KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q4 FY2014 and fiscal year ended 31.03.2014



Operational Performance-Snapshot

	Q4 F	Y2014	Q4 F	/ 2013		FY20)13-14	FY20	12-13	
	Rs crs	% of sales	Rs crs	% of sales	Growth	Rs crs	% of sales	Rs crs	% of sales	Growth
Total revenue	89.18	100.00%	77.12	100.00%	15.64%	367.21	100.00%	302.99	100.00%	21.20%
Operating EBITDA	22.92	25.70%	21.77	28.24%	5.28%	93.41	25.44%	73.66	24.31%	26.81%
Profit before tax (PBT)	27.94	31.33%	23.10	29.95%	20.95%	97.12	26.45%	77.27	25.50%	25.69%
Profit after tax (PAT)	20.69	23.20%	16.49	21.38%	25.47%	67.02	18.25%	53.42	17.63%	25.46%
Sales value growth			15.64%					21.20%	·	
Volume Growth			8.43%					10.88%	1	
Realisation growth			4.26%					9.45%	•	
Number of stores	Q4 opene	d -4, closed	-4			Opened- (56	Pipeline-2	.9- closed -3	0



Operational Performance: Q4 and FY 2014

	Q4 FY 2014	% of	Q4 FY 2013	% of		FY 2014	% of	FY 2013	% of	
Particulars	Rs crs	Revenue	Rs crs	Revenue	Variation	Rs crs	Revenue	Rs crs	Revenue	Variation
Net Sales	88.06	98.74%	76.37	99.03%		363.86	99.09%	300.52	99.18%	
Other operating income	1.12	1.26%	0.75	0.97%		3.35	0.91%	2.47	0.82%	
Total Revenue	89.18	100.00%	77.12	100.00%		367.21	100.00%	302.99	100.00%	
	20.45	40.000/	22.00	40.050/	4.070/	450.00	44 450/	426.20	44.600/	0.000/
Cost of goods sold	39.17	43.92%		42.65%	1.27%	152.26	41.46%	126.29	41.68%	
Personnel cost	8.88	9.96%	8.44	10.94%	-0.99%	38.26	10.42%	34.07	11.24%	-0.83%
Manufacturing and operating expenses	5.87	6.58%	4.91	6.37%	0.22%	30.83	8.40%	23.83	7.86%	0.53%
Administrative and other expenses	4.61	5.17%	4.63	6.00%	-0.83%	18.18	4.95%	16.75	5.53%	-0.58%
Selling and distribution expenses	7.73	8.67%	4.49	5.82%	2.85%	34.27	9.33%	28.39	9.37%	-0.04%
Operational expenditure	66.26	74.30%	55.36	71.78%	2.51%	273.80	74.56%	229.33	75.69%	-1.13%
EBITDA	22.92	25.70%	21.76	28.22%	-2.51%	93.41	25.44%	73.66	24.31%	1.13%
Finance expenses	0.72	0.81%	0.57	0.74%	0.07%	2.96	0.81%	2.62	0.86%	-0.06%
Depreciation/ Ammortisation	1.29	1.45%	1.47	1.91%	-0.46%	5.15	1.40%	5.94	1.96%	-0.56%
Other income	7.03	7.88%	3.38	4.38%	3.50%	11.82	3.22%	12.17	4.02%	-0.80%
Profit before tax (PBT)	27.94	31.33%	23.10	29.95%	1.38%	97.12	26.45%	77.27	25.50%	0.95%
Income Tax	7.25	8.13%	6.61	8.57%	-0.44%	30.10	8.20%	23.85	7.87%	0.33%
Profit after tax (PAT)	20.69	23.20%	16.49	21.38%	1.82%	67.02	18.25%	53.42	17.63%	0.62%



Financial Highlights: Q4 FY 2014

- Factors contributing to increase in profitability :
- a. Increase in apparel sale volume by 8.43% and realisation per garment by 4.26% as compared to corresponding quarter last year.
- b. Reduction in personnel cost YoY by 0.99% of sales and administrative expenses by 0.83% of sales.
- c. Higher other income due to maturity of Fixed Maturity Plans(FMP) during the quarter
- Factors responsible for dampening profitability growth :-
- Increase in cost of goods sold by 1.27% of sales and selling and distribution expenses by 2.85% of sales.
- b. Sales tax exemption at Daman completed during end of previous year, hence all manufactured products has been subjected to Central sales Tax Act (CST) at 2% of WSP.
- c. Voluntary higher contribution of Rs 35 Lakhs towards CSR activities during the quarter.



Industry Overview – Branded Apparels

Industry Size

- The Domestic apparel industry is estimated at ~Rs. 1,25,000 crores
- The casual wear segment i.e. Jeans and T-Shirts accounts for ~Rs. 15,000 crores

Branded Apparel Industry

- Within the apparel industry the share of Branded apparel is estimated at 40%, up from ~25% a decade ago
- The share of branded apparel is low to medium in Casual wear, while the share is high in Men's formal wear and Women's western wear
- Branded apparel sales are expected to grow at 10-15% over the next 5 years; close to twice the growth rate in overall apparel industry

Particulars	Size (Rs. in crores)	Share of branded apparels
Domestic apparels market	1,25,000	40%
<u>Category-wise</u>		
Women's traditional wear	34,200	Low
Men's formal wear	31,900	High
Kid's wear	10,100	Low
Casuals – Jeans	8,600	Medium
Casual – T Shirts	6,400	Low
Women's western wear	2,100	High

Source: Crisil Research

Note: Market size is estimated size in 2012; Category-wise share of branded apparel is relative to the share in total apparel market



Industry Overview - Retailing

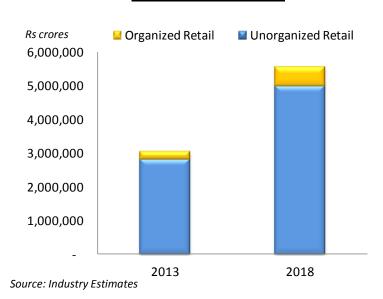
Retail Industry

- India is among the top 10 retail markets globally
- The Indian retailing industry is estimated at Rs.
 30.47 lakh crores in 2013 and expected to touch
 Rs. 55.67 lakh crores by 2018
- Organized retail currently accounts for 7.5% of the total retail industry and this share is expected to increase to 10% by 2018, representing an annualized growth of ~20% in organized retail

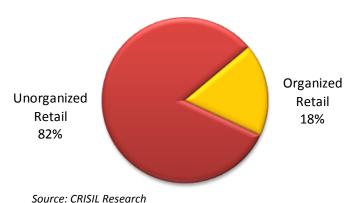
Retail Industry - Branded Apparel

The share of organized retail in branded apparels is estimated at 18% providing scope for continued growth driven by demographic factors, rising disposable incomes and increasing brand awareness

Indian Retail Market



Branded Apparel Retailing





Trend in Total Revenue

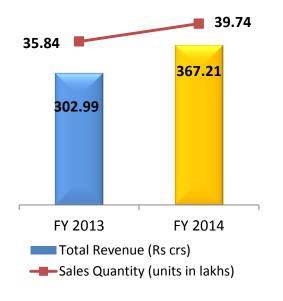
Q4 FY2013-14

- Total Revenue up by 15.64%
- Apparel sales value up by 13.10% to Rs 83.20 crs
- Apparel sales quantity up by 8.43%
- Apparel sales realization per unit up by
 4.26% to Rs 844



FY2013-14

- Total Revenue up by 21.20%
- Apparel sales value up by 21.39% to Rs 350.49 crs
- Apparel sales quantity up by 10.88%
- Apparel sales realization per unit up
 9.45% to Rs 882

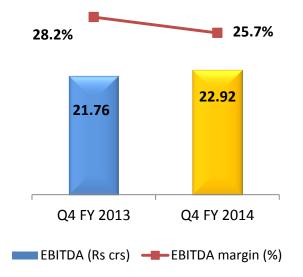




Trend in Operating Profit

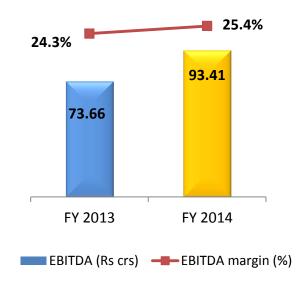
Q4 FY2013-14

- EBITDA up by 5.32%
- EBITDA margin at 25.7%



FY2013-14

- EBITDA up by 26.82%
- EBITDA margin at 25.4%

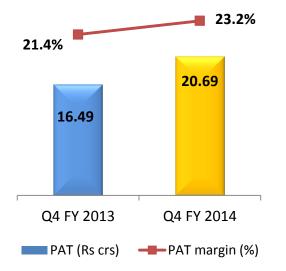




Trend in Net Profit

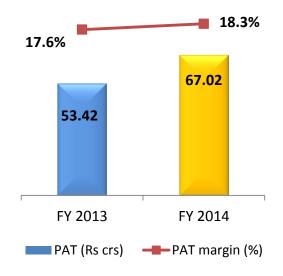
Q4 FY2013-14

- PAT up by 25.48%
- PAT margin increased to 23.2%
- Quarterly EPS at Rs. 16.80 (13.39)



FY2013-14

- PAT up by 25.47%
- PAT margin increased to 18.3%
- FY 2014 EPS at Rs. 54.38 (43.34)





Balance Sheet

(Rs crs)	As at Mar. 2014 (Audited)	As at Mar. 2013 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	287.65	241.53
Shareholders' Funds	299.98	253.86
Other Long-Term Liabilities	7.28	5.43
Long-Term Provisions	0.59	0.56
Non Current Liabilities	7.87	5.99
Short-term borrowings	11.88	14.09
Trade Payables	27.28	22.74
Other Current Liabilities	9.28	11.16
Short-term Provisions	14.25	16.59
Current Liabilities	62.69	64.58
Total Shareholders' Funds and Liabilities	370.54	324.43
Fixed Assets	42.67	44.25
Non Current Investments	3.49	3.48
Deferred Tax Assets (Net)	1.78	2.03
Long-term loans and advances	8.19	9.68
Other non-current assets	0.73	0.96
Non-Current Assets	56.86	60.40
Current Investments	163.20	118.13
Inventories	47.89	33.67
Trade receivables	63.68	47.87
Cash & Cash Equivalents	34.17	60.77
Short-term Loans & Advances	3.62	1.82
Other Current Assets	1.12	1.77
Current Assets	313.68	264.03
Total Assets	370.54	324.43



Ratios and Cash-flow Analysis

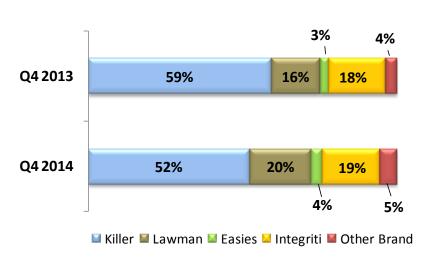
	Cash Flows (in Rs crs)	FY2013	Ratios	31.03.14	31.03.13
I.	Cash Flow from Operating Activity	41.18	Debt Equity ratio	0.04	0.05
	*Operating Profit before Working Capital Changes *Adjustment for Working Capital *Direct Taxes Paid	94.74 (26.39) (27.17)	Current Ratio	6.48	5.50
II.	Cash Flow from Investing Activity *Purchase of Fixed Assets	(37.37) (3.64)	Debtors turnover (days)	51	50
	*Purchase/Redemption of Investments in mutual funds	(37.35)	Creditors turnover (days)	35	33
III.	Cash Flow from Financing Activity	(31.39)	Inventory turnover (days)	40	37
	*Interest and Finance Charges	(2.50)	Finished Goods	17	17
	*Payment of Dividend (Including Dividend Tax)	(26.68)	WIP	17	15
			Raw Materials	6	5
	Cash and Cash Equivalents - Closing	33.43			
			ROCE in operations	88.57%	71.78%
	 Strong cash flows driven by higher op profits 	erating	ROCE overall for Company	30.44%	26.73%
	•		RONW	24.20%	22.02%
	 Cash and financial position remains re 	obust			



Brands: Q4 FY 2013 - 14

- Lawman sales grew by 47%
- Integriti sales increased by 17%
- Killer is the flagship brand with 52% share

Brand wise sales break up Q4 FY 2014



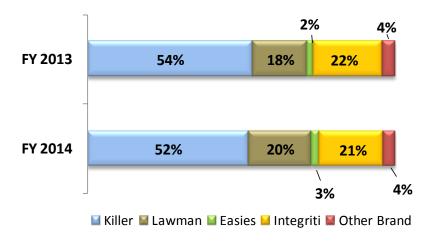
Sales (Rs crs)	Q4 2014	Q4 2013	% Change
Killer	46.06	45.33	2%
Lawman	17.61	11.97	47%
Easies	3.16	2.28	39%
Integriti	16.37	13.98	17%
ADDICTION	4.86	2.81	73%
Total	88.06	76.37	15%



Brands: FY 2013 - 14

- All brands showed strong double digit growth
- Killer and Lawman increased by 20% and 37% respectively

Brand wise sales break up FY 2014



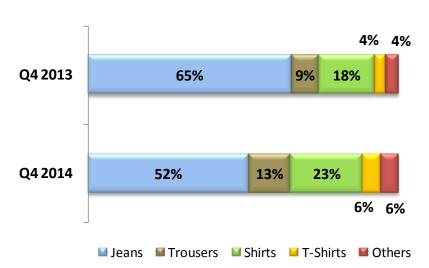
Sales (Rs crs)	Q4 2014	Q4 2013	% Change
Killer	46.06	45.33	2%
Lawman	17.61	11.97	47%
Easies	3.16	2.28	39%
Integriti	16.37	13.98	17%
ADDICTION	4.86	2.81	73%
Total	88.06	76.37	15%



Products: Q4 FY 2013 - 14

- Shirts and T shirts grew by 50% and 84% respectively
- Trousers sales up by 76% due to trend in cotton casual colored pants

Product wise sales break up Q4 FY 2014

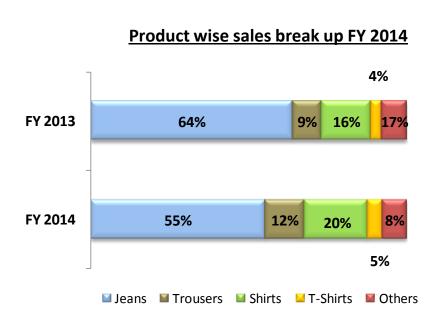


Sales (Rs crs)	Q4 2014	Q4 2013	% Change
Jeans	45.43	49.87	-9%
Trousers	11.91	6.78	76%
Shirts	20.45	13.67	50%
T-Shirts	5.09	2.77	84%
Others	5.18	3.27	58%
Total	88.06	76.37	15%



Products: FY 2013 - 14

- Jeans is the largest selling product with 55% share
- Share of Shirts and T-Shirts increased from 20% to 25%



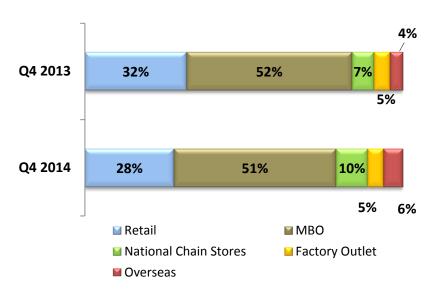
Sales (Rs crs)	FY 2014	FY 2013	% Change
Jeans	200.60	191.96	4%
Trousers	45.48	27.45	66%
Shirts	72.65	47.43	53%
T-Shirts	17.37	10.56	64%
Others	27.76	23.12	20%
Total	363.86	300.52	21%



Channels: Q4 FY 2013 - 14

- National Chain Stores showed strong growth of 45%
- MBOs maintained the largest share at 51% of sales

Channel wise sales break up Q4 FY 2014

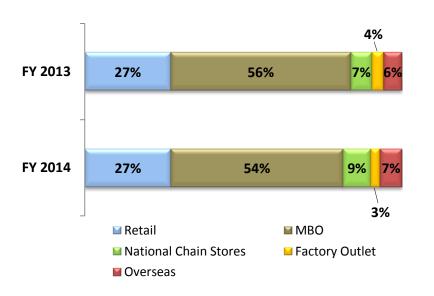


Sales (Rs crs)	Q4 2014	Q4 2013	% Change
Retail	24.87	21.49	16%
МВО	43.79	39.12	12%
National Chain Stores	10.91	7.55	45%
Factory Outlet	3.75	3.57	5%
Overseas	4.74	4.64	2%
Total	88.06	76.37	15%



Channels: FY 2013 - 14

- Sales through National Chain Stores showed strong growth of 59%
- Exports grew by 44% and accounts for 7% of total sales
- Reduction in Factory Outlet sales indicates reduction in defectives and better quality
 Channel wise sales break up FY 2014



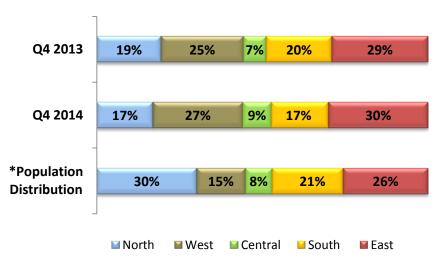
Sales (Rs crs)	FY 2014	FY 2013	% Change
Retail	98.67	81.45	21%
МВО	197.38	170.40	16%
National Chain Stores	31.93	20.11	59%
Factory Outlet	10.73	11.07	-3%
Overseas	25.15	17.49	44%
Total	363.86	300.52	21%



Regional Distribution: Q4 FY 2013 - 14

- Central Region showed strong growth of 57%
- Western region grew by 26%

Region wise sales break up Q4 FY 2014



^{*}based on comparable distribution data for 11-50 years age group Source: India Population Census Data - 2011

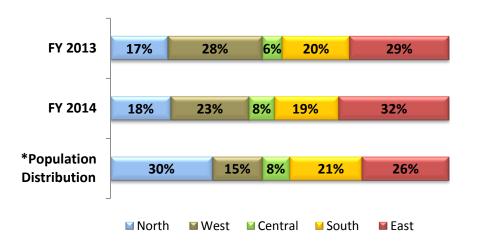
Sales (Rs crs)	Q4 2014	Q4 2013	% Change
North	14.13	13.99	1%
West	22.52	17.89	26%
Central	7.23	4.60	57%
South	14.36	14.24	1%
East	25.08	21.01	19%
Domestic Sales	83.32	71.73	16%
Overseas	4.74	4.64	2%
Total	88.06	76.37	15%



Regional Distribution: FY 2013 - 14

- Sales from Central and North region grew by 52% and 25% respectively
- Region-wise sales mix stable as all regions showed growth

Region wise sales break up FY 2014



^{*}based on comparable distribution data for 11-50 years age group Source: India Population Census Data - 2011

Sales (Rs crs)	FY 2014	FY 2013	% Change
North	59.88	47.94	25%
West	79.65	78.82	1%
Central	25.54	16.76	52%
South	63.96	56.47	13%
East	109.68	83.05	32%
Domestic Sales	338.71	283.04	20%
Overseas	25.15	17.48	44%
Total	363.86	300.52	21%



Key Developments

- The Company has announced third interim dividend of Rs 5 per equity share and proposed final dividend of Rs 1.5 per equity share in its board meeting held on 10.05.2014. The Company had earlier declared and paid interim dividends of Rs 7 and Rs 7.5 per equity share. Aggregate dividend for the financial year 2014 is 210 %
- The Company has augmented the "Business Progressive Fund" by Rs 5 Cr out of its profits during FY 2013-14 aggregating to Rs 15 Cr, to maintain normal growth in sluggish market conditions and support superior growth for long term.

Advertisement and branding initiatives :-

- Integriti brand has been principal sponsor for Rajasthan Royals during the IPL season 2014
- In-Stadia advertisements of three brands-KILLER, Lawman Pg3 and Integriti during India Vs
- New Zealand cricket match series .
- KILLER was the "Arm Sponsor" for Afghanistan cricket team in T20 World Cup, 2014 held in Bangladesh
- The Company contributed Rs 32.65 Cr as income tax and corporate dividend tax (CDT) and Rs 7.17 Cr as sales tax to the exchequer, constituting 59.42 % of PAT earned by the Company during the year.
- Opened 66 new retail stores Closed 30 retail stores. With this Company has presence in over 183 cities and 24 states across India.



Retail Stores

Particulars	сосо	COMFO	FOFO	Total
K-Lounge	1	10	148	159
Killer EBO		1	77	78
LawmanPg3-EBO			15	15
Integriti-EBO			52	52
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	13	294	308

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.03.14	31.03.13
Existing	272	250
New opened including relocation	66	69
Closures including recolation	30	47
Work-in process	29	21
Total Retail Stores	337	293



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.

