KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q1 FY2017
Quarter ended 30.06.2016

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Operational Performance: Snapshot

	Q1 FY2017		Q1 FY 2016		
	Rs crs	% of sales	Rs crs	% of sales	Growth
Total revenue	108.26	100.00%	92.41	100.00%	17.15%
Operating EBITDA	19.36	17.88%	15.23	16.49%	27.12%
Profit before tax (PBT)	18.83	17.39%	17.48	18.92%	7.72%
Profit after tax (PAT)	12.60	11.64%	11.37	12.30%	10.82%
Apparel Sales value growth			14.25%		
Volume Growth			5.04%		
Realisation growth			8.77%		

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Operational Performance: Q1 FY 2017

	Q1 FY 2017 Rs crs	% of Revenue	Q1 FY 2016 Rs crs	% of Revenue	Variation
Net Sales	**107.00**	**98.84%**	91.24	98.73%	
Other operating income	**1.26**	**1.16%**	1.17	1.27%	
Total Revenue	**108.26**	**100.00%**	92.41	100.00%	
Cost of goods sold	**43.02**	**39.74%**	40.07	43.36%	7.36%
Personnel cost	**14.27**	**13.18%**	12.61	13.65%	13.16%
Manufacturing and operating expenses	**13.24**	**12.23%**	7.63	8.26%	73.53%
Administrative and other expenses	**5.89**	**5.44%**	5.47	5.92%	7.68%
Selling and distribution expenses	**12.48**	**11.53%**	11.40	12.34%	9.47%
Operational expenditure	**88.90**	**82.12%**	77.18	83.52%	15.19%
EBITDA	**19.36**	**17.88%**	15.23	16.48%	27.12%
Finance expenses	**1.21**	**1.12%**	0.63	0.68%	92.06%
Depreciation/ Amortisation	**1.02**	**0.94%**	0.97	1.05%	5.15%
Other income	**1.70**	**1.57%**	3.85	4.17%	-55.84%
Profit before tax (PBT)	**18.83**	**17.39%**	17.48	18.92%	7.72%
Income Tax	**6.23**	**5.75%**	6.11	6.61%	1.96%
Profit after tax (PAT)	**12.60**	**11.64%**	11.37	12.30%	10.82%

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Financial Highlights: Q1 FY 2017

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

a. Increase in apparel sale volume by 5.04% and realisation per garment by 8.77% as compared to corresponding quarter last year.

b. Reduction in cost of goods sold by 3.62% of sales, personnel cost by 0.47% , Administrative and other expenses by 0.48% and selling and distribution expenses by 0.81 % of sales.

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

a. Increase in Manufacturing and operating expenses by 3.97% of sales.

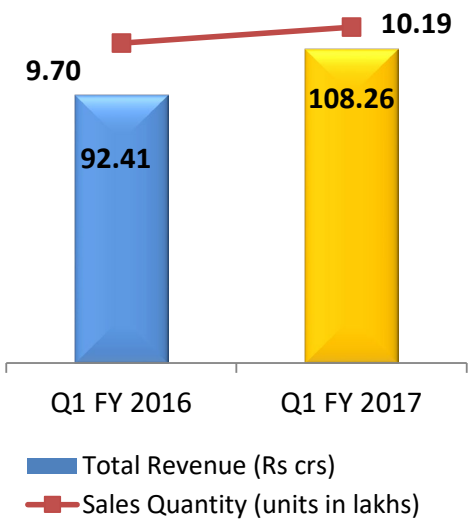
b. Decrease in other income by 2.15 crs as compared to corresponding quarter last year.

c. Strengthening of provisions for Diminution in the value of Investments by 38 lakhs, End of Season sales support and repairs and maintenance etc.

Trend in Sales and Operating Profit

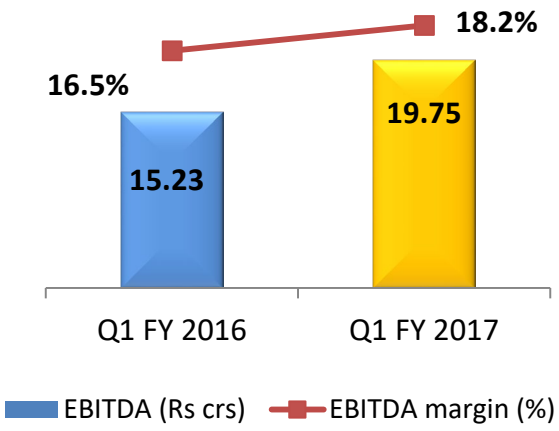
Sales - Q1 FY2016-17

- Total Revenue up by 17.15% to Rs.108.26 Crs
- Apparel sales value up by 14.25% to Rs.101.30 Crs
- Apparel sales quantity was up by 5.04%
- Apparel sales realization per unit up by 8.77% to Rs.994



EBITDA - Q1 FY2016-17

- EBITDA up by 29.70% to Rs.19.75 Crs
- EBITDA margin increased to 18.25%



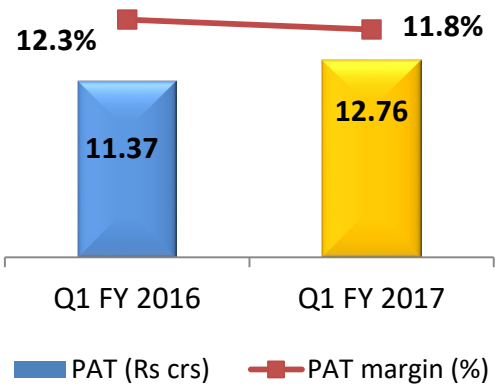
Trend in Net Profit and Cash Position

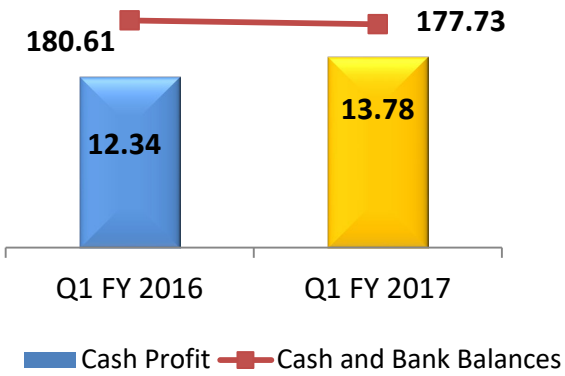
PAT - Q1 FY2016-17

- PAT up by 12.28% to Rs.12.76 Crs
- PAT margin at 11.80%
- Quarterly EPS at Rs.10.35 (9.23)

Cash - Q1 FY2016-17

- Cash & Bank balances, Current Investments and Investments in Mutual Funds at Rs.177.73 Crs
- Cash profit up by 11.67% to Rs.13.78 Crs





Balance Sheet

(Rs crs)	As at June 2016 (Audited)	As at Mar. 2016 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	299.00	286.41
Shareholders' Funds	311.33	298.74
Other Long-Term Liabilities	20.26	17.14
Long-Term Provisions	0.13	0.13
Non Current Liabilities	20.39	17.27
Short-term borrowings	44.86	28.88
Trade Payables	45.05	46.88
Other Current Liabilities	15.92	13.75
Short-term Provisions	19.98	18.34
Current Liabilities	125.81	107.85
Total Shareholders' Funds and Liabilities	457.53	423.86
Fixed Assets	69.13	62.61
Non Current Investments	47.19	58.76
Deferred Tax Assets (Net)	0.38	0.50
Long-term loans and advances	5.48	9.01
Other non-current assets	0.02	0.04
Non-Current Assets	122.20	130.92
Current Investments	107.59	99.15
Inventories	78.23	55.73
Trade receivables	115.25	108.97
Cash & Cash Equivalents	28.86	24.75
Short-term Loans & Advances	3.92	3.29
Other Current Assets	1.48	1.05
Current Assets	335.33	292.94
Total Assets	457.53	423.86

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Ratios and Cash-flow Analysis

	Cash Flows (in Rs crs)	Q1 FY2017
I.	**Cash Flow from Operating Activity**	**(11.50)**
	**Operating Profit before Working Capital Changes*	*19.70*
	**Adjustment for Working Capital*	*(26.50)*
	**Direct Taxes Paid*	*(4.70)*
II.	**Cash Flow from Investing Activity**	**0.06**
	**(Purchase)/Sale of Fixed Assets*	*(3.81)*
	**(Purchase)/Redemption of Investments in mutual funds*	*3.81*
III.	**Cash Flow from Financing Activity**	**15.30**
	**Secured Loans (Working Capital Demand Loan)*	*15.97*
	**Payment of Dividend (Including Dividend Tax)*	-
	Cash and Cash Equivalents - Closing	**27.56**

- **Financial and cash position continues to be strong**

Ratios	Q1 FY2017	Q1 FY2016
Debt Equity ratio	0.14	0.07
Current Ratio	3.17	2.35
Debtors turnover (days)	89.00	74.00
Creditors turnover (days)	62.00	40.00
Inventory turnover (days)	55.00	42.00
Finished Goods	19.00	17.00
WIP	27.00	17.00
Raw Material	10.00	8.00
RONW	16.53%	15.18%
ROCE in operations	45.89%	50.41%
ROCE overall of the cmpany	21.46%	18.10%

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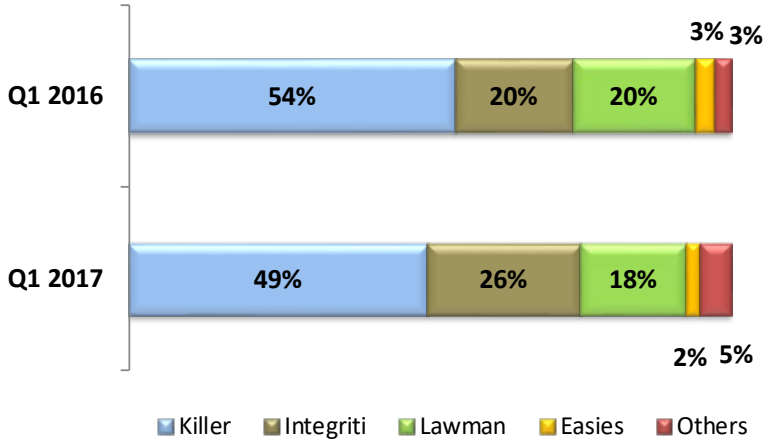
Brands

- Killer remains the flagship brand with 49% share and grew by 7%
- Integriti sales grew by 53%

Brand wise sales break up Q1 FY 2017

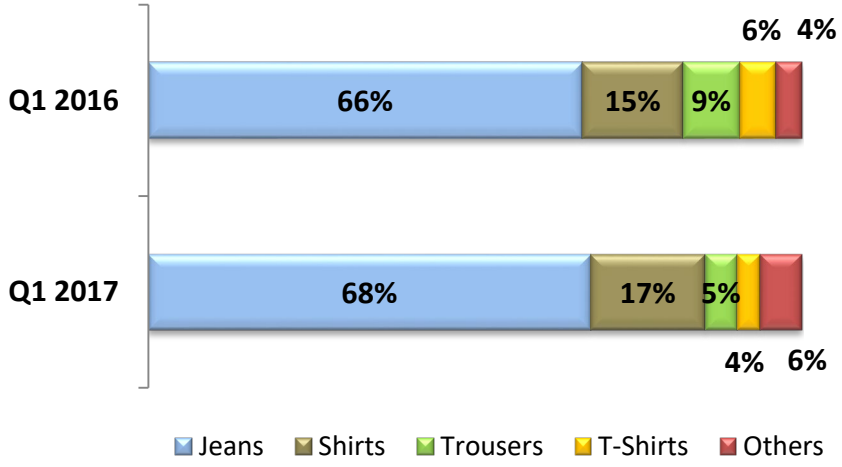


Sales (Rs crs)	Q1 2017	Q1 2016	% Change
Killer	52.81	49.31	7%
Integriti	27.36	17.84	53%
Lawman	18.73	18.53	1%
Easies	2.40	2.99	-20%
Others	5.70	2.57	121%
Total	107.00	91.24	17%

Products

- Jeans is the largest selling product with a share of 68% of sales and grew by 20%
- Shirts sales grew by 33%

Product wise sales break up Q1 FY 2017

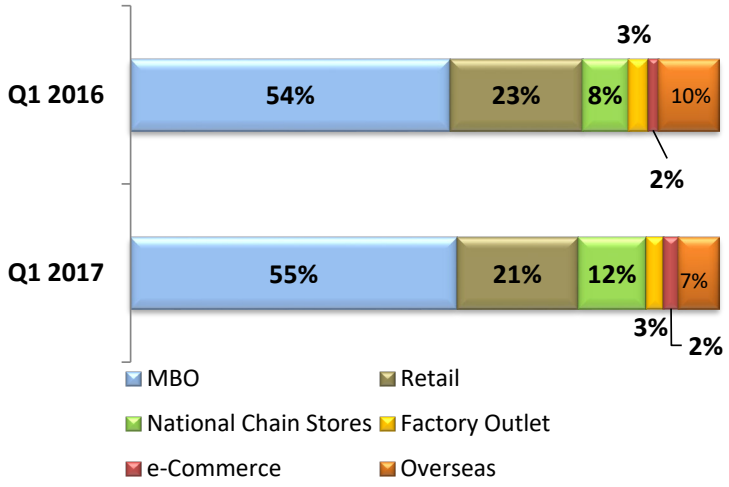


Sales (Rs crs)	Q1 2017	Q1 2016	% Change
Jeans	72.43	60.61	20%
Shirts	18.75	14.10	33%
Trousers	5.25	7.86	-33%
T-Shirts	3.81	5.05	-25%
Others	6.76	3.62	87%
Total	107.00	91.24	17%

Channels

- MBOs maintained the largest share at 55% of sales
- Sales from National Chain Stores grew by 73%
- E-Commerce sales have grown by 68%

Channel wise sales break up Q1 FY 2017



Sales (Rs crs)	Q1 2017	Q1 2016	% Change
MBO	59.35	49.63	20%
Retail	21.98	20.45	7%
National Chain Stores	12.39	7.18	73%
Factory Outlet	3.22	3.00	7%
e-Commerce	2.73	1.62	68%
Overseas	7.33	9.36	-22%
Total	107.00	91.24	17%

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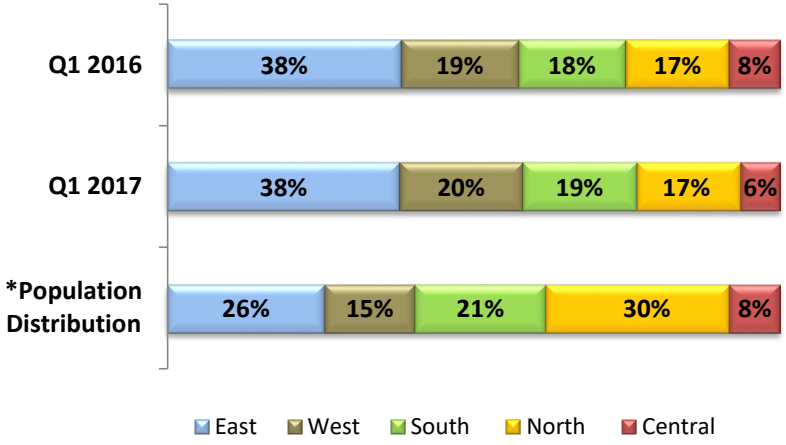
Regional Distribution

- Eastern region retains the largest share at 38% and grew by 21%
- Southern region grew by 30%

Region wise sales break up Q1 FY 2017



Sales (Rs crs)	Q1 2017	Q1 2016	% Change
East	37.82	31.30	21%
West	19.99	15.70	27%
South	18.59	14.27	30%
North	17.00	13.92	22%
Central	6.27	6.69	-6%
Domestic Sales	99.67	81.88	22%
Overseas	7.33	9.36	-22%
Total	107.00	91.24	17%

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Key Developments

Advertisement and branding initiatives :-

• All 4 brands of the Company have sponsored "U Mumba" team of the 'Pro Kabaddi League, 2016.

•LawmanPg3 was Co- Sponsor of "Gujarat Lions" in IPL – season 9 (2016). Logo appearing on team jersey, front of body-left side.

•Killer has sponsored "The Volkswagen Vento Cup, 2016".

• Killer has also tied up with Zimbabwe v/s India ODI Series as the Title Sponsor and the series is named as "Killer Cup ODI Series".

• LawmanPg3 has associated with Balaji Telefilms as "Star partner" for its show 'Box Cricket League-2016' which is being telecasted on Colors channel.

• Apart from that, Lawman Pg3 has been associated with 2 (two) movies i.e. Azhar and 24.

Retail Stores

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	2	8	172	182
Killer EBO			80	80
LawmanPg3-EBO			13	13
Integriti-EBO			47	47
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2	1	3
Total	2	10	315	327

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores (YTD)	30.06.16	31.03.16
Existing	327	316
New opened	7	45
Converted		
Relocated/closed	7	34
Work-in process	30	26
Total Retail Stores	357	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.*