KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q4 FY2016 and fiscal year ended 31.03.2016





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Operational Performance: Snapshot

| | Q4 F | Y2016 | Q4 FY | ′ 2015 | Growth | FY2 | 015-16 | FY2 | 014-15 | Growth |
|----------------------------|--------|------------|--------|------------|--------|--------|------------|--------|------------|--------|
| | Rs crs | % of sales | Rs crs | % of sales | | Rs crs | % of sales | Rs crs | % of sales | |
| Total revenue | 126.65 | 100.00% | 104.74 | 100.00% | 20.92% | 457.36 | 100.00% | 408.32 | 100.00% | 12.01% |
| Operating EBITDA | 34.04 | 26.88% | 28.14 | 26.88% | 20.97% | 104.08 | 22.76% | 96.51 | 23.64% | 7.84% |
| Profit before tax (PBT) | 33.64 | 26.56% | 30.45 | 29.07% | 10.48% | 103.52 | 22.63% | 98.09 | 24.02% | 5.54% |
| Profit after tax (PAT) | 21.79 | 17.20% | 21.40 | 20.43% | 1.82% | 67.95 | 14.86% | 66.24 | 16.22% | 2.58% |
| Apparel Sales value growth | | | 21.41% | e | | | | 13.07% | | |
| Volume Growth | 1 | | 17.04% | 0 | | | | 10.57% | | |
| Realisation growth | | | 3.74% | | | 7 | | 2.27% | | |



Financial Performance: Q4 and FY 2016

| | Q4 FY 2016 | % of | Q4 FY 2015 | % of | | FY 2016 | % of | FY 2015 | % of | |
|--------------------------------------|------------|---------|-----------------------------------|---------|-----------|---------|-------------|---------|-------------|-----------|
| | Rs crs | sales | Rs crs | sales | Variation | Rs crs | sales | Rs crs | sales | Variation |
| Net Sales | 125.39 | | 103.95 | | | 453.02 | | 405.14 | | |
| Other operating income | 1.26 | _ | 0.79 | _ | | 4.34 | _ | 3.18 | _ | |
| Total Revenue | 126.65 | 100.00% | 104.74 | 100.00% | 0.00% | 457.36 | _100.00% | 408.32 | _ 100.00% | 0.00% |
| Cost of goods sold | 52.83 | 41.71% | 46.85 | 44.73% | -3.02% | 195.53 | 42.75% | 179.02 | 43.84% | -1.09% |
| • | | | | | | | | | | |
| Personnel cost | 11.60 | 9.16% | 11.86 | 11.32% | | | 11.17% | | 11.10% | |
| Manufacturing and operating expenses | 12.38 | 9.77% | 7.31 | 6.98% | | | 9.29% | | 8.30% | |
| Administrative and other expenses | 7.00 | 5.53% | 5.00 | 4.77% | 0.75% | 25.28 | 5.53% | 20.25 | 4.96% | 0.57% |
| Selling and distribution expenses | 8.80 | 6.95% | 5.57 | 5.32% | 1.63% | 38.89 | 8.50% | 33.33 | 8.16% | 0.34% |
| Operational expenditure | 92.61 | 73.12% | 76.59 | 73.12% | 0.00% | 353.28 | 77.24% | 311.81 | 76.36% | 0.88% |
| | | | SIC | | | | _ | | | |
| EBITDA | 34.04 | 26.88% | 28.15 | 26.88% | 0.00% | 104.08 | 22.76% | 96.51 | 23.64% | -0.88% |
| Finance expenses | 0.91 | 0.72% | 0.51 | 0.49% | 0.23% | 3.33 | 0.73% | 2.66 | 0.65% | 0.08% |
| Depreciation/ Ammotisation | 1.16 | 0.92% | 0.91 | 0.43% | | | 0.91% | 3.74 | 0.92% | |
| | | | $\Lambda \Lambda \Lambda \Lambda$ | (a | 1 | | | | | |
| Other income | 1.67 | 1.32% | 3.73 | 3.56% | -2.24% | 6.94 | 1.52% | 7.98 | 1.95% | -0.44% |
| Profit before tax (PBT) | 33.64 | 26.56% | 30.46 | 29.08% | -2.52% | 103.53 | _ 22.64% | 98.09 | - 24.02% | -1.39% |
| Income Tax | 11.85 | 9.36% | 9.05 | 8.64% | | | 7.78% | | 7.80% | |
| Profit after tax (PAT) | 21.79 | 17.20% | 21.41 | 20.44% | -3.24% | 67.95 | 14.86% | 66.25 | 16.23% | -1.37% |



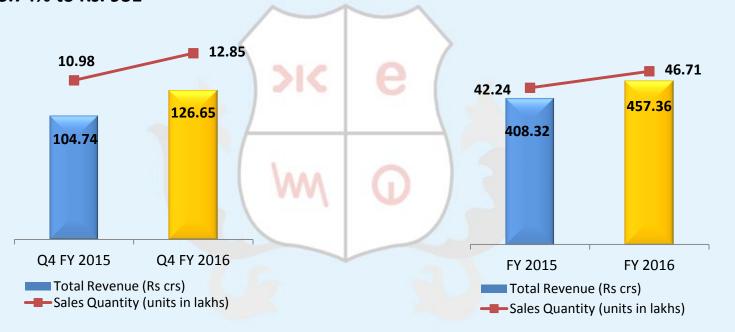
Trend in Revenue

Q4 FY2015-16

- Total revenue up by 20.92%
- Apparel sales value Rs 119.61 crores. (P.Y. Rs 98.52crores) up by 21.41%
- Apparel sales quantity up by 17.04%
- Apparel sales realization per unit up by 3.74% to Rs. 931

FY 2015-16

- Total revenue up by 12.01%
- Apparel sales value Rs 437.11 crores.
 (P.Y. Rs 386.57crores) up by 13.07%
- Apparel sales quantity up by 10.57%
- Apparel sales realization per unit up by 2.27% to Rs. 936





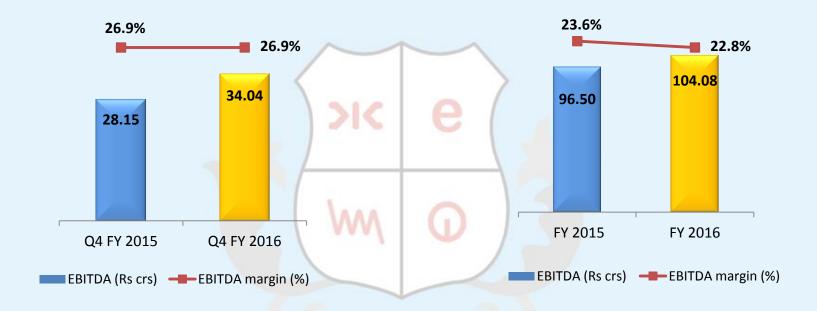
Trend in Operating Profit

Q4 FY2015-16

- EBITDA up by 20.95% at Rs. 34.04 crores
- EBITDA margin constant at 26.9%

FY 2015-16

- EBITDA higher by 7.85% at Rs. 104.08 crores
- EBITDA margin stood at 22.8%





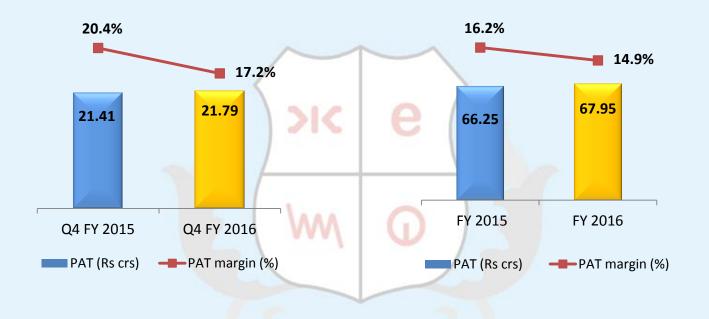
Trend in Net Profit

Q4 FY2015-16

- PAT higher at Rs. 21.79 crores
- PAT margin stood at 17.2%
- Quarterly EPS at Rs. 17.68 (17.37)

FY 2015-16

- PAT higher at Rs. 67.95 crores
- PAT margin stood at 14.9%
- FY 2015 EPS at Rs. 55.13 (53.75)





Balance Sheet (subject to dividend)

| (Rs crs) | As at Mar. 2016 (Audited) | As at Mar. 2015 (Audited) |
|---|---------------------------|---------------------------|
| Share Capital | 12.33 | 12.33 |
| Reserves and Surplus | 288.63 | 307.48 |
| Shareholders' Funds | 300.96 | 319.81 |
| Other Long-Term Liabilities | 17.14 | 9.87 |
| Long-Term Provisions | 0.13 | 0.51 |
| Non Current Liabilities | 17.27 | 10.38 |
| Short-term borrowings | 28.89 | 11.35 |
| Trade Payables | 46.88 | 30.45 |
| Other Current Liabilities | 13.75 | 18.22 |
| Short-term Provisions | 16.11 | 20.28 |
| Current Liabilities | 105.63 | 80.30 |
| Total Shareholders' Funds and Liabilities | 423.86 | 410.49 |
| Fixed Assets | 62.61 | 58.21 |
| Non Current Investments | 58.76 | 140.96 |
| Deferred Tax Assets (Net) | 0.50 | 1.18 |
| Long-term loans and advances | 9.01 | 7.93 |
| Other non-current assets | 0.04 | 0.43 |
| Non-Current Assets | 130.92 | 208.71 |
| Current Investments | 99.16 | 37.15 |
| Inventories | 55.73 | 40.41 |
| Trade receivables | 108.97 | 77.43 |
| Cash & Cash Equivalents | 24.75 | 43.17 |
| Short-term Loans & Advances | 3.28 | 2.10 |
| Other Current Assets | 1.05 | 1.52 |
| Current Assets | 292.94 | 201.78 |
| Total Assets | 423.86 | 410.49 |



Ratios and Cash-flow Analysis

| | Cash Flows (in Rs crs) | FY 2016 | Ratios | 31.03.16 | 31.03.15 |
|------|---|------------------------|---|----------|----------|
| I. | Cash Flow from Operating Activity *Operating Profit before Working Capital Changes | 46.87 104.06 | Debt Equity ratio | 0.10 | 0.03 |
| | *Adjustment for Working Capital | (25.37) | | | |
| | *Direct Taxes Paid | (31.82) | Current Ratio | 3.27 | 3.36 |
| II. | Cash Flow from Investing Activity | 13.38 | Debtors turnover (days) | 70 | 59 |
| | *(Purchase)/Sale of Fixed Assets | (11.26) | _ = = = = = = = = = = = = = = = = = = = | 70 | 00 |
| | *(Purchase)/Redemption of Investments in mutual funds *Interest/Dividend Income | 23.49 1.11 | Creditors turnover (days) | 47 | 35 |
| III. | Cash Flow from Financing Activity *Payment of Dividend (Including Dividend Tax) | (78.84) (93.46) | Inventory turnover (days) | 38 | 39 |
| | *Interest Paid *Secured Loans - Bank Overdraft (Net) | (2.91) 17.53 | RONW | 21.89% | 21.47% |
| | Cash and Cash Equivalents - Closing | 23.70 | ROCE in operations | 76.50% | 83.40% |
| | | AAA/ | ROCE overall | 30.23% | 28.98% |

The cash and financial position remains strong with healthy cash reserves



Brands: Q4 FY 2015-16

| | | | | Sales (Rs crs) | Q4 2016 | Q4 2015 | % Change |
|---------|---|-------------|-----------|-----------------|---------|---------|----------|
| | All Brands have | shown st | rong grov | wth | | | |
| | Killer continues brand with sha | | flagship | Killer | 60.51 | 54.31 | 11% |
| | Integriti grew b | y 40% | | Lawman | 25.41 | 19.52 | 30% |
| | Brand wise sales b | oreak up Q4 | FY 2016 | Integriti 5% | 29.36 | 20.92 | 40% |
| Q4 2015 | 52% | 19% | 20% | Easies | 4.33 | 3.78 | 15% |
| | _ | | 4 | 5% Other Brands | 5.78 | 5.42 | 7% |
| Q4 2016 | 48% | 20% | 23% | M D | | | |
| | | | | % Total | 125.39 | 103.95 | 21% |



Brands: FY 2015-16

53%

52%

 Killer grew by 8% and is the largest brand with a share of 52%

 Integriti grew by 18% and has a share of 21%

Brand wise sales break up FY 2016

20%

20%

20%

21%

3%4%

4% 3%

| Sales (Rs crs) | FY 2016 | FY 2015 | % Change |
|----------------|---------|---------|----------|
| Killer | 234.41 | 216.24 | 8% |
| Lawman | 92.95 | 79.97 | 16% |
| Integriti | 93.78 | 79.73 | 18% |
| Easies | 15.98 | 10.64 | 50% |
| Others | 15.90 | 18.56 | -14% |
| Total | 453.02 | 405.14 | 12% |

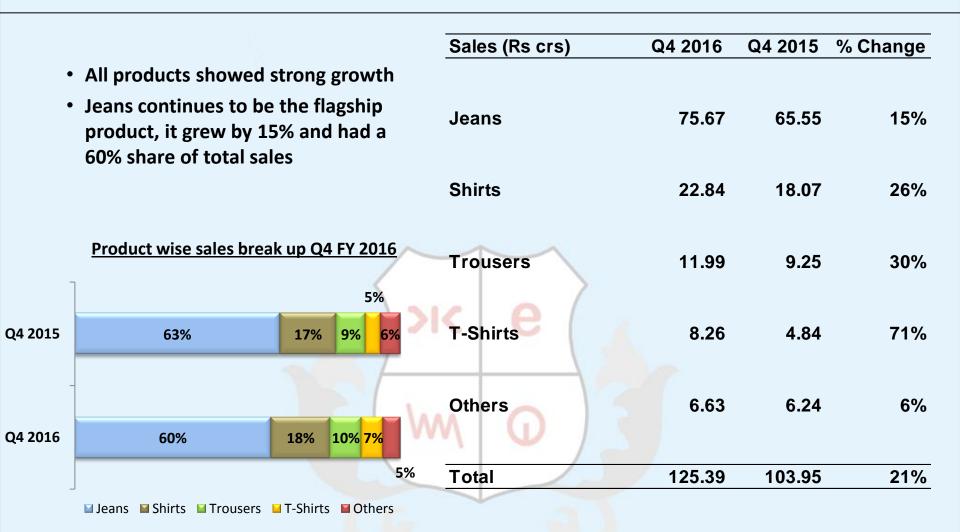




FY 2015

FY 2016

Products: FY Q4 2015-16





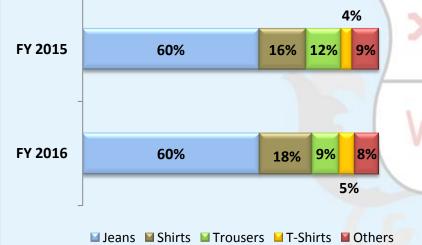
Products: FY 2015-16

 Jeans is the largest selling product with a share of 60% and has grown by 12%

 Shirts is the second largest product with a share of 18% and has grown by 25%

Product wise sales break up FY 2016

| Sales (Rs crs) | FY 2016 | FY 2015 | % Change |
|----------------|---------|---------|----------|
| Jeans | 270.53 | 241.58 | 12% |
| Shirts | 80.19 | 64.13 | 25% |
| Trousers | 41.99 | 48.09 | -13% |
| T-Shirts | 23.58 | 15.19 | 55% |
| Others | 36.73 | 36.15 | 2% |
| Total | 453.02 | 405.14 | 12% |





Channels: Q4 2015-16

Sales (Rs crs) Q4 2016 Q4 2015 % Change MBOs continue to be the largest channel with 51% share **MBO** 63.38 53.98 17% E-Commerce sales have grown by 388% Retail 26.42 28.16 -6% Channel wise sales break up Q4 FY 2016 **National Chain Stores** 17.55 11.39 54% 4% 4% e-Commerce 7.93 1.63 388% Q4 2015 11% 52% 27% 1.6% 2% **Factory Outlet** 2.99 4.02 -26% Q4 2016 51% 21% 14% 6% 6% **Overseas** 7.12 4.77 49% ■ MBO ■ Retail ■ National Chain Stores
■ Factory Outlet 125.39 103.95 21% Total ■ e-Commerce Overseas

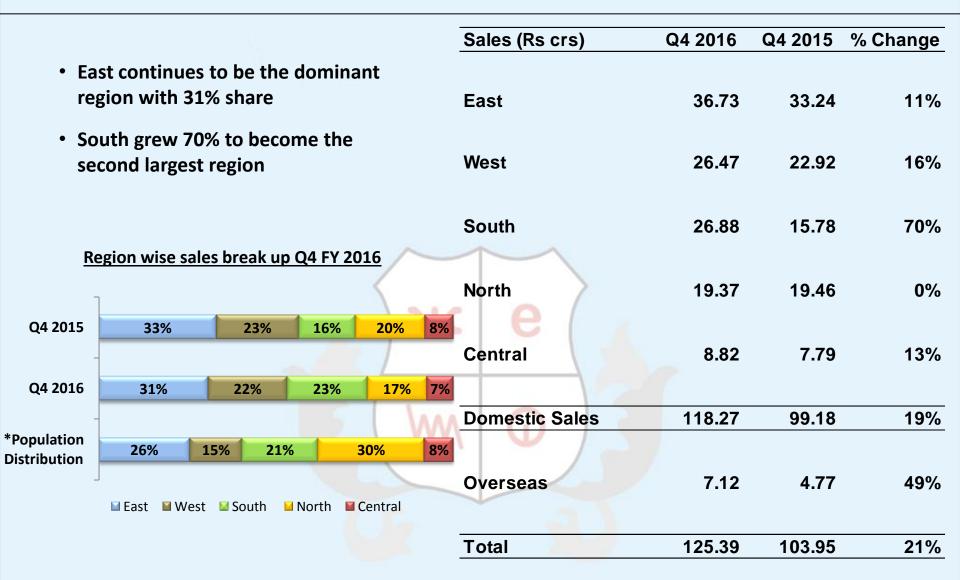


Channels: FY 2015-16

Sales (Rs crs) FY 2016 FY 2015 % Change MBOs continues to be the largest channel with 52% share 6% **MBO** 236.79 222.59 E-Commerce showed 70% growth Retail 107.83 96.24 12% **Channel wise sales break up FY 2016 National Chain Stores** 49.57 41.55 19% e-Commerce 70% 13.53 7.98 **FY 2015** 10% 55% 24% 2% **Factory Outlet** 15.46 13.81 12% 3% 11% **FY 2016** 52% 24% **Overseas** 29.84 22.97 30% 3% **■** MBO ■ Retail ■ National Chain Stores
■ Factory Outlet 405.14 12% **Total** 453.02 ■ e-Commerce ■ Overseas

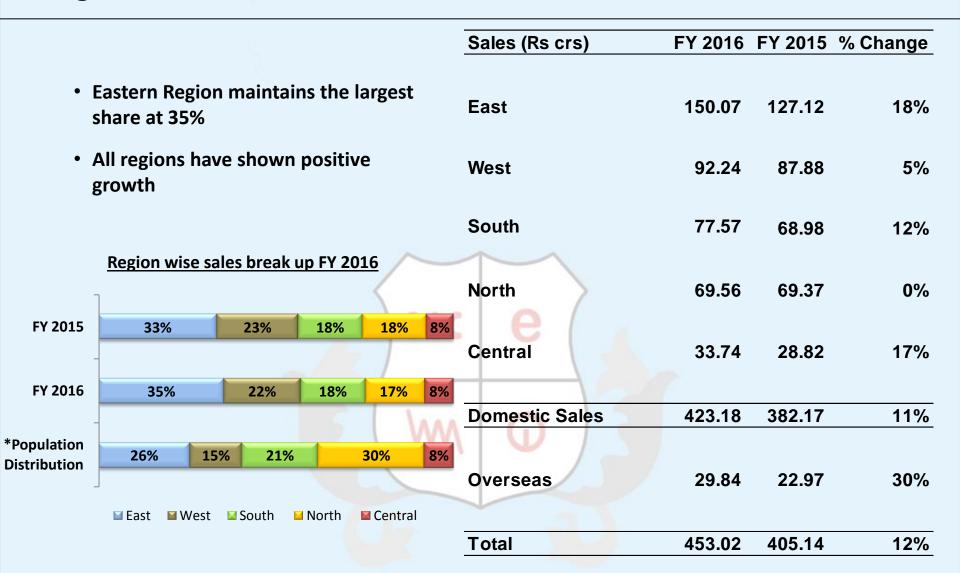


Regional Distribution: Q4 2015-16





Regional Distribution: FY 2015-16





Retail stores

| Particulars | сосо | COMFO | FOFO | Total |
|-----------------------------|------|-------|------|-------|
| K-Lounge | 2 | 7 | 170 | 179 |
| Killer EBO | | | 80 | 80 |
| LawmanPg3-EBO | | | 13 | 13 |
| Integriti-EBO | | | 50 | 50 |
| LawmanPg3 cum Integriti-EBO | | | 1 | 1 |
| Easies - EBO | | | 1 | 1 |
| Factoy Outlet | | 2 | 1 | 3 |
| Total | 2 | 9 | 316 | 327 |

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

| Retail Stores (YTD) | | | 31.03.16 | 31.03.15 |
|---------------------|---------|--------------|----------|----------|
| Existing | 1000 | | 316 | 308 |
| New opened | \ \vvv\ | \mathbf{U} | 45 | 48 |
| Converted | | | | 6 |
| Relocated/closed | | | 34 | 34 |
| Work-in process | | | 26 | 16 |
| Total Retail Stores | | | 353 | 332 |



Financial Highlights: Q4 FY 2016

- Factors contributing to increase in profitability:
- a. Increase in apparel sale volume by 17.04% and realisation per garment by 3.74% as compared to corresponding quarter last year.
- b. Reduction in Cost of goods sold by 3.02% of revenue and personal cost by 2.16%

- Factors responsible for dampening profitability growth :-
- a. Increase in manufacturing and operating expenses by 2.80% of revenue, selling and distribution expenses by 1.63% and decrease in other income by 2.24%.
- b. Contribution of Rs 98 lakhs towards CSR activities during the quarter.



Other Events

- The company has augmented "Business Progressive fund" by 5 Cr out of its profit during the F.Y. 2015-16 aggregating to Rs 30 Cr, to maintain normal growth in sluggish market conditions and support superior growth for long term.
- Opened 45 new retail stores closed 34 and company has presence in 199 cities and 26 states across India.

Advertisement and branding initiatives :-

- LawmanPg3 has become co- Sponsor for "Gujarat Lions" team in IPL season 9 (2016). Logo appearing on team jersey, front of body-left side.
- LawmanPg3 has associated with Balaji Telefilms as "Star partner" for its show 'Box Cricket League-2016' which is being telecasted on Colors channel.
- Killer has associated with the world's 2nd largest arts festival "Kala Ghoda Arts Festival
- All 4 brands of the Company have sponsored "U Mumba" team of the 'Pro Kabaddi League, 2016'
- Apart from that, Lawman Pg3 has associated with 2 (two) Bollywood movies (i.e. Mastizaade and Kya Kool Hai Hum-3).



Thank You

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