## KEWAL KIRAN CLOTHING LTD

Financial Results Review - Q4 FY2016 and fiscal year ended 31.03.2016

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## Operational Performance: Snapshot

| Total revenue | Q4FY2016 <br> Rs crs \% of sales |  | Q4FY 2015 <br> Rs crs \% of sales |  | Growth | FY2015.16 <br> Rs crs \% of sales |  | FY2014-15 <br> Rscrs \% of sales |  | Growth |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 126.6 | 100.00\% | 104.74 | 100.00\% | 20.92\% | 457.36 | 100.00\% | 408.32 | 100.00\% | 12.01\% |
| Operating EBITDA | 34.0 | 26.88\% | 28.14 | 26.88\% | 20.97\% | 104.08 | 22.76\% | 96.51 | 23.64\% | 7.84\% |
| Profit before tax (PBT) | 33.6 | 26.56\% | 30.45 | 29.07\% | 10.48\% | 103.52 | 22.63\% | 98.09 | 24.02\% | 5.54\% |
| Profit after tax (PAT) | 21.7 | 17.20\% | 21.40 | 20.43\% | 1.82\% | 67.95 | 14.86\% | 66.24 | 16.22\% | 2.58\% |
| Apparel Sales value growth |  |  | 21.41\% | , |  |  |  | 13.07\% |  |  |
| Volume Growth |  |  | 17.04\% |  |  |  |  | 10.57\% |  |  |
| Realisation growth |  |  | 3.74\% |  |  |  |  | 2.27\% |  |  |

## Financial Performance: Q4 and FY 2016

|  | Q4 FY 2016 Rs crs | \% of sales | $\begin{gathered} \text { Q4 FY } 2015 \\ \text { Rs crs } \end{gathered}$ | \% of <br> sales | Variation | FY 2016 <br> Rs crs | $\%$ of <br> sales | FY 2015 <br> Rs crs | \% of <br> 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\% | -2.16\% | 51.07 | 11.17\% | 45.31 | 11.10\% | 0.07\% |
| Manufacturing and operating expenses | 12.38 | 9.77\% | 7.31 | 6.98\% | 2.80\% | 42.51 | 9.29\% | 33.90 | 8.30\% | 0.99\% |
| 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\% |
|  |  |  |  |  |  |  |  |  |  |  |
| 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 | 0.87\% | 0.05\% | 4.16 | 0.91\% | 3.74 | 0.92\% | -0.01\% |
| 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\% | 0.72\% | 35.58 | 7.78\% | 31.84 | 7.80\% | -0.02\% |
| 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 98.52 crores) up by $\mathbf{2 1 . 4 1 \%}$
- 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 $\mathbf{1 2 . 0 1 \%}$
- Apparel sales value Rs 437.11 crores. (P.Y. Rs 386.57 crores) 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. $\mathbf{3 4 . 0 4}$ 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 $\mathbf{1 7 . 2 \%}$
- 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 <br> *Operating Profit before Working Capital Changes | $\begin{aligned} & 46.87 \\ & 104.06 \end{aligned}$ | 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 *(Purchase)/Sale of Fixed Assets | $13.38$ <br> (11.26) | Debtors turnover (days) | 70 | 59 |
| *(Purchase)/Redemption of Investments in mutual funds <br> *Interest/Dividend Income | $\begin{array}{r} 23.49 \\ \hline 1.11 \end{array}$ | Creditors turnover (days) | 47 | 35 |
| III. Cash Flow from Financing Activity <br> *Payment of Dividend (Including Dividend Tax) | $\begin{array}{r} (78.84) \\ (93.46) \end{array}$ | Inventory turnover (days) | 38 | 39 |
| *Interest Paid | (2.91) | RONW | 21.89\% | 21.47\% |
| *Secured Loans - Bank Overdraft (Net) | 17.53 |  | 21.89\% | 21.47\% |
| Cash and Cash Equivalents - Closing | 23.70 | ROCE in operations | 76.50\% | 83.40\% |
|  | - | 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 strong growth
$\begin{array}{lllll}\text { - Killer continues to be the flagship } & \text { Killer } & 60.51 & 54.31 & 11 \%\end{array}$ brand with share of 48\%
- Integriti grew by 40\%



## Brands : FY 2015-16

| Sales (Rs crs) | FY 2016 FY 2015 \% Change |
| :--- | :--- | :--- |

- Killer grew by 8\% and is the largest brand with a share of $52 \%$
- Integriti grew by $18 \%$ and has a share of 21\%



## Products : FY Q4 2015-16

| Sales (Rs crs) | Q4 2016 | Q4 2015 | $\%$ Change |
| :--- | :--- | :--- | :--- |

- All products showed strong growth
- Jeans continues to be the flagship product, it grew by $15 \%$ and had a $60 \%$ share of total sales

Jeans $\quad 75.67 \quad 65.55 \quad 15 \%$
Shirts $22.84 \quad 18.07 \quad 26 \%$

$\square$ Jeans $\square$ Shirts $\square$ Trousers $\square$ T-Shirts $\square$ Others

## Products : FY 2015-16

Sales (Rs crs)

- 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 $25 \%$

$\square$ Jeans $\square$ Shirts $\square$ Trousers $\square$ T-Shirts Others


## Channels: Q4 2015-16

- MBOs continue to be the largest channel with 51\% share
- E-Commerce sales have grown by 388\%



## Channels : FY 2015-16

Sales (Rs crs) FY 2016 FY 2015 \% Change

- MBOs continues to be the largest channel with 52\% share

MBO
$236.79 \quad 222.59$
6\%

- E-Commerce showed 70\% growth

$$
\begin{array}{lll}
\text { Retail } & 107.83 & 96.24
\end{array}
$$



## Regional Distribution : Q4 2015-16

Sales (Rs crs) Q4 2016 Q4 2015 \% Change

- East continues to be the dominant region with $31 \%$ share

East $\quad 36.73 \quad 33.24$
11\%

- South grew 70\% to become the second largest region

West
26.47
22.92
$16 \%$


## Regional Distribution : FY 2015-16

- Eastern Region maintains the largest share at 35\%
- All regions have shown positive growth



## Retail stores



## 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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