# KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q4 FY2015 and fiscal year ended 31.03.2015



# **Operational Performance-Snapshot**

	Q4 FY2015		Q4 F	Y 2014		FY20	014-15	FY2013-14		Growth
	Rs crs	% of sales	Rs crs	% of sales	Growth	Rs crs	% of sales	Rs crs	% of sales	
Total revenue	104.74	100.00%	89.18	100.00%	17.45%	408.32	100.00%	367.21	100.00%	11.20%
Operating EBITDA	28.14	26.87%	22.92	25.71%	22.79%	96.51	23.64%	93.41	25.44%	3.32%
Profit before tax (PBT)*	30.45	29.08%	27.94	31.33%	9.00%	98.09	24.02%	97.12	26.45%	1.00%
Profit after tax (PAT)*	21.40	20.44%	20.69	23.20%	3.45%	66.24	16.22%	67.02	18.25%	-1.16%
Apparel Sales value growth			24.23%			10.30%				
Volume Growth			11.34%			6.29%				
Realisation growth			6.28%	)				3.74%		
Number of stores opened during Q4- 12 YTD- 48 stores, Pipeline-16, relocated/closed-34										

<sup>\*</sup> Investments in FMP's have been rolled over during the year for a tenure with maturity extending for more than 3 years, consequently unrealised gain on investments in FMP's has not accrued and booked during FY 2014-15 and to that extent other income, PBT and net profit for the current year is not comparable with that of the previous year.



### **Operational Performance: Q4 and FY 2014-15**

	Q4 FY 2015	% of	Q4 FY 2014	% of		FY 2015	% of	FY 2014	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Net Sales	103.95		88.06			405.14		363.86		
Other operating income	0.79		1.12			3.18		3.35		
Total Revenue	104.74	100.00%	89.18	100.00%	0.00%	408.32	100.00%	367.21	100.00%	0.00%
Cost of goods sold	46.85	44.73%	39.17	43.92%	0.81%	179.02	43.84%	152.26	41.46%	2.38%
Personnel cost	11.87	11.33%	8.88	9.96%	1.37%	45.31	11.10%	38.26	10.42%	0.68%
Manufacturing and operating expenses	7.31	6.98%	5.87	6.58%	0.40%	33.90	8.30%	30.83	8.40%	-0.09%
Administrative and other expenses	5.00	4.77%	4.61	5.17%	-0.40%	20.25	4.96%	18.18	4.95%	0.01%
Selling and distribution expenses	5.57	5.32%	7.73	8.67%	-3.35%	33.33	8.16%	34.27	9.33%	-1.17%
Operational expenditure	76.60	73.13%	66.26	74.30%	-1.17%	311.81	76.36%	273.80	74.56%	1.80%
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EBITDA	28.1440	26.87%	22.92	25.70%	1.17%	96.51	23.64%	93.41	25.44%	-1.80%
Finance expenses	0.51	0.49%	0.72	0.81%	-0.32%	2.66	0.65%	2.96	0.81%	-0.15%
Depreciation/ Ammotisation	0.91	0.87%	1.29	1.45%	-0.58%	3.74	0.92%	5.15	1.40%	-0.49%
Other income*	3.73	3.56%	7.03	7.88%	-4.32%	7.98	1.95%	11.82	3.22%	-1.26%
Profit before tax (PBT)*	30.45	29.08%	27.94	31.33%	-2.25%	98.09	24.02%	97.12	26.45%	-2.43%
Income Tax	9.05	8.64%	7.25	8.13%	0.51%	31.84	7.80%	30.10	8.20%	-0.40%
Profit after tax (PAT)*	21.40	20.44%	20.69	23.20%	-2.76%	66.24	16.22%	67.02	18.25%	-2.03%

<sup>\*</sup> Investments in FMP's have been rolled over during the year for a tenure with maturity extending for more than 3 years, consequently unrealised gain on investments in FMP's has not acrrued and booked during FY 2014-15 and to that extent other income, PBT and net profit for the current year is not comparable with that of the previous year.



### Financial Highlights: Q4 FY 2015

#### Factors contributing to increase in profitability :

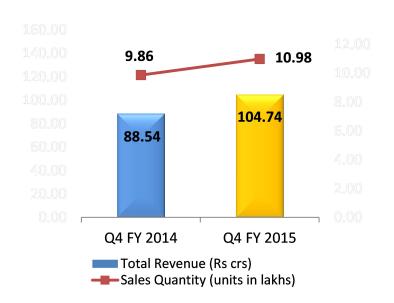
- a. Increase in apparel sale volume by 11.34 % and realisation per garment by 6.28% as compared to corresponding quarter last year.
- b. Reduction in selling and distribution expenses 3.35% of sales and administrative expenses by 0.40% of sales.
- Factors responsible for dampening profitability growth :-
- a. Increase in cost of goods sold by 0.81% of sales ,personnel cost by 1.37% of sales and Manufacturing and operating expenses by 0.40% of sales.
- b. The Company has pre-dominantly invested in Fixed Maturity Plans (FMPs) of various mutual funds and income from the same accrues on maturity. Investment in FMPs has been extended for a tenure exceeding 3 years consequently unrealised gain on investment has not accrued and booked during the current year.
- c. Voluntary contribution of Rs 38 Lakhs towards CSR activities during the quarter.



#### **Trend in Revenue**

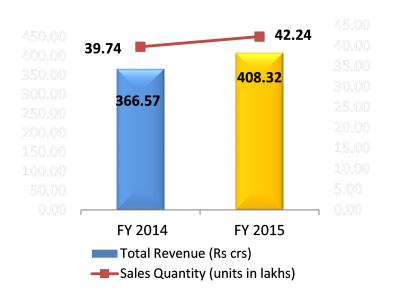
#### Q4 FY2014-15

- Total revenue up by 18.30%
- Apparel sales value up by 18.42% to Rs 98.52 crores
- Apparel sales quantity up by 11.34%
- Apparel sales realization per unit up by 6.28% to Rs. 897



#### FY 2014-15

- Total revenue up by 11.39%
- Apparel sales value up by 10.30% to Rs 386.57 crores
- Apparel sales quantity up by 6.29%
- Apparel sales realization per unit up by 3.74% to Rs. 915

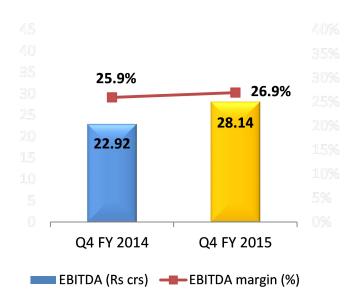




### **Trend in Operating Profit**

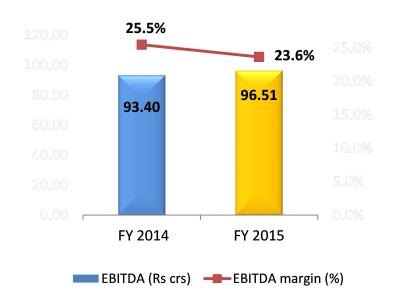
#### Q4 FY2014-15

- EBITDA up by 22.78% at Rs. 28.14 crores
- EBITDA margin at 26.87%



#### FY 2014-15

- EBITDA higher at Rs. 96.51 crores
- EBITDA margin stood at 23.6%





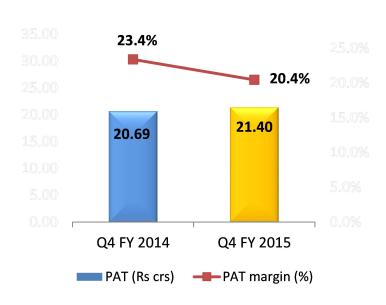
#### **Trend in Net Profit**

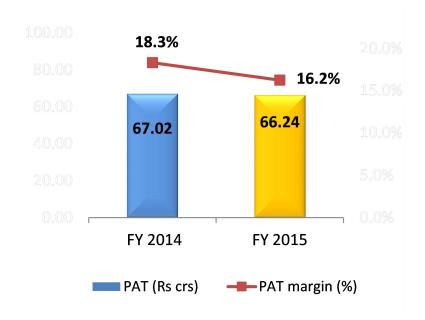
#### Q4 FY2014-15

- PAT higher at Rs. 21.40 crores
- PAT margin stood at 20.4%
- Quarterly EPS at Rs. 17.37 (16.80)

#### FY 2014-15

- PAT steady at Rs. 66.24 crores
- PAT margin stood at 16.2%
- FY 2015 EPS at Rs. 53.74 (54.38)







# Balance Sheet (Subject to proposed dividend)

(Rs crs)	As at Mar. 2015 (Audited)	As at Mar. 2014 (Audited)
Share Capital	12.33	12.33
Reserves and Surplus	314.14	278.28
Shareholders' Funds	326.47	290.61
Other Long-Term Liabilities	9.87	7.28
Long-Term Provisions	0.51	0.59
Non Current Liabilities	10.38	7.87
Short-term borrowings	11.35	11.87
Trade Payables	30.46	27.28
Other Current Liabilities	18.44	9.28
Short-term Provisions	13.60	23.63
Current Liabilities	73.85	72.06
Total Shareholders' Funds and Liabilities	410.70	370.54
Fixed Assets	58.21	42.67
Non Current Investments	140.96	3.49
Deferred Tax Assets (Net)	1.18	1.78
Long-term loans and advances	7.93	8.19
Other non-current assets	0.43	0.73
Non-Current Assets	208.71	56.86
Current Investments	37.14	163.20
Inventories	40.41	47.89
Trade receivables	77.65	63.68
Cash & Cash Equivalents	43.17	34.17
Short-term Loans & Advances	2.10	3.60
Other Current Assets	1.52	1.14
Current Assets	201.99	313.68
Total Assets	410.70	370.54



# **Ratios and Cash-flow Analysis**

	Cash Flows (in Rs crs)	FY 2015	Ratios	Q4 FY2015	Q4 FY2014
I.	Cash Flow from Operating Activity	75.32	Debt Equity ratio	0.03	0.04
	*Operating Profit before Working Capital Changes  *Adjustment for Working Capital	94.66 12.58	Current Ratio*	3.36	6.48
	*Direct Taxes Paid	(31.92)	Debtors turnover (days)	59	51
II.	o ,	(24.31)	Creditors turnover (days)	35	35
	*Purchase of Fixed Assets  *Purchase/Redemption of Investments in mutual funds	(20.04) (7.53)	Inventory turnover (days) Finished Goods	39	40
	*Dividend Income	2.60	WIP Raw Materials	18 16	17 17
III.	Cash Flow from Financing Activity	(42.15)		5	6
	*Payment of Dividend (Including Dividend Tax)  *Interest Paid	(39.40) (2.23)	ROCE in operations ROCE overall for	83.40% 28.98%	88.57% 30.44%
	*Secured Loans - Bank Overdraft (Net)	(0.52)	RONW	21.47%	24.20%
	Cash and Cash Equivalents - Closing	42.29	* Current ratio is lower due to inv 1 year resulting into classifying i		

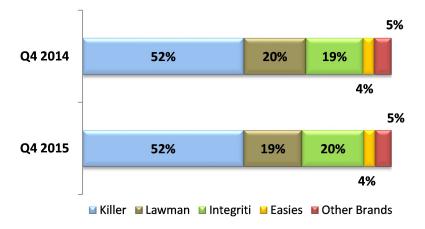
 The cash and financial position remains strong with healthy cash reserves



### Brands: Q4 FY 2014-15

- All Brands have shown strong growth
- Killer continues to be the flagship brand with share of 52%

Brand wise sales break up Q4 FY 2015



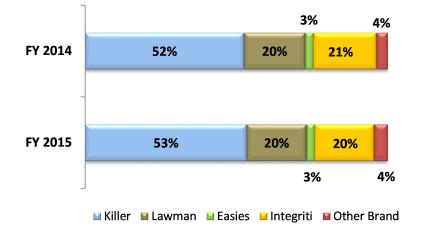
Sales (Rs crs)	Q4 2015	Q4 2014	% Change
Killer	54.31	46.06	18%
Lawman	19.52	17.61	11%
Integriti	20.92	16.37	28%
Easies	3.78	3.16	19%
Other Brands	5.42	4.86	12%
Total	103.95	88.06	18%



### **Brands: FY 2014-15**

- Killer grew by 13% and maintained share of 53%
- Lawman and Integriti have grown with 20% share each

Brand wise sales break up FY 2015



Sales (Rs crs)	FY 2015	FY 2014	% Change
Killer	216.24	191.21	13%
Lawman	79.97	73.54	9%
Easies	10.64	9.64	10%
Integriti	79.73	76.10	5%
Others	18.56	13.37	39%
Total	405.14	363.86	11%



# Products : FY Q4 2014-15

 Jeans has shown strong sales growth of 44%

Sales (Rs crs)	Q4 2015	Q4 2014	% Change
Jeans	65.55	45.42	44%
Shirts	18.07	20.45	-12%
Trousers	9.25	11.91	-22%
T-Shirts	4.84	5.09	-5%
Others	6.24	5.19	20%
Total	103.95	88.06	18%

	Produ	ct wise	sales bre	eak up	Q4	FY 2	015
						6	5% 
Q4 2014		52%		23%	1	L3%	6%
_						5	5%
Q4 2015		63%		1:	7%	9%	6%
	<b>■</b> Jeans	■ Shirts	■ Trousers	ĭ T-Sl	nirts	<b>■</b> Oth	ners

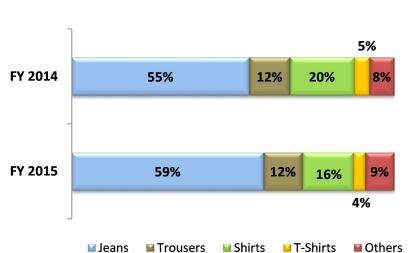


### **Products: FY 2014-15**

 Jeans is the largest selling product with a share of 59% and has grown by 20%

Product wise sales break up FY 2015

Sales (Rs crs)	FY 2015	FY 2014	% Change
Jeans	241.58	200.60	20%
Trousers	48.09	45.48	6%
Shirts	64.13	72.65	-12%
T-Shirts	15.19	17.37	-13%
Others	36.15	27.76	30%
Total	405.14	363.86	11%





# Channels: Q4 2014-15

- MBOs continue to be the largest channel with 52% share
- e-Commerce is an emerging channel of sales has seen good growth.

Channel wise sales break up Q4 FY 2015



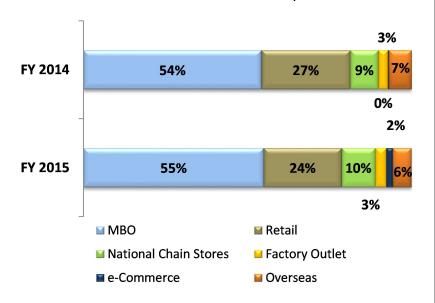
Sales (Rs crs)	Q4 2015	Q4 2014	% Change
мво	53.98	43.79	23%
Retail	28.16	24.87	13%
National Chain Stores	11.39	10.76	6%
e-Commerce	1.63	0.15	NA
Factory Outlet	4.02	3.75	7%
Overseas	4.77	4.74	1%
Total	103.95	88.06	18%



### **Channels: FY 2014-15**

- MBOs maintained the largest share at 55% of sales
- e-Commerce emerged as a new channel of sales with good growth

Channel wise sales break up FY 2015



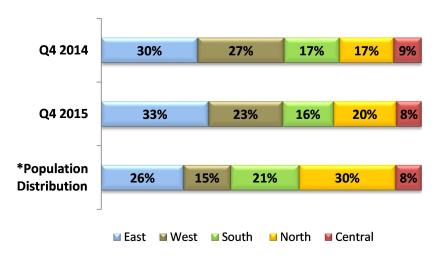
Sales (Rs crs)	FY 2015	FY 2014	% Change
мво	222.59	197.38	13%
Retail	96.24	98.67	-2%
National Chain Stores	41.55	31.22	33%
e-Commerce	7.98	0.71	NA
Factory Outlet	13.81	10.73	29%
Overseas	22.97	25.15	-9%
Total	405.14	363.86	11%



## **Regional Distribution: Q4 2014-15**

- East and North regions have shown growth of more than 30%
- All regions have shown positive growth

Region wise sales break up Q4 FY 2015



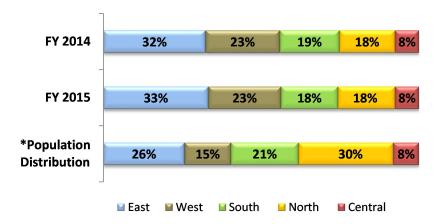
Sales (Rs crs)	Q4 2015	Q4 2014	% Change
East	33.23	25.08	32%
West	22.92	22.52	2%
South	15.78	14.36	10%
North	19.46	14.13	38%
Central	7.79	7.23	8%
Domestic Sales	99.18	83.32	19%
Overseas	4.77	4.74	1%
Total	103.95	88.06	18%
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## **Regional Distribution: FY 2014-15**

- Eastern Region maintains the largest share at 33%
- All regions have shown strong growth

Region wise sales break up FY 2015



Sales (Rs crs)	FY 2015	FY 2014	% Change
East	127.12	109.68	16%
West	87.88	79.65	10%
South	68.98	63.96	8%
North	69.37	59.88	16%
Central	28.82	25.54	13%
Domestic Sales	382.17	338.71	13%
Overseas	22.97	25.15	-9%
Total	405.14	363.86	11%



### **Key Developments**

- The Company has announced fourth interim dividend of Rs 3 per equity share and proposed final dividend of Rs 1.5 per equity share in its board meeting held on 14.05.2015. The Company had earlier declared and paid interim dividends of Rs 8, Rs 7.5 and Rs 5 per equity share. Aggregate dividend for the financial year 2015 is Rs 250%.
- The Company has augmented the "Business Progressive Fund" by Rs 10 Crs out of its profits during FY 2014-15 aggregating to Rs 25 Cr, to maintain normal growth in sluggish market conditions and support superior growth for long term.

#### Advertisement and branding initiatives :-

- Killer was the Official Sponsor for "Lakme Fashion Week 2015" and presented Studio Bollywood Nights at Hard Rock Cafe Andheri.
- LawmanPg3 is Principal sponsor for Rajasthan Royals during the IPL VIII 2015. During the Quarter, LawmanPg3 has also been the Co-Presenter for Ekta Kapoor's Balaji Telefilms First Ever Reality Show titled "Box Cricket League", Star Partner for Zoom Holi Party and presented the Times Times Celebex Awards 2014
- Kerala's Biggest Music Festival "Integriti Presents Mojo Rising ,Justin Bieber Roast on Comedy Central and Zumba Dance Fitness Party on Zoom
- The Company contributed Rs 31.84 Crs as income tax and Rs 4.76 Crs as DDT and Rs 8.45 Cr as sales tax to the exchequer, constituting 68% of PAT earned by the Company besides Rs 1.68 Crs towards CSR during the year.
- Opened 48 new retail stores relocated/closed 34 and converted 6 retail stores during the year. Company has presence in 192 cities and 25 states across India.



# **Retail Stores**

Particulars	coco	COMFO	FOFO	Total
K-Lounge	1	10	163	174
Killer EBO		1	74	75
LawmanPg3-EBO			15	15
Integriti-EBO			48	48
LawmanPg3 cum Integriti-EBO			1	1
Easies - EBO			1	1
Factoy Outlet		2		2
Total	1	13	302	316
COCO - Company Owned Company Operated COMFO - Company Owned Management Franchisee Operate FOFO - Franchisee Owned Franchisee Operated	ed			
Retail Stores (YTD)		31.03.15		31.03.14
Existing		308		272
New opened		48		66
Converted		6		
Relocated/closed		34		30
Work-in process		16		29
Total Retail Stores		332		337



# 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.

