KEWAL KIRAN CLOTHING LTD

Fiscal Results Review – Q4 FY2012 and year ended 31.03.2012



Financial Results: Snapshot

	Q4 FY2012	C	4 FY 201	1		FY2012	1	FY2011		
Particulars	Rs crs	% of sales	Rs crs	% of sales	Growth	Rs crs	% of sales	Rs crs	% of sales	Growth
Total sales	67.19	100.00%	55.03	100.00%	22%	301.90	100.00%	236.63	100.00%	28%
Operating EBITDA	17.70	26.34%	16.06	29.19%	10%	73.36	72.57%	68.70	29.03%	7%
Profit before tax (PBT)	18.12	26.97%	16.67	30.29%	9%	76.32	25.28%	69.26	29.27%	10%
Profit after tax (PAT)	12.41	18.47%	11.07	20.12%	12%	52.14	17.27%	46.23	19.54%	13%
Sales value growth		22.	09%					27.59%		
Volume Growth		20.	43%					12.36%		
Realisation growth		2.4	2%					9.03%		
No. of stores opened		1	.7			99				
Closed		!	5			23				
No of stores as on 31.03.12			_		252					



Operational Performance: Q4 and FY 2012

	Q4 FY2012	% of	Q4 FY 2011	% of		FY2012	% of	FY2011	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Gross Sales	71.96	107.10%	55.38	100.64%		324.35	107.44%	236.02	99.74%	
less: Excise Duty	5.24	<u>7.80%</u>	0.70	<u>1.27%</u>	6.53%	24.18	<u>8.01%</u>	0.70	0.30%	7.71%
Net Sales	66.72	99.30%	54.68	99.36%		300.17	99.43%	235.31	99.44%	
Other operating income	0.47	0.70%	0.35	0.64%		1.73	<u>0.57</u> %	1.31	0.56%	
Revenue from operations	67.19	100.00%	55.03	100.00%		301.90	100.00%	236.63	100.00%	
Cost of goods sold	30.33	45.14%	21.33	38.77%	6.37%	130.90	43.36%	89.81	37.95%	5.40%
Personnel cost	6.61	9.84%	6.37	11.58%	-1.75%	29.24	9.69%	25.78	10.89%	-1.21%
Manufacturing and operating expenses	4.71	7.01%	3.90	7.10%	-0.09%	23.59	7.81%	17.24	7.29%	0.53%
Administrative and other expenses	3.37	5.02%	2.29	4.16%	0.85%	11.91	3.95%	8.89	3.76%	0.19%
Selling and distribution expenses	4.47	6.65%	5.07	9.21%	-2.56%	32.90	10.90%	26.21	11.08%	-0.18%
Operational expenditure	49.49	73.66%	38.97	70.82%	2.83%	228.54	75.70%	167.93	70.97%	4.73%
EBITDA	17.70	26.34%	16.06	29.18%	-2.83%	73.36	24.30%	68.70	29.03%	-4.73%
Finance expenses	0.59	0.88%	0.42	0.77%	0.11%	2.59	0.86%	2.05	0.87%	-0.01%
Depreciation/ Ammotisation	1.67	2.49%	1.63	2.97%	-0.49%	6.23	2.06%	5.73	2.42%	-0.36%
Other income	2.68	3.99%	2.68	4.86%	-0.87%	11.78	3.90%	8.34	3.52%	0.38%
Profit before tax (PBT)	18.12	26.97%	16.67	30.29%	-3.33%	76.32	25.28%	69.26	29.27%	-3.99%
Income Tax	5.71	8.50%	5.60	10.18%	-1.68%	24.18	8.01%	23.03	9.73%	-1.72%
Profit after tax (PAT)	12.41	18.47%	11.07	20.12%	-1.65%	52.14	17.27%	46.23	19.54%	-2.27%



Operational Performance: Q4

Factors contributing to increase in profitability :

- a. Increase in apparel sales volume by 20.43% and realisation per garment by 2.42% as compared to corresponding period previous year.
- b. Life style accessories items sold under ADDICTION brand contributed to sales growth. Sold over 2.45 Lakh units at average realisations of Rs 119 per unit aggregating to net sales of Rs 2.92 Cr
- c. Lower Selling & Distribution expenses during the quarter. Personnel and Administrative expenses though increased in absolute value but lower as percentage of sales due to higher sales value.
- d. Opening of 17 new retail stores under franchisee model during the quarter. 8 K-Lounge stores, 6 Integriti EBOs, 1 Killer EBO and 2 LawmanPg3 EBOs.

Factors responsible for dampening profitability growth :-

- a. Incremental excise duty payment of 6.53% of revenue from operations as compared to corresponding quarter previous year.
- b. Cost of goods sold increased by 6.37% of sales due to :-
- Higher share of job work and outsourcing entailing parting of profit margin
- Inadequate increase in sales realisations to cover both excise duty and inflation simultaneously
- Higher contribution of life style accessories items which is at promotional stage
- Appointment of Master Stockiest requiring sharing of higher trade margins.
- c. Realisations and volume growth could have been higher but for excise duty resulting into lower realisations and overall demand softening and market sluggishness.



Trend in Sales

Q4 FY2011-12

- Sales value increased by 22.09%
- Apparel sales quantity increased by 20.43%
- Apparel sales realization per unit increased by 2.42% to Rs. 720



FY2011-12

- Sales value increased by 27.59%
- Apparel sales quantity increased by 12.36%
- Apparel sales realization per unit improved by 9.03% to Rs. 748

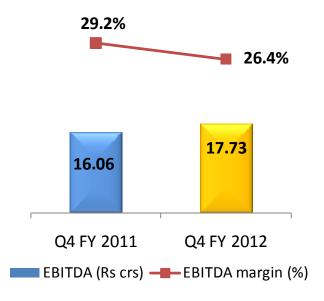




Trend in Operating Profit

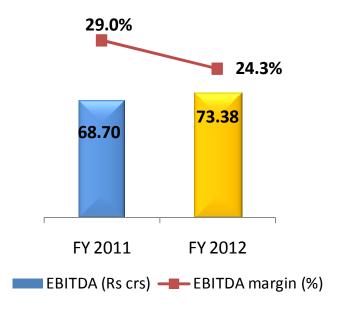
Q4 FY2011-12

- EBITDA increased by 10.14%
- EBITDA margin is at 26.4%



FY2011-12

- EBITDA increased by 6.77%
- EBITDA margin is at 24.3%

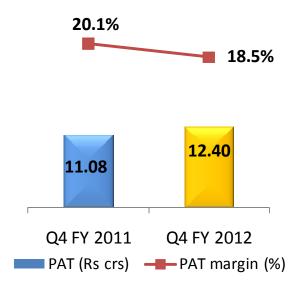




Trend in Net Profit

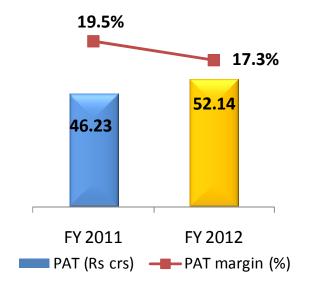
Q4 FY2011-12

- PAT increased by 11.80%
- PAT margin is at 18.5%
- Quarterly EPS at Rs. 10.07 (9.00)



FY2011-12

- PAT increased by 12.78%
- PAT margin is at 17.3%
- FY2011-12 EPS is Rs. 42.30 (37.51)





Balance Sheet

		A 184 0044
	As at Mar. 2012	As at Mar. 2011
(Rs crs)	(Audited)	(Audited)
Share Capital	12.33	12.33
Reserves and Surplus	213.22	185.43
Shareholders' Funds	225.55	197.76
Long-term Provisions	4.56	4.08
Current Liabilities		
Short-term borrowings	14.89	5.55
Trade Payables	15.78	15.33
Other Current Liabilities	10.07	7.53
Short-term Provisions	14.42	21.61
Total Shareholders' Funds and Liabilities	285.27	251.86
Fixed Assets	44.32	42.72
Non Current Investments	3.51	3.51
Deferred Tax Assets (Net)	1.73	1.64
Long-term loans and advances	10.26	10.38
Other non-current assets	0.87	1.71
Non-Current Assets	60.69	59.96
Current Investments	28.07	14.79
Inventories	32.09	36.81
Trade receivables	50.49	29.93
Cash & Cash Equivalents	101.55	103.89
Short-term Loans & Advances	4.95	4.33
Other Current Assets	7.44	2.13
Current Assets	224.58	191.90
Total Assets	285.27	251.86



Cash-flow and Ratios Analysis

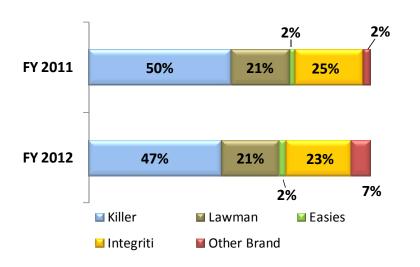
	Cash Flows (in Rs crs)	FY2012	Ratios	31.03.12	31.03.11
ı.	Cash Flow from Operating Activity	36.94	Debt Equity ratio	0.06	0.03
	*Operating Profit before Working Capital Changes	75.00			
	*Adjustment for Working Capital	(13.69)	Occurred Datie	4	
	*Direct Taxes Paid	(24.37)	Current Ratio	5.51	6.77
	Cash Flow from Investing Activity	(13.48)	Debtors turnover (days)	48	41
	*Purchase of Fixed Assets	(7.99)			
	*Redemption of Investments in mutual funds	(13.28)	Creditors turnover (days)	27	31
II.	Cash Flow from Financing Activity	(25.83)			
	*Secured Loans - Bank Overdraft (Net)	9.34	Inventory/ Sales (days)	41	45
	*Payment of Dividend (Including Dividend Tax)	(32.93)	Finished Goods	20	20
			WIP	14	14
	Cash and Cash Equivalents - Closing	101.55	Raw Materials	7	10
	Strong profitability and robust cash continue to strengthen the financial		RONW	24.31%	24.79%
	Company continues to invest in grov	•	ROCE	23.49%	24.43%



Brands

- Killer has been the top selling brand followed by Integriti
- 'Addictions' lifestyle accessories business showed strong growth

Brand wise sales break up FY 2012



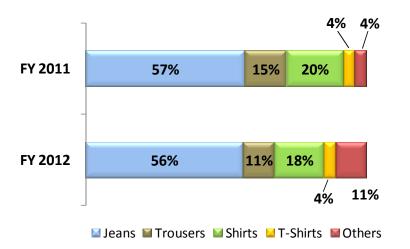
Sales (Rs crs)	FY 2012	FY 2011	% Change
Killer	141.20	118.77	19%
Lawman	62.08	48.71	27%
Easies	7.27	4.67	56%
Integriti	70.01	58.09	21%
Others	19.62	5.07	287%
Total	300.17	235.31	28%



Products

- Jeans remains the largest selling product
- Others include lifestyle accessories which have seen strong growth

Product wise sales break up FY 2012



Sales (Rs crs)	FY 2012	FY 2011	% Change
Jeans	168.45	133.48	26%
Trousers	33.92	35.11	-3%
Shirts	53.00	47.58	11%
T-Shirts	12.74	9.65	32%
Others	32.06	9.48	238%
Total	300.17	235.31	28%



Channels

- MBOs continue to remain the dominant contributor to sales
- Sales through K Lounge/EBO showed robust growth of 46%

46% Retail 87.60 59.90 **MBO** 173.31 24% 140.21 **National Chain Stores** 19.11 20.44 -6% **Factory Outlet** 12% 8.37 7.49 **Exports** 11.79 7.26 62%

300.17

FY 2012

Sales (Rs crs)

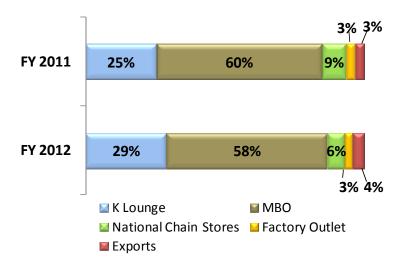
Total

FY 2011

235.31

% Change

Channel wise sales break up FY 2012



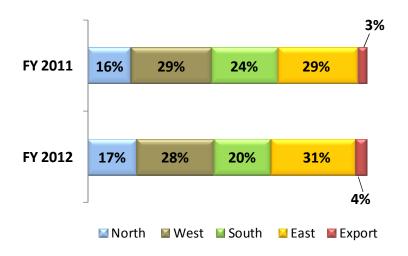


28%

Regional Distribution

- Sales across India were more diversified than before
- Eastern region contributes the largest share of total sales

Region wise sales break up FY 2012



Sales (Rs crs)	FY 2012	FY 2011	% Change
North	52.44	36.65	43%
West	83.53	67.84	23%
South	60.50	55.55	9%
East	91.92	68.01	35%
Exports	11.79	7.26	62%
Total	300.17	235.31	28%



Key developments

- The Company has announced a final dividend of Rs. 4 per equity share in its board meeting held on 10.05.2012. The Company had earlier declared and paid interim dividends of Rs 7 and 6 in its board meeting held on 20.10.11 and 02.03.12 respectively. Aggregate dividend for the financial year 2012 is 170 %
- 'Killer' brand has been one of the key sponsors for the second consecutive year for Pune Warriors team during the IPL season 2012
- The Company contributed Rs 24.18 Crores as excise duty and Rs 27.56 Crores as income tax and corporate dividend tax to the exchequer, which almost equals PAT earned by the Company during the year.
- Excise duty @ 10.3% on 45% of MRP was imposed during FY 2011-12 has been changed to 12.36% on 30% of MRP for FY 2012-13. The effective rate has been reduced by 0.93% of MRP.
- Opened 99 new retail stores i.e. 36 K-Lounge ,2 K-lounge for her, 28 Killer EBO, 25 Integriti stores, 7 LawmanPg3 stores,1 ADDICTION store. With this Company has exceeded presence over 135 cities spread in 21 states across India. Closed 23 stores during the year.
- Vapi new factory started commercial production during the year



Retail stores

Particulars	сосо	COMFO	FOFO	Total
K-Lounge	1	11	123	135
K-Lounge for her			2	2
Killer EBO		1	53	54
LawmanPg3-EBO		2	8	10
Integriti-EBO			43	43
LawmanPg3 cum Integriti-EBO			1	1
Addiction-EBO			2	2
Factoy Outlet		5		5
Total	1	19	232	252

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.03.12	31.12.11
Existing	240	223
New opened	17	26
Closures	5	9
Work-in process	20	23
Total Retail Stores	272	263



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. KKCL will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward-looking statements to reflect subsequent events or circumstances

