

# KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q4 FY2017 and fiscal year  
ended 31.03.2017

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## Operational Performance: Q4 FY 2017 Actual

| Particulars                | Q4 FY 2017 | % of    | Q4 FY 2016 | % of    | FY 2017 | % of    | FY 2016 | % of    |
|----------------------------|------------|---------|------------|---------|---------|---------|---------|---------|
|                            | Rs crs     | sales   | Rs crs     | sales   | Rs crs  | sales   | Rs crs  | sales   |
| Total Revenue              | 130.36     | 100.00% | 126.65     | 100.00% | 492.44  | 100.00% | 457.36  | 100.00% |
| Operating EBITDA           | 32.06      | 24.59%  | 34.04      | 26.88%  | 99.67   | 20.24%  | 104.08  | 22.76%  |
| Profit before tax (PBT)    | 45.12      | 34.61%  | 33.64      | 26.56%  | 118.18  | 24.00%  | 103.53  | 22.64%  |
| Profit after tax (PAT)     | 33.89      | 26.00%  | 21.79      | 17.20%  | 85.28   | 17.32%  | 67.95   | 14.86%  |
| Apparel Sales value growth |            |         | 2.71%      |         |         |         | 6.78%   |         |
| Volume Growth              |            |         | -4.63%     |         |         |         | -0.15%  |         |
| Realisation growth         |            |         | 7.70%      |         |         |         | 6.94%   |         |

# Operational Performance: Q4 and FY 2017

|                                      | Q4 FY 2017    | % of           | Q4 FY 2016 | % of    | Variation | FY 2017       | % of           | FY 2016 | % of    | Variation |
|--------------------------------------|---------------|----------------|------------|---------|-----------|---------------|----------------|---------|---------|-----------|
|                                      | Rs crs        | sales          | Rs crs     | sales   |           | Rs crs        | sales          | Rs crs  | sales   |           |
| Net Sales                            | 129.55        |                | 125.39     |         |           | 488.38        |                | 453.05  |         |           |
| Other operating income               | 0.81          |                | 1.26       |         |           | 4.06          |                | 4.31    |         |           |
| <b>Total Revenue</b>                 | <b>130.36</b> | <b>100.00%</b> | 126.65     | 100.00% | 0.00%     | <b>492.44</b> | <b>100.00%</b> | 457.36  | 100.00% | 0.00%     |
| Cost of goods sold                   | 53.61         | 41.13%         | 52.83      | 41.71%  | -0.59%    | 202.08        | 41.04%         | 195.53  | 42.75%  | -1.72%    |
| Personnel cost                       | 12.97         | 9.95%          | 11.60      | 9.16%   | 0.79%     | 59.56         | 12.09%         | 51.07   | 11.17%  | 0.93%     |
| Manufacturing and operating expenses | 9.41          | 7.22%          | 12.38      | 9.77%   | -2.56%    | 47.74         | 9.69%          | 42.51   | 9.29%   | 0.40%     |
| Administrative and other expenses    | 9.07          | 6.96%          | 7.00       | 5.53%   | 1.43%     | 31.39         | 6.37%          | 25.28   | 5.53%   | 0.85%     |
| Selling and distribution expenses    | 13.23         | 10.15%         | 8.80       | 6.95%   | 3.20%     | 52.01         | 10.56%         | 38.89   | 8.50%   | 2.06%     |
| Operational expenditure              | 98.30         | 75.41%         | 92.61      | 73.12%  | 2.28%     | 392.77        | 79.76%         | 353.28  | 77.24%  | 2.52%     |
| <b>EBITDA</b>                        | <b>32.06</b>  | <b>24.59%</b>  | 34.04      | 26.88%  | -2.28%    | 99.67         | <b>20.24%</b>  | 104.08  | 22.76%  | -2.52%    |
| Finance expenses                     | 1.42          | 1.09%          | 0.91       | 0.72%   | 0.37%     | 5.27          | 1.07%          | 3.33    | 0.73%   | 0.34%     |
| Depreciation/ Amortization           | 1.34          | 1.03%          | 1.16       | 0.92%   | 0.11%     | 4.79          | 0.97%          | 4.16    | 0.91%   | 0.06%     |
| Other income                         | 15.82         | 12.14%         | 1.67       | 1.32%   | 10.82%    | 28.57         | 5.80%          | 6.94    | 1.52%   | 4.28%     |
| <b>Profit before tax (PBT)</b>       | <b>45.12</b>  | <b>34.61%</b>  | 33.64      | 26.56%  | 8.05%     | <b>118.18</b> | <b>24.00%</b>  | 103.53  | 22.64%  | 1.36%     |
| Income Tax                           | 11.22         | 8.61%          | 11.85      | 9.36%   | -0.75%    | 32.90         | 6.68%          | 35.58   | 7.78%   | -1.10%    |
| <b>Profit after tax (PAT)</b>        | <b>33.89</b>  | <b>26.00%</b>  | 21.79      | 17.20%  | 8.80%     | <b>85.28</b>  | <b>17.32%</b>  | 67.95   | 14.86%  | 2.46%     |

# Financial Highlights: Q4 FY 2017

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

- a. Increase in realisation per garment by 7.70% as compared to corresponding quarter last year.
- b. Reduction in Cost of goods sold and Manufacturing expenses by 3.14% of revenue.
- c. Increase in other income from Rs.1.67Cr. to Rs.15.82 Cr.

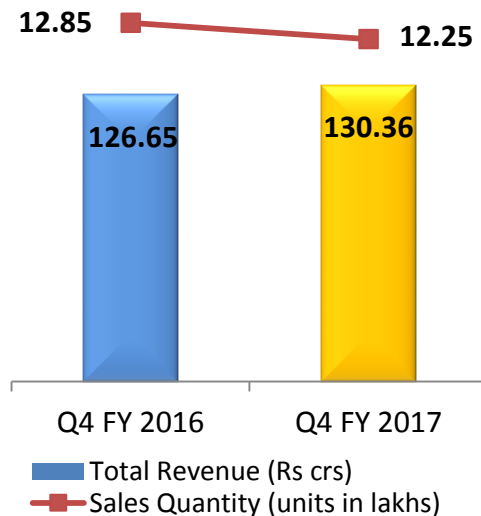
- **Factors responsible for dampening profitability growth :-**

- a. Increase in operating expenses by 2.28% of revenue, selling and distribution expenses by 3.20%
- b. Contribution of Rs 1.15 Cr. towards CSR activities during the quarter

# Trend in Revenue

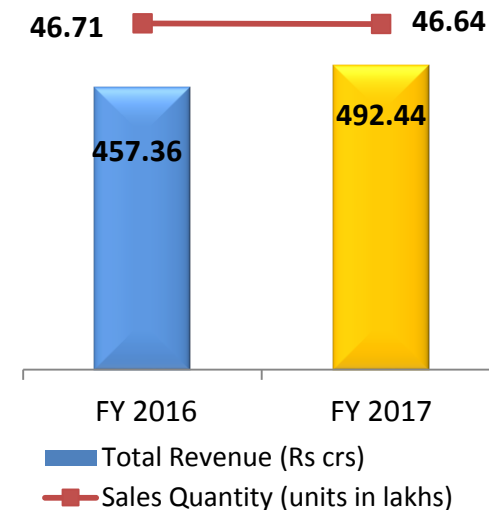
## Q4 FY2016-17

- Total revenue up by 2.93%
- Apparel sales value increased by 2.55% to Rs.122.66 crores
- Apparel sales quantity down by 4.63%
- Apparel sales realization per unit up by 7.7% to Rs. 1003



## FY 2016-17

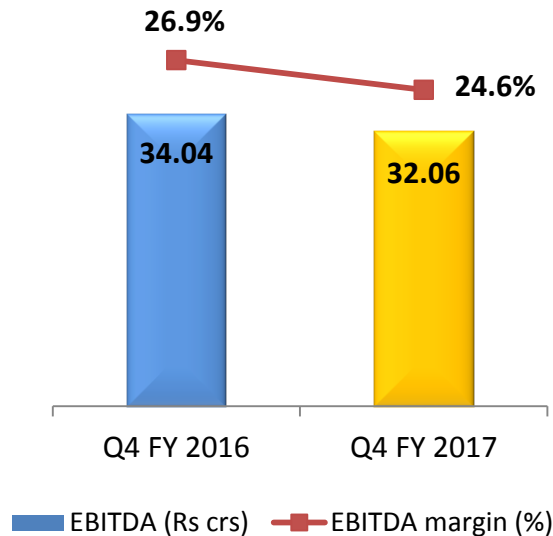
- Total revenue up by 7.67%
- Apparel sales value increased by 6.64% to Rs.466.12 crores
- Apparel sales quantity at similar levels as previous year
- Apparel sales realization per unit up by 6.94% to Rs. 1001



# Trend in Operating Profit

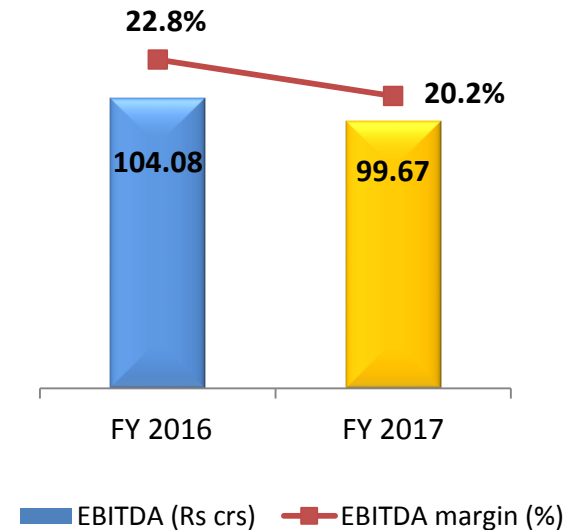
## Q4 FY2016-17

- EBITDA lower by 5.83% at Rs. 32.06 crores
- EBITDA margin stood at 24.6%



## FY 2016-17

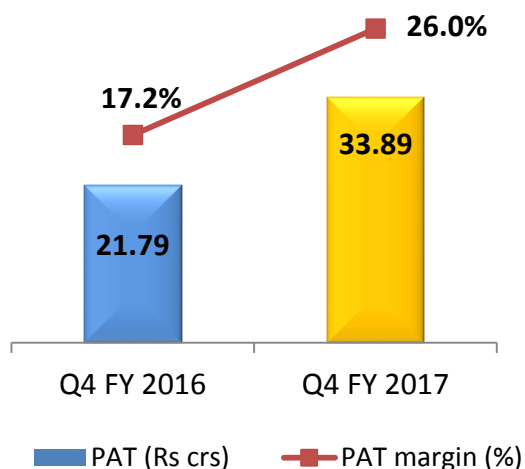
- EBITDA lower at Rs. 99.67 crores
- EBITDA margin stood at 20.2%



# Trend in Net Profit

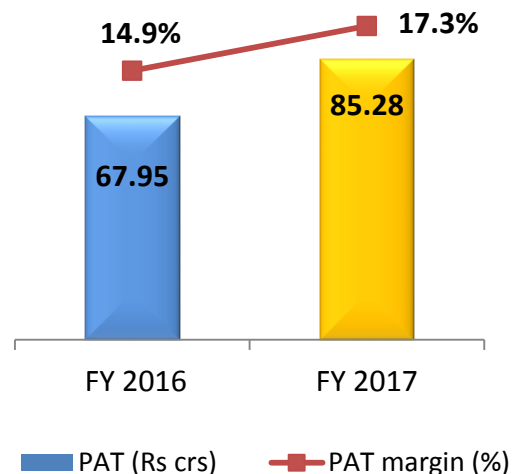
## Q4 FY2016-17

- PAT higher by 55.56% at Rs. 33.89 crores
- PAT margin stood at 26.0%
- Quarterly EPS at Rs. 27.5 (17.68)



## FY 2016-17

- PAT higher by 25.51% at Rs. 85.28 crores
- PAT margin stood at 17.3%
- FY 2017 EPS at Rs. 69.19 (55.13)





# Balance Sheet

| (Rs crs)   | As at Mar. 2017<br>(Audited) | As at Mar. 2016<br>(Audited) |
|--|------------------------------|------------------------------|
| Share Capital                                    | 12.33                        | 12.33                        |
| Reserves and Surplus                             | 345.73                       | 286.41                       |
| <b>Shareholders' Funds</b>                       | <b>358.05</b>                | <b>298.74</b>                |
| Other Long-Term Liabilities                      | 14.40                        | 17.14                        |
| Deferred Tax Liabilities (Net)                   | 0.45                         | -                            |
| Long-Term Provisions                             | 0.08                         | 0.13                         |
| <b>Non Current Liabilities</b>                   | <b>14.92</b>                 | <b>17.27</b>                 |
| Short-term borrowings                            | 40.51                        | 28.88                        |
| Trade Payables                                   | 39.47                        | 46.88                        |
| Other Current Liabilities                        | 21.02                        | 13.75                        |
| Short-term Provisions                            | 21.35                        | 18.34                        |
| <b>Current Liabilities</b>                       | <b>122.35</b>                | <b>107.85</b>                |
| <b>Total Shareholders' Funds and Liabilities</b> | <b>495.32</b>                | <b>423.86</b>                |
| Fixed Assets                                     | 73.93                        | 62.61                        |
| Non Current Investments                          | 122.84                       | 58.76                        |
| Deferred Tax Assets (Net)                        | -                            | 0.50                         |
| Long-term loans and advances                     | 4.89                         | 9.01                         |
| Other non-current assets                         | 0.27                         | 0.04                         |
| <b>Non-Current Assets</b>                        | <b>201.93</b>                | <b>130.92</b>                |
| Current Investments                              | 67.38                        | 101.17                       |
| Inventories                                      | 50.70                        | 55.73                        |
| Trade receivables                                | 106.19                       | 108.97                       |
| Cash & Cash Equivalents                          | 64.17                        | 22.74                        |
| Short-term Loans & Advances                      | 4.26                         | 3.28                         |
| Other Current Assets                             | 0.69                         | 1.05                         |
| <b>Current Assets</b>                            | <b>293.39</b>                | <b>292.94</b>                |
| <b>Total Assets</b>                              | <b>495.32</b>                | <b>423.86</b>                |

# Ratios and Cash-flow Analysis

| Cash Flows (in Rs crs)                                       | FY 2017        |
|--|----------------|
| <b>I. Cash Flow from Operating Activity</b>                  | <b>80.65</b>   |
| <i>*Operating Profit before Working Capital Changes</i>      | 101.35         |
| <i>*Adjustment for Working Capital</i>                       | 9.43           |
| <i>*Direct Taxes Paid</i>                                    | (30.13)        |
| <b>II. Cash Flow from Investing Activity</b>                 | <b>(17.90)</b> |
| <i>*(Purchase)/Sale of Fixed Assets</i>                      | (14.34)        |
| <i>*(Purchase)/Redemption of Investments in mutual funds</i> | (4.24)         |
| <i>*Interest/Dividend Income</i>                             | 0.74           |
| <b>III. Cash Flow from Financing Activity</b>                | <b>(21.12)</b> |
| <i>*Payment of Dividend (Including Dividend Tax)</i>         | (28.18)        |
| <i>*Interest Paid</i>  | (4.56)         |
| <i>*Working Capital Loan</i>                                 | 11.62          |
| <b>Cash and Cash Equivalents - Closing</b>                   | <b>63.29</b>   |

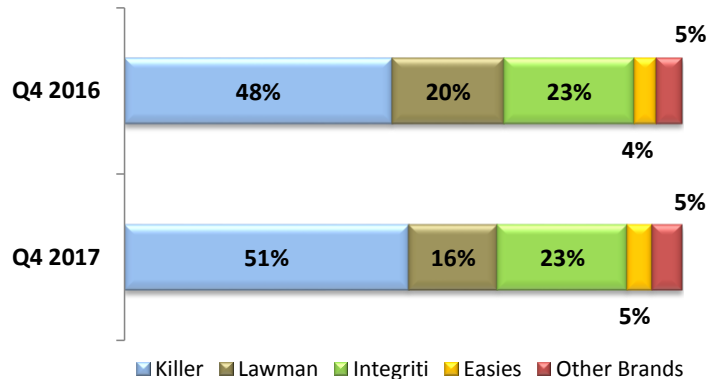
- The cash and financial position remains strong with healthy cash reserves

| Ratios                           | 31.03.17 | 31.03.16 |
|----------------------------------|----------|----------|
| <b>Debt Equity ratio</b>         | 0.11     | 0.10     |
| <b>Current Ratio</b>             | 2.90     | 3.27     |
| <b>Debtors turnover (days)</b>   | 74       | 70       |
| <b>Creditors turnover (days)</b> | 51       | 47       |
| <b>Inventory turnover (days)</b> | 39       | 38       |
| <b>RONW</b>                      | 25.97%   | 21.89%   |
| <b>ROCE in operations</b>        | 64.72%   | 76.50%   |
| <b>ROCE overall</b>              | 26.11%   | 30.23%   |

## Brands : Q4 FY 2016-17

- Killer continues to be the flagship brand with share of 51% and sales of Rs. 66 crore
- Easies grew by 35%

**Brand wise sales break up Q4 FY 2017**



| Sales (Rs crs) | Q4 2017       | Q4 2016       | % Change  |
|----------------|---------------|---------------|-----------|
| Killer         | 66.00         | 60.51         | 9%        |
| Lawman         | 20.78         | 25.41         | -18%      |
| Integriti      | 30.03         | 29.36         | 2%        |
| Easies         | 5.85          | 4.33          | 35%       |
| Other Brands   | 6.89          | 5.78          | 19%       |
| <b>Total</b>   | <b>129.55</b> | <b>125.39</b> | <b>3%</b> |

## Brands : FY 2016-17

- Revenues for Killer for the year was up 5% to Rs. 246.73 crores
- Integriti grew by 19% and had a share of 23%

**Brand wise sales break up FY 2017**

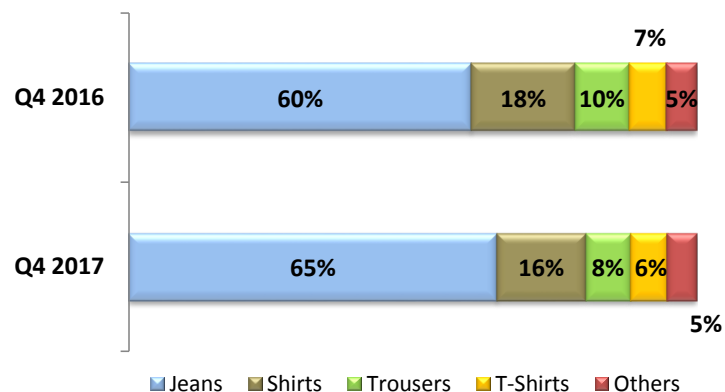


| Sales (Rs crs) | FY 2017       | FY 2016       | % Change  |
|----------------|---------------|---------------|-----------|
| Killer         | 246.73        | 234.41        | 5%        |
| Lawman         | 90.50         | 92.95         | -3%       |
| Integriti      | 111.42        | 93.78         | 19%       |
| Easies         | 17.47         | 15.98         | 9%        |
| Others         | 22.21         | 15.90         | 40%       |
| <b>Total</b>   | <b>488.33</b> | <b>453.02</b> | <b>8%</b> |

## Products : FY Q4 2016-17

- The Jeans segment showed strong growth of 11% leading to a 65% share
- The shirts and trousers segment saw marginal declines in sales

**Product wise sales break up Q4 FY 2017**

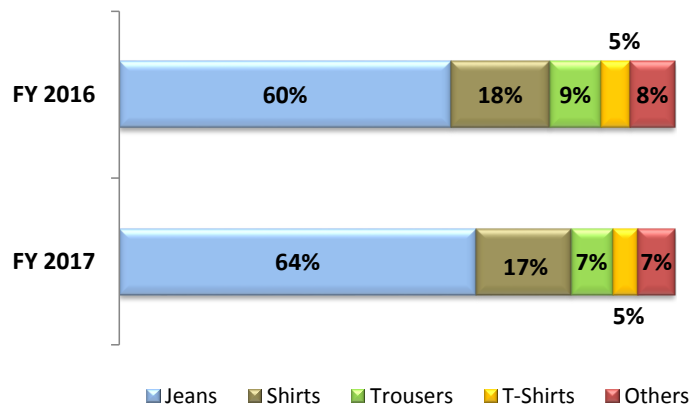


| Sales (Rs crs) | Q4 2017       | Q4 2016       | % Change  |
|----------------|---------------|---------------|-----------|
| Jeans          | 83.98         | 75.67         | 11%       |
| Shirts         | 20.24         | 22.84         | -11%      |
| Trousers       | 10.26         | 11.99         | -14%      |
| T-Shirts       | 8.39          | 8.26          | 2%        |
| Others         | 6.68          | 6.63          | 1%        |
| <b>Total</b>   | <b>129.55</b> | <b>125.39</b> | <b>3%</b> |

## Products : FY 2016-17

- Jeans has the largest share of 64% and has shown annual growth of 16%
- Shirts is the second largest product with a share of 17% and has grown by 4%

### Product wise sales break up FY 2017

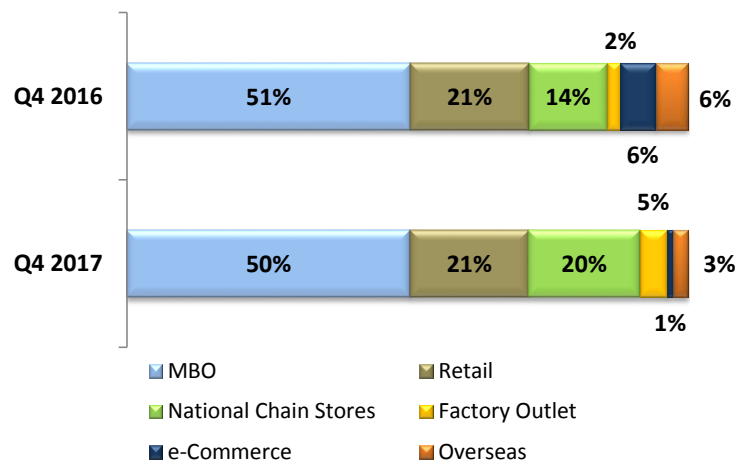


| <u>Sales (Rs crs)</u> | <u>FY 2017</u> | <u>FY 2016</u> | <u>% Change</u> |
|-----------------------|----------------|----------------|-----------------|
| Jeans                 | 313.66         | 270.53         | 16%             |
| Shirts                | 83.03          | 80.19          | 4%              |
| Trousers              | 36.67          | 41.99          | -13%            |
| T-Shirts              | 22.07          | 23.58          | -6%             |
| Others                | 32.90          | 36.73          | -10%            |
| <b>Total</b>          | <b>488.33</b>  | <b>453.02</b>  | <b>8%</b>       |

# Channels : Q4 2016-17

- MBOs continues to be largest channel with 50% share
- Sales at National Chain Stores grew by 46% leading to a share of 20% in sales

## Channel wise sales break up Q4 FY 2017



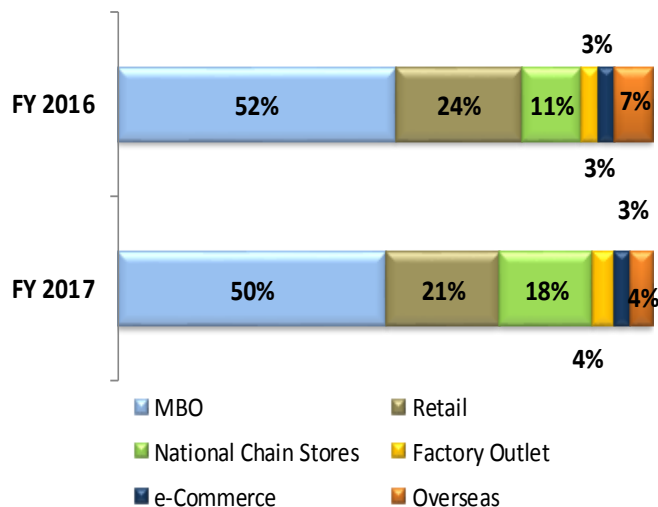
| Sales (Rs crs)       | Q4 2017       | Q4 2016       | % Change  |
|----------------------|---------------|---------------|-----------|
| MBO                  | 65.40         | 63.38         | 3%        |
| Retail               | 27.29         | 26.42         | 3%        |
| National Chain Store | 25.72         | 17.55         | 46%       |
| e-Commerce           | 1.53          | 7.93          | -81%      |
| Factory Outlet       | 6.25          | 2.99          | 109%      |
| Overseas             | 3.36          | 7.12          | -53%      |
| <b>Total</b>         | <b>129.55</b> | <b>125.39</b> | <b>3%</b> |

# Channels : FY 2016-17

- MBOs have maintained the largest share in revenues at 50%
- National Chain Stores have grown annually by 73%

| Sales (Rs crs)        | FY 2017       | FY 2016       | % Change  |
|-----------------------|---------------|---------------|-----------|
| MBO                   | 245.80        | 236.79        | 4%        |
| Retail                | 102.83        | 107.83        | -5%       |
| National Chain Stores | 85.53         | 49.57         | 73%       |
| e-Commerce            | 14.65         | 13.53         | 8%        |
| Factory Outlet        | 19.15         | 15.46         | 24%       |
| Overseas              | 20.37         | 29.84         | -32%      |
| <b>Total</b>          | <b>488.33</b> | <b>453.02</b> | <b>8%</b> |

Channel wise sales break up FY 2017

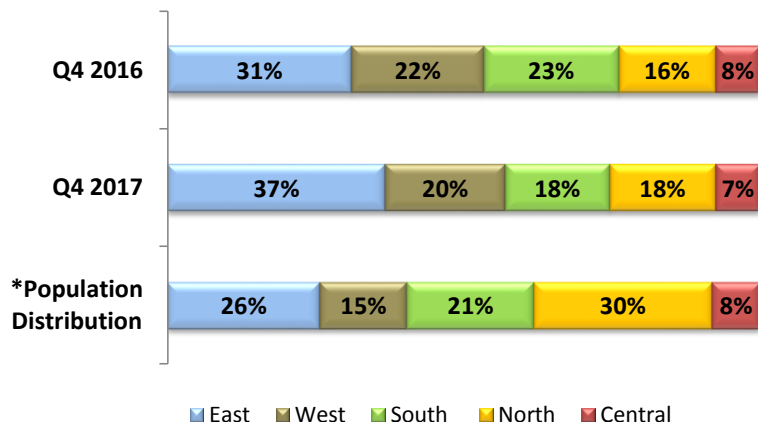




# Regional Distribution : Q4 2016-17

- East has continued to be the dominant region with 37% share and has shown a growth of 26% in sales
- North grew 17% with quarterly sales of Rs. 22.61 crore

Region wise sales break up Q4 FY 2017



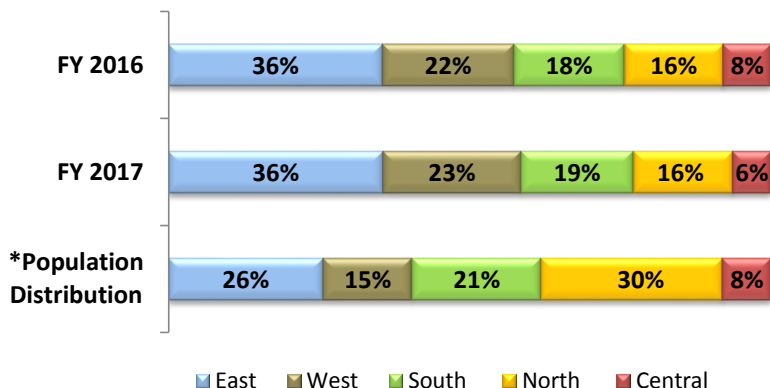
*\*based on comparable distribution data for 11-50 years age group  
(Source: India Population Census Data – 2011)*

| Sales (Rs crs)        | Q4 2017       | Q4 2016       | % Change  |
|-----------------------|---------------|---------------|-----------|
| East                  | 46.33         | 36.73         | 26%       |
| West                  | 25.58         | 26.47         | -3%       |
| South                 | 22.20         | 26.88         | -17%      |
| North                 | 22.61         | 19.37         | 17%       |
| Central               | 9.47          | 8.82          | 7%        |
| <b>Domestic Sales</b> | <b>126.19</b> | <b>118.27</b> | <b>7%</b> |
| Overseas              | 3.36          | 7.12          | -53%      |
| <b>Total</b>          | <b>129.55</b> | <b>125.39</b> | <b>3%</b> |

# Regional Distribution : FY 2016-17

- Eastern Region maintains the largest share at 36% with sales growth of 11%
- The West Region has shown growth of 16%

**Region wise sales break up FY 2017**



*\*based on comparable distribution data for 11-50 years age group  
(Source: India Population Census Data – 2011)*

| Sales (Rs crs)        | FY 2017       | FY 2016       | % Change    |
|-----------------------|---------------|---------------|-------------|
| East                  | 166.54        | 150.07        | 11%         |
| West                  | 106.91        | 92.24         | 16%         |
| South                 | 87.22         | 77.57         | 12%         |
| North                 | 77.27         | 69.56         | 11%         |
| Central               | 30.02         | 33.74         | -11%        |
| <b>Domestic Sales</b> | <b>467.96</b> | <b>423.18</b> | <b>11%</b>  |
| <b>Overseas</b>       | <b>20.37</b>  | <b>29.84</b>  | <b>-32%</b> |
| <b>Total</b>          | <b>488.33</b> | <b>453.02</b> | <b>8%</b>   |

## Retail stores

| Particulars                 | COCO     | COMFO    | FOFO       | Total      |
|-----------------------------|----------|----------|------------|------------|
| K-Lounge                    | 2        | 7        | 178        | 187        |
| Killer EBO                  |          |          | 83         | 83         |
| LawmanPg3-EBO               |          |          | 13         | 13         |
| Integriti-EBO               |          |          | 44         | 44         |
| LawmanPg3 cum Integriti-EBO |          |          | 1          | 1          |
| Easies - EBO                |          |          | -          | -          |
| Factoy Outlet               |          | 2        | 1          | 3          |
| <b>Total</b>                | <b>2</b> | <b>9</b> | <b>320</b> | <b>331</b> |

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

| Retail Stores (YTD)        | 31.03.17   | 31.03.16   |
|----------------------------|------------|------------|
| Existing                   | 327        | 316        |
| New opened                 | 43         | 45         |
| Converted                  |            |            |
| Relocated/closed           | 39         | 34         |
| Work-in process            | 21         | 26         |
| <b>Total Retail Stores</b> | <b>352</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.*