82%	<b>-37.23%</b>	<b>64.16</b>	<b>17.72%</b>	67.03	20.27%	<b>-4.28%</b>
<b>Profit before tax (PBT)</b>	<b>12.53</b>	<b>12.72%</b>	16.20	16.84%	<b>-22.65%</b>	<b>73.06</b>	<b>20.18%</b>	69.89	21.13%	<b>4.54%</b>
<b>Profit after tax (PAT)</b>	<b>9.27</b>	<b>9.41%</b>	10.67	11.09%	<b>-13.12%</b>	<b>51.38</b>	<b>14.19%</b>	46.16	13.96%	<b>11.31%</b>
<b>Apparel Sales value growth</b>				<b>2.78%</b>					<b>8.16%</b>	
<b>Volume Growth</b>				<b>1.44%</b>					<b>1.55%</b>	
<b>Realisation growth</b>				<b>1.32%</b>					<b>6.51%</b>	

# Operational Performance: Q3 and YTD FY 2017

	Q3 FY 2017	% of	Q3 FY 2016	% of	Variation	YTD FY 2017	% of	YTD FY 2016	% of	Variation
	Rs crs	sales	Rs crs	sales		Rs crs	sales	Rs crs	sales	
Net Sales	97.94		95.43			358.83		327.72		
Other operating income	0.56		0.76			3.25		3.04		
<b>Total Revenue</b>	<b>98.51</b>	<b>100.00%</b>	96.19	100.00%	0.00%	<b>362.08</b>	<b>100.00%</b>	330.76	100.00%	0.00%
Cost of goods sold	44.78	45.45%	41.78	43.43%	2.02%	148.47	41.00%	142.70	43.14%	-2.14%
Personnel cost	14.77	14.99%	12.88	13.39%	1.60%	46.59	12.87%	39.47	11.93%	0.93%
Manufacturing and operating expenses	8.10	8.22%	9.06	9.41%	-1.19%	38.32	10.58%	30.20	9.13%	1.45%
Administrative and other expenses	7.31	7.42%	5.61	5.83%	1.59%	22.31	6.16%	18.28	5.53%	0.63%
Selling and distribution expenses	12.16	12.34%	9.70	10.08%	2.26%	38.77	10.71%	30.08	9.09%	1.61%
<b>Operational expenditure</b>	<b>87.12</b>	<b>88.43%</b>	79.03	82.16%	6.28%	<b>294.46</b>	<b>81.32%</b>	260.73	78.83%	2.50%
<b>EBITDA</b>	<b>11.41</b>	<b>11.58%</b>	17.16	17.84%	-6.26%	<b>67.62</b>	<b>18.68%</b>	70.03	21.17%	-2.50%
Finance expenses	1.34	1.36%	0.84	0.87%	0.49%	3.85	1.06%	2.43	0.73%	0.33%
Depreciation/ Ammotisation	1.25	1.27%	1.00	1.03%	0.23%	3.46	0.96%	3.00	0.91%	0.05%
Other income	3.72	3.78%	0.87	0.90%	2.87%	12.74	3.52%	5.28	1.60%	1.92%
<b>Profit before tax (PBT)</b>	<b>12.53</b>	<b>12.72%</b>	16.20	16.84%	-4.12%	<b>73.06</b>	<b>20.18%</b>	69.89	21.13%	-0.95%
Income Tax	3.26	3.31%	5.53	5.75%	-2.44%	21.68	5.99%	23.73	7.17%	-1.19%
<b>Profit after tax (PAT)</b>	<b>9.27</b>	<b>9.41%</b>	10.67	11.09%	-1.68%	<b>51.38</b>	<b>14.19%</b>	46.16	13.96%	0.23%

# Financial Highlights: Q3 FY 2016-17

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

- a. Increase in apparel realisation per garment by 1.32% as compared to corresponding quarter last year.
- b. Increase in other income by 2.85crs as against corresponding quarter last year
- c. Reduction in Manufacturing and operating expenses by 1.19% of sales.

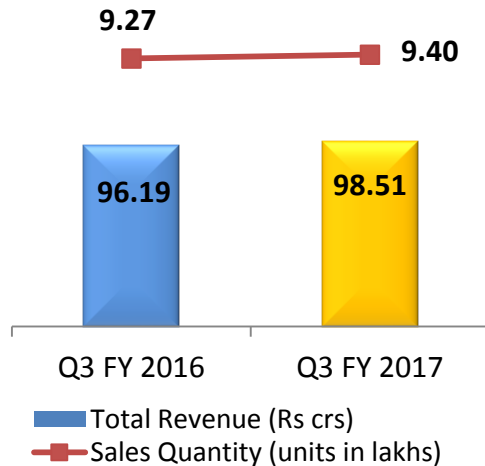
- **Factors responsible for dampening profitability growth :-**

- a. Increase in cost of goods sold by 2.02% of sales.
- b. Strengthening of provisions for End of Season sales support and repairs and maintenance etc.
- c. Increase in Personal cost by 1.60%, Administrative and other expenses by 1.59% and selling and distribution expenses by 2.26 % of sales.

# Trend in Revenue

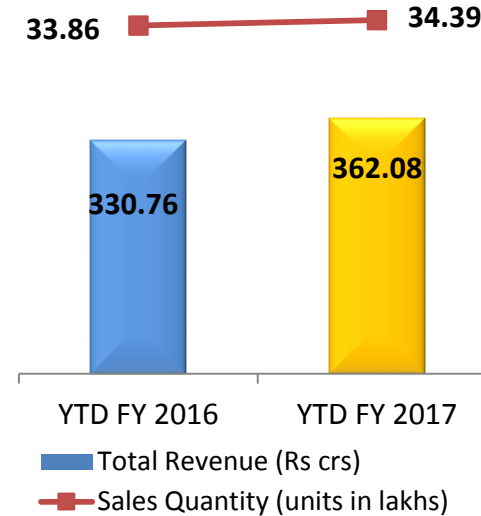
## Q3 FY2016-17

- Total revenue up by 2.41%
- Apparel sales value up by 2.78% to Rs 93.08 crores
- Apparel sales realization per unit up by 1.32% to Rs. 990



## YTD FY2016-17

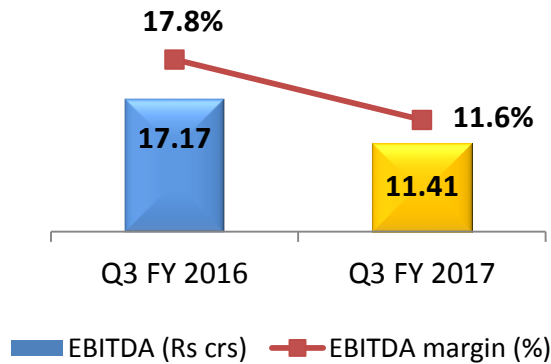
- Total revenue up by 9.47%
- Apparel sales value up by 8.16% to Rs 343.51 crores
- Apparel sales realization per unit up by 6.51% to Rs. 999



# Trend in Operating Profit

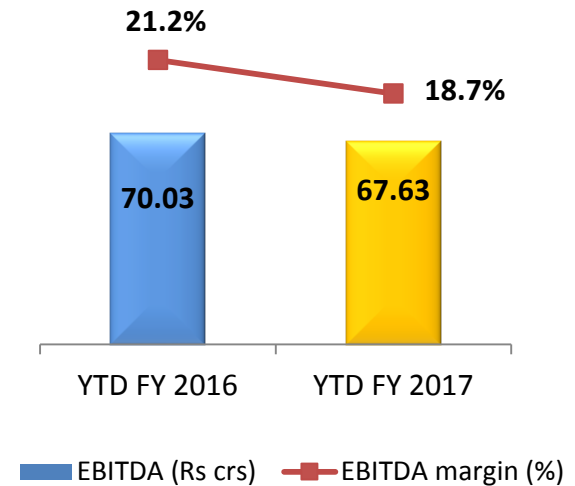
## Q3 FY2016-17

- EBITDA stood at Rs. 11.41 crores
- EBITDA margin stood at 11.58%



## YTD FY2016-17

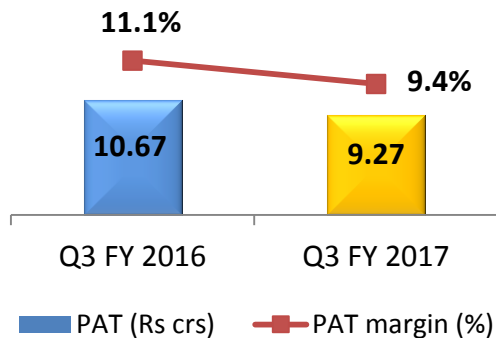
- EBITDA stood at Rs. 67.63 crores
- EBITDA margin stood at 18.7%



# Trend in Net Profit

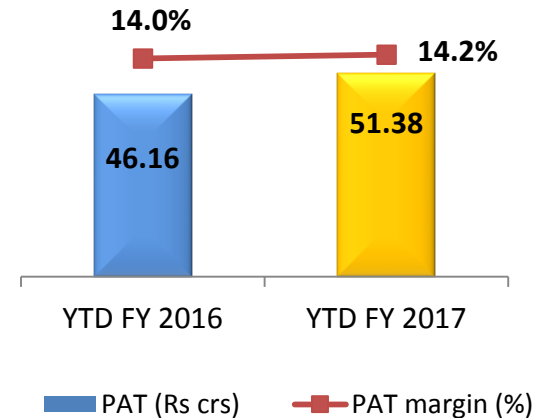
## Q3 FY2016-17

- PAT at Rs. 9.27 crores
- PAT margin stood at 9.4%
- Quarterly EPS at Rs. 7.52 (8.65)



## YTD FY2016-17

- PAT up to Rs. 51.38 crores
- PAT margin stood at 14.2%
- YTD EPS at Rs. 41.69 (37.45)





# Balance Sheet

(Rs crs)	As at Dec. 2016 (Audited)	As at Mar. 2016 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	324.43	286.41
<b>Shareholders' Funds</b>	<b>336.76</b>	<b>298.74</b>
Deferred Tax Liabilities (Net)	0.27	-
Other Long-Term Liabilities	19.89	17.14
Long-Term Provisions	0.14	0.13
<b>Non Current Liabilities</b>	<b>20.30</b>	<b>17.27</b>
Short-term borrowings	43.13	28.88
Trade Payables	34.64	46.88
Other Current Liabilities	15.89	13.75
Short-term Provisions	21.80	18.34
<b>Current Liabilities</b>	<b>115.46</b>	<b>107.85</b>
<b>Total Shareholders' Funds and Liabilities</b>	<b>472.52</b>	<b>423.86</b>
Fixed Assets	71.53	62.61
Non Current Investments	70.29	58.76
Deferred Tax Assets (Net)	-	0.50
Long-term loans and advances	5.54	9.01
Other non-current assets	0.13	0.04
<b>Non-Current Assets</b>	<b>147.49</b>	<b>130.92</b>
Current Investments	84.38	99.15
Inventories	51.98	55.73
Trade receivables	110.73	108.97
Cash & Cash Equivalents	67.45	24.75
Short-term Loans & Advances	9.81	3.29
Other Current Assets	0.68	1.05
<b>Current Assets</b>	<b>325.03</b>	<b>292.94</b>
<b>Total Assets</b>	<b>472.52</b>	<b>423.86</b>

# Ratios and Cash-flow Analysis

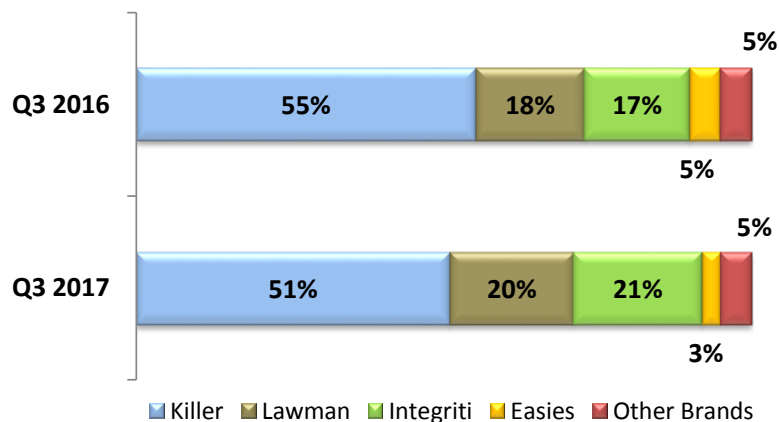
Cash Flows (in Rs crs)	Period Ended 31st December 2016	Ratios	Q3 FY2017	Q3 FY2016
<b>I. Cash Flow from Operating Activity</b>	<b>42.51</b>	<b>Debt Equity ratio</b>	0.13	0.07
<i>*Operating Profit before Working Capital Changes</i>	69.47	<b>Current Ratio</b>	3.47	3.36
<i>*Adjustment for Working Capital</i>	(5.41)	<b>Debtors turnover (days)</b>	78	65
<i>*Direct Taxes Paid</i>	(21.55)	<b>Creditors turnover (days)</b>	42	39
<b>II. Cash Flow from Investing Activity</b>	<b>4.72</b>	<b>Inventory turnover (days)</b>	40	38
<i>*(Purchase)/ Sale of Fixed Assets</i>	(10.01)	<b>Finished goods</b>	17	16
<i>*(Purchase)/Redemption of Investments in mutual funds</i>	14.12	<b>WIP</b>	18	14
<b>III. Cash Flow from Financing Activity</b>	<b>(4.49)</b>	<b>Raw Materials</b>	4	8
<i>*Secured Loans - Bank Overdraft (Net)</i>	14.24	<b>ROCE in operations</b>	55.68%	74.25%
<i>*Interest Paid</i>	(3.15)	<b>ROCE overall for company</b>	24.18%	27.31%
<i>Payment of Dividend (Including Dividend Tax)</i>	(15.58)	<b>RONW</b>	21.56%	19.81%
<b>Cash and Cash Equivalents - Closing</b>	<b>66.45</b>			

- The financial position remains strong with healthy cash reserves

# Brands

- Killer continues to be the flagship brand with share of 51%
- Lawman grew by 19% to Rs. 20.15 crores
- Integriti grew by 24% to Rs. 20.32 crores

**Brand wise sales break up Q3 FY 2017**

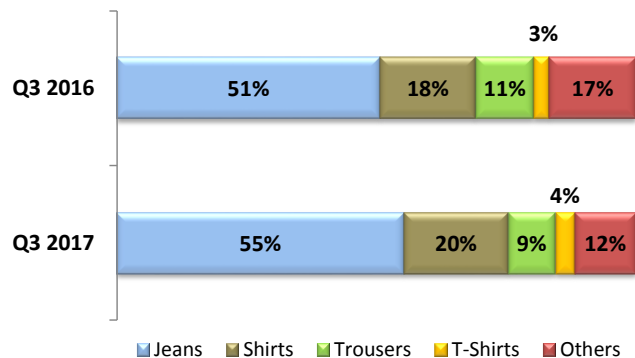


Sales (Rs crs)	Q3 2017	Q3 2016	% Change
Killer	49.61	52.89	-6%
Lawman	20.15	16.96	19%
Integriti	20.32	16.43	24%
Easies	2.99	4.28	-30%
Other Brands	4.87	4.87	0%
<b>Total</b>	<b>97.94</b>	<b>95.43</b>	<b>3%</b>

# Products

- Jeans remained the largest selling product with share increasing from 51% to 55%
- Shirts and T-Shirts showed strong growth of 11% and 28% respectively

Product wise sales break up Q3 FY 2017

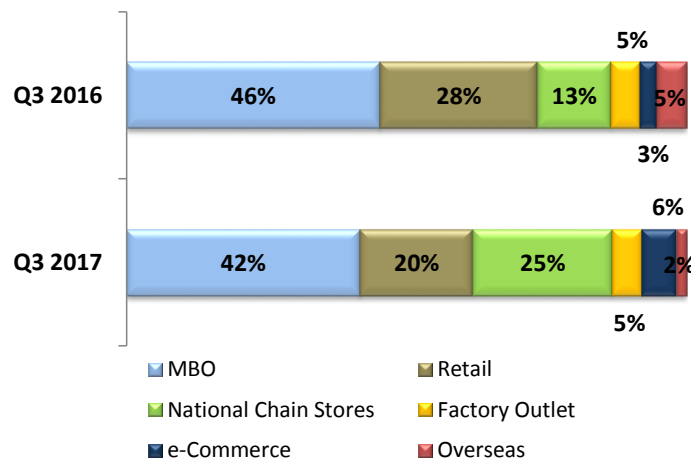


Sales (Rs crs)	Q3 2017	Q3 2016	% Change
Jeans	54.38	48.37	12%
Shirts	19.62	17.63	11%
Trousers	8.84	10.68	-17%
T-Shirts	3.67	2.87	28%
Others	11.43	15.88	-28%
<b>Total</b>	<b>97.94</b>	<b>95.43</b>	<b>3%</b>

# Channels

- MBOs continue to be the largest channel with 42% share
- National Chain Stores showed strong growth of 90% to become the second largest channel with 25% share

## Channel wise sales break up Q3 FY 2017

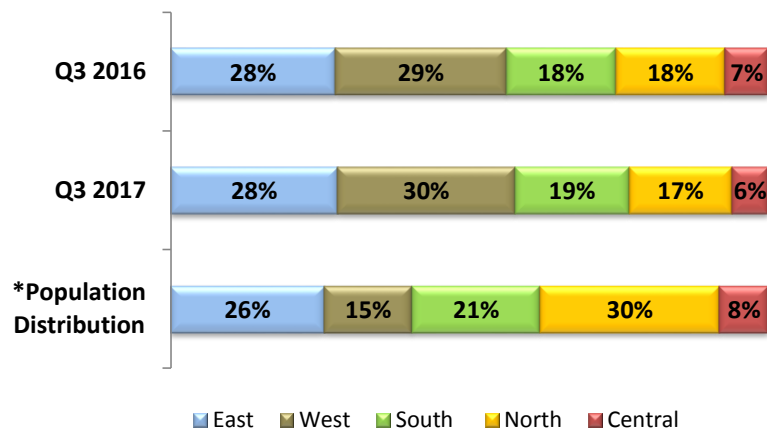


Sales (Rs crs)	Q3 2017	Q3 2016	% Change
MBO	41.09	43.49	-6%
Retail	19.85	26.98	-26%
National Chain Stores	23.96	12.59	90%
Factory Outlet	5.27	5.07	4%
e-Commerce	5.99	2.30	161%
Overseas	1.78	5.00	-64%
<b>Total</b>	<b>97.94</b>	<b>95.43</b>	<b>3%</b>

# Regional Distribution

- Western Region sales grew by 10% and continues to remain as the region with the largest share of 30%
- South region showed strong growth of 11%

Region wise sales break up Q3 FY 2017



Sales (Rs crs)	Q3 2017	Q3 2016	% Change
East	26.83	24.90	8%
West	28.57	25.89	10%
South	18.37	16.56	11%
North	16.57	16.59	-0.2%
Central	5.82	6.49	-10%
<b>Domestic Sales</b>	<b>96.16</b>	<b>90.43</b>	<b>6%</b>
Overseas	1.78	5.00	-64%
<b>Total</b>	<b>97.94</b>	<b>95.43</b>	<b>3%</b>

# Retail stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	2	12	173	187
Killer EBO			86	86
LawmanPg3-EBO			13	13
Integriti-EBO			46	46
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2	1	3
<b>Total</b>	<b>2</b>	<b>14</b>	<b>321</b>	<b>337</b>

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	31.12.16	31.03.16
Existing	327	316
New opened	31	45
Converted		
Relocated/closed	21	34
Work-in process	25	26
<b>Total Retail Stores</b>	<b>362</b>	<b>353</b>

# 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.*