



# Kewal Kiran Clothing Limited

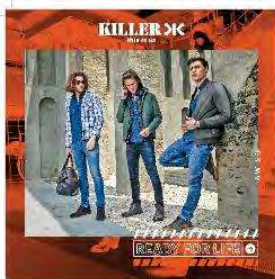
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Corporate Business Presentation & FY22 Financial Overview

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# KKCL : Time & Tested Branded Apparel Play

Consistently Profitable Listed Branded Apparel Player



# KKCL : Designing Success since 1980s



Amongst the **few Indian Denim brands** to have **successfully contributed** to the evolving Denim culture in India : **40+ years of tasting success**



Learning it the hard way with **Integrated Operations & presence across Value Chain : Designing - Manufacturing - Branding - Retailing**



**Denims in Apparels are recognized with distinctive Brand Labels** : KKCL has been able to penetrate through its audience with its **evolving brand culture with 4 iconic brands**



**With established name in the Menswear category**, KKCL intends to replicate its success in the menswear category to other apparel categories gradually keeping its profitability driven ethos in mind



**Established Widespread Distribution** : 350+ Exclusive Brand Outlets and 125+ Distributors covering 4,000+ MBOs spread across India



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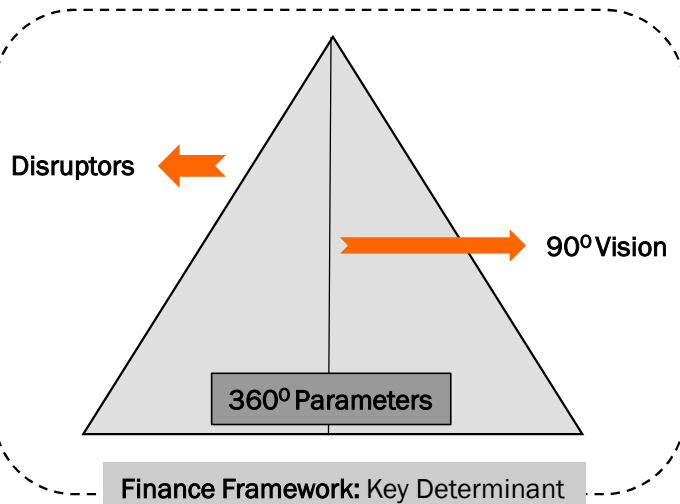
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# Riding upon the Pillars of Success



## KKCL : Business Structure Pyramid



Financial Sustainability driven Decision Making : Key Driver for achieving the 3 Key "S" of Business

- Business **Stability**
- Business **Sustainability**
- Business **Scalability**

## PILLARS OF SUCCESS

Established Brands



Manufacturing Excellence



Widespread Distribution



Financial Sustainability



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KKCL : Clothes for Every Season



1

## Focused Brand Proposition

Key Mantra - Branding drives Aspiration, commands Premium and sense of Stickiness



# Established Brand Portfolio



## LABELS THAT COMPETE WITH GLOBAL CONTEMPORARIES



Denims:  
Label Tagging an important tool

1 Flagship Brand catering to Premium Luxury segment



2 Premium Mid Market Segment Brand



3 Fashion/Partywear Brand Focused on Mid Market Segment



4 Targeted Premium Mass Market Brand

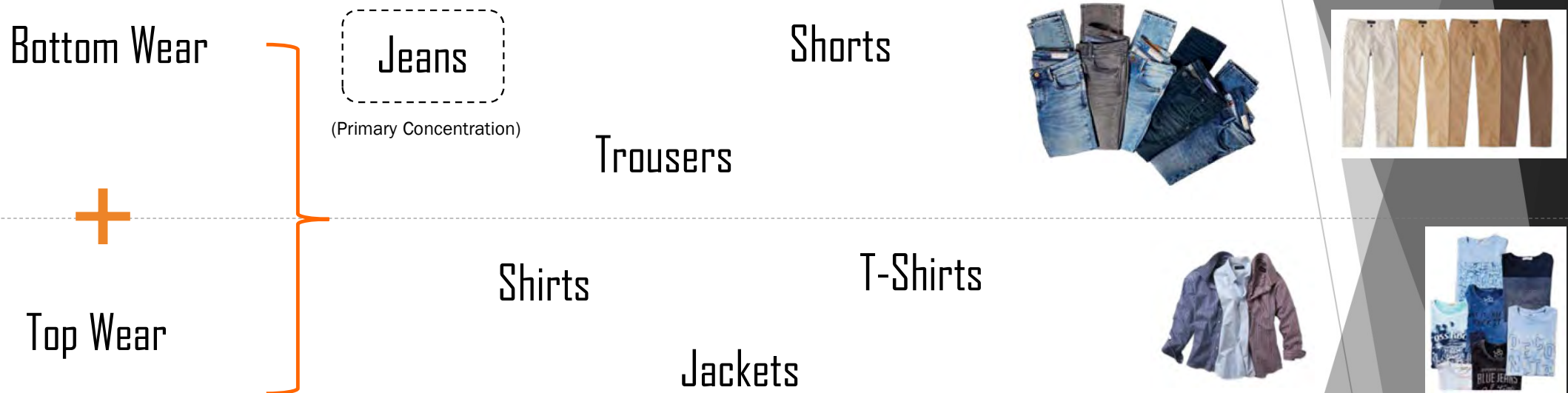


5 Focused Women Wear Brand





## Wide Product Portfolio capitalising Brand appeal



► **Accessories Business through Brand Extension** : Opportunistic Play capitalizing on Brand Recognition & Entrenchment

**Deodorants - Shoes - Belts - Masks - Purses - Socks : Amongst Others** >>> **Product Identification - Licensing - Branding - Selling**



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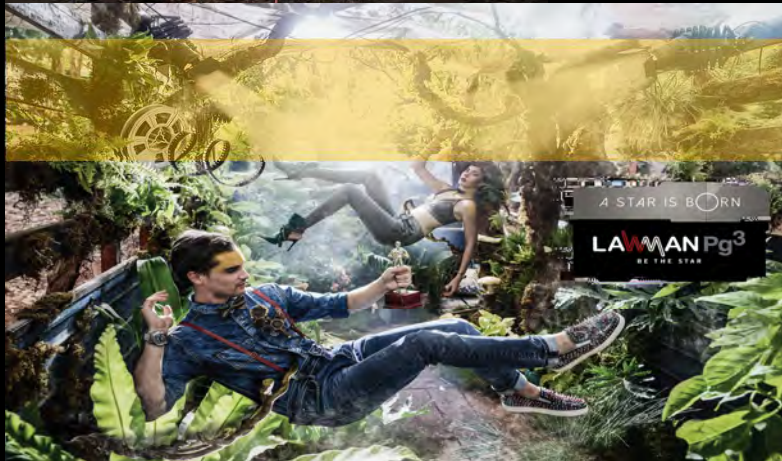
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## Killer : Premium Casuals

Flagship brand "Killer" imbibes in it the cool confidence of today's youth and redefines denims, giving a bold character to them





## Lawman : Fashion Capital

A glamorous, lifestyle brand, "LawmanPg3" specialises in trendsetting denim and partywear for young adults





Reflecting and resonating the ambition and energy of youth, "Integrati" offers a credible, trusted and value proposition across work and casual wear





A blend of classic and contemporary preferences, “**Easies**” is reshaping corporate fashion in India through its range of semi-formal menswear, made from the most premium range of fabric and linen





## Women Wear : New Avenues



"Desi Belle" is an Indo-Western womenswear that exists at the confluence of modern style and desi touch, catering to the contemporary woman



2

## KKCL Unique Success Formula - Make to Market

Market dynamics paves the way for Creator's market – Manufacturing back in focus



# Manufacturing Excellence



**Robust manufacturing setup with majority of the processes developed in-house from Designing to Finished Product  
- Giving it a “Good control over product costs factor and Quality”**

- ▶ **Tech-led manufacturing capabilities** : State-of-the-art technology in manufacturing denims with units equipped with advanced machinery, helping us offer the best products to our customers
- ▶ **Best in class Washing Facility:** Key Factor to Denim Manufacturing with high compliances
- ▶ With a total **annual capacity of apprx. 8 million units**, each facility is a house of innovation and a complementing factor to the styles being produced and marketed.
- ▶ **Assisted by international professionals to lead our research and technology wing** allowing us to **develop new products** and improving existing product range
- ▶ All KKCL manufacturing facilities are certified ISO 9000:2008 and the Vapi facility is additionally certified ISO 14001: 2004

*Deliver the best of global fashion and versatile designs of the highest standards*





Designing – Procurement – Washing – Stitching – Labelling – Packing – Retail



The Vapi Manufacturing Unit won gold awards in 'FAME Excellence Award 2017' and 'Grow Care' India's Environment Award 2017'.



**Responsible Manufacturing Practices:** Usage of state of art technology to avoid usage of excessive water across various stages of production leading to elimination of nearly 80% of water wastage through processes



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## Strong Market connect

Brand recognition driving market "Pull Strategy" – playing it with a flexible profit oriented & balanced market strategy



# Widespread Distribution – Physical & Digital



**Extensive footprint** of directly operated and franchise stores, along with a presence in national large format stores & carefully selected multi-brand outlets (MBOs)

## Exclusive Retail Store Count (As on March 31, 2022)

# 356 Stores

Mix of K-Lounge & EBOs

(incl. 1 Factory Outlet)

Combination of COCO/COMFO/FOFO driven stores

K-Lounge / EBOs :

Totally spread over an approx. area of **2,30,000 sq.ft spread across India**

## MBO Presence

**Widespread MBO presence through traditional Distributional Channel** : 125+ Distributors covering 4,000+ MBOs across India

## National Chain Stores

**Select Key Stores:** Shoppers Stop, Lifestyle, Reliance Trends & Others

## Multiple E-Commerce Portal Presence

**Select Portals:** Flipkart/Myntra, Ajio, Tata Cliq, Amazon



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# Continuing Focus - Strengthening Distribution



Two Pronged Approach

## Traditional Channels : Key to Profitability

**Structured & Focused  
Win-Win Philosophy  
Methodology**



- Identify Right Channel Partners
- Nurturing Channel Partners & forging long term partnerships
- Opportunities of Growth for Channel Partners
- Retaining Channel Partners

## Digital / Modern Retail : Key to Visibility

**Differentiated Play  
Differential Offering  
Methodology**



- Calculative Approach with minimal impact on Margins
- Identification of Right Channel Partners
- Cost Benefit Analysis : visibility v/s margin contraction
- Differentiated Offering across various SKUs

**EBOs**

(Master Distribution & Direct by Company)

**MBOs**

(Distribution Platform)

**NCS**

(Direct by Company)

**E-Commerce**

(Direct by Company)

**Exports**

(Direct by Company)



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# K-LOUNGE - KKCL's Retail Play







## 4

## Profitability Led Business Growth

Leveraging the learnings in creating a business model that can withstand severe challenges while enabling the Company to grow



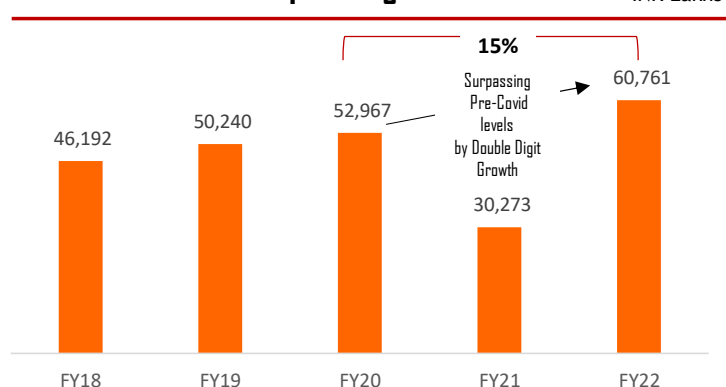


# Financial Sustainability - Profitability led Growth



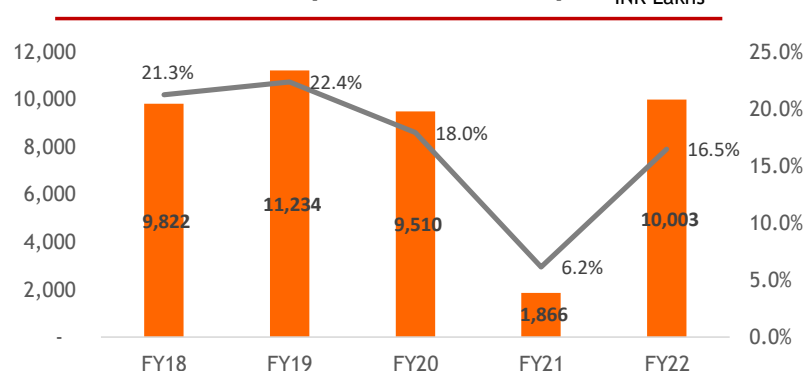
## Operating Sales

INR Lakhs



## EBITDA (excl. Other Income)

INR Lakhs



- Part of costs conscious apparel sector clouded by inflationary pressure on account of increased raw material prices & gas prices
- Adopted Sales growth strategy striking a balance of achieving Sales growth with minimal margin contraction

## Robust Balance Sheet Strength

Performance: Standalone basis

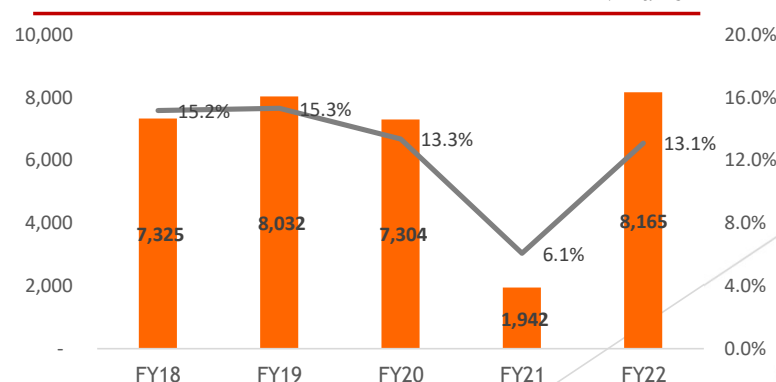
INR Lakhs	FY20	FY21	FY22
Debt	8,801.18	4,643.80	7,659.85
Cash & Investments*	27,539.33	29,848.71	34,920.85
Total Equity	44,642.19	43,296.61	47,819.42
Net Debt : Equity (x)	(0.42)	(0.58)	(0.57)
Debtor Days (in Days)**	120	182	91

\* Investments includes non-current investment of ₹ 845.50 lakhs of investments in Associates and also includes a Fixed Deposit of INR 1162.62 lakhs which is classified under Other Financial Asset

\*\* Debtor Days has been calculated basis the Average Receivables pegged to Operating Income of the Company

## PAT

INR Lakhs



**FY 22**

- ROCE : 19.8%
- ROE : 17.1%

- ROCE : EBIT / (Total Equity + Gross Debt)
- ROE : PAT / Total Equity

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# Profit & Loss Statement (Q4 :Y-o-Y)



Particulars (INR Cr)	Q4 – FY 21-22		Q4 – FY 20-21		Q4 – FY19-20	
	Amount	% of Op. Income	Amount	% of Op. Income	Amount	% of Op. Income
<b>Income:</b>						
Revenue from Operations	168.73	99.50%	110.04	99.40%	125.37	99.00%
Other Operating Revenue (Service / Rent Income)	0.84	0.50%	0.66	0.60%	1.27	1.00%
<b>Revenue from Operations</b>	<b>169.57</b>	<b>100.00%</b>	<b>110.70</b>	<b>100.00%</b>	<b>126.64</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of Material Consumed*	96.98	57.19%	66.08	59.69%	66.56	52.56%
Personnel Cost	22.76	13.42%	16.54	14.94%	18.05	14.25%
Administrative & Other Cost	8.58	5.06%	10.64	9.61%	8.60	6.79%
Selling & Distribution Expenses	9.10	5.37%	7.28	6.58%	11.94	9.43%
<b>Total Expenses</b>	<b>137.42</b>	<b>81.04%</b>	<b>100.54</b>	<b>90.82%</b>	<b>105.15</b>	<b>83.03%</b>
<b>EBIDTA (excl. Other Income)</b>	<b>32.15</b>	<b>18.96%</b>	<b>10.16</b>	<b>9.18%</b>	<b>21.49</b>	<b>16.97%</b>
Other Income	3.50		2.66		3.86	
Finance Expense	1.05		1.08		1.99	
Depreciation / Amortization	1.78		1.60		1.64	
<b>Net Profit Before Tax</b>	<b>32.82</b>		<b>10.14</b>		<b>21.72</b>	
Provision for Tax	8.04		1.89		5.94	
<b>Net Profit After Tax (before OCI)</b>	<b>24.78</b>		<b>8.25</b>		<b>15.78</b>	

\* Note : Costs of Material Consumed includes Costs of Material Consumed, Purchase of Stock in trade , Change in inventories of finished goods, work in progress and stock in trade and Manufacturing & operating expenses

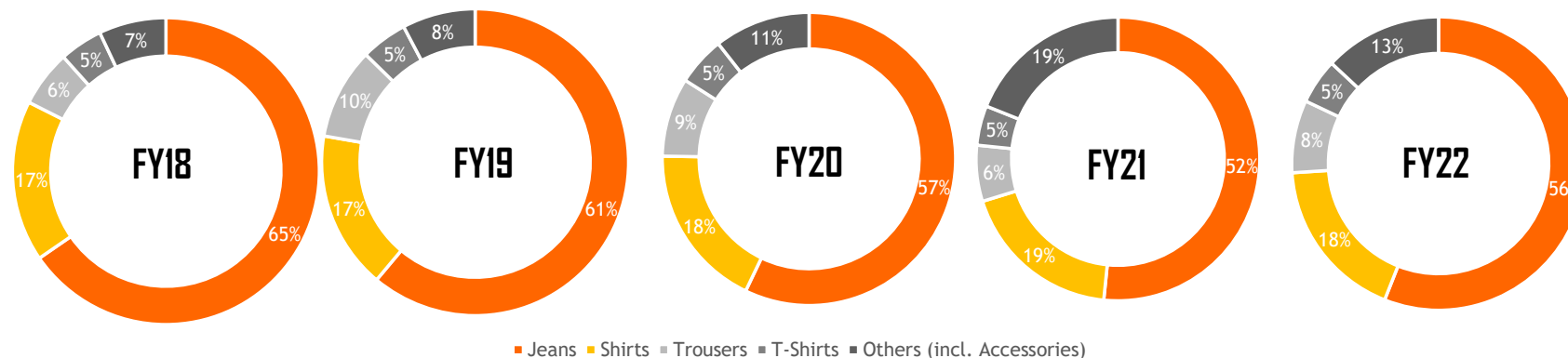
# Profit & Loss Statement (12M : Y-o-Y)

Particulars (INR Cr)	FY 21-22		FY 20-21		FY 19-20	
	Amount	% of Op. Income	Amount	% of Op. Income	Amount	% of Op. Income
<b>Income:</b>						
Revenue from Operations	605.12	99.6%	300.66	99.3%	524.88	99.10%
Other Operating Revenue (Service / Rent Income)	2.49	0.40%	2.07	0.7%	4.79	0.90%
<b>Revenue from Operations</b>	<b>607.61</b>	<b>100.0%</b>	<b>302.73</b>	<b>100.0%</b>	<b>529.67</b>	<b>100.00%</b>
<b>Expenses</b>						
Cost of Material Consumed*	358.72	59.04%	180.05	59.48%	262.08	49.48%
Personnel Cost	79.77	13.13%	52.64	17.39%	71.45	13.49%
Administrative & Other Cost	35.43	5.83%	32.76	10.82%	33.08	6.25%
Selling & Distribution Expenses	33.66	5.54%	18.60	6.14%	67.96	12.83%
<b>Total Expenses</b>	<b>507.58</b>	<b>83.54%</b>	<b>284.05</b>	<b>93.83%</b>	<b>434.57</b>	<b>82.05%</b>
<b>EBIDTA (excl. Other Income)</b>	<b>100.03</b>	<b>16.46%</b>	<b>18.68</b>	<b>6.17%</b>	<b>95.1</b>	<b>17.95%</b>
Other Income	16.86		17.04		17.53	
Finance Expense	4.53		6.81		8.81	
Depreciation / Amortization	7.03		6.7		8.23	
<b>Net Profit Before Tax</b>	<b>105.33</b>		<b>22.21</b>		<b>95.59</b>	
Provision for Tax	23.69		2.78		22.55	
<b>Net Profit After Tax (before OCI)</b>	<b>81.65</b>		<b>19.42</b>		<b>73.04</b>	

\* Note : Costs of Material Consumed includes Costs of Material Consumed, Purchase of Stock in trade , Change in inventories of finished goods, work in progress and stock in trade and Manufacturing & operating expenses



# Product Wise Performance



Product wise Sales as a % of Total Income from Sales of Apparel and Lifestyle Accessories/Products

Sales Performance

	FY18	FY19	FY20	FY21	FY22
Apparel and Lifestyle Accessories/Products Sales Qty (Units in Lakhs)	58.69	84.00	82.95	57.77	89.77
Apparel Units % of Total Qty Sales	78.7%	60.5%	64.2%	60.7%	76.2%
Sales Realisation* (INR per unit)	779	591	633	520	674

\* Calculated at WSP (Wholesale Sales Price)



Shirts

Trousers



T-shirts

Others



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## Additions : Accessories Play as a Brand Extension



The accessories wing of KKCL, “Addictions” offers lifestyle products such as deodorants, watches, wallets, belts and innerwear





## Innerwear – From the House of KKCL





# Focused Growth Strategy

On course with sound fundamentals & well-prepared to make the best of the available opportunities, by catering to both the visible and latent needs of consumers



# Focused Growth Strategy

## ► Continuous focus to explore new product categories :

1

- With an established brand franchise in Menswear segment, KKCL intends to explore new avenues of growth with focus on new range of products in the jackets and winterwear segment.
- This will also help the Company to fortify its regional penetration in the northern market in India

## ► Aggressive Marketing & Advertising :

2

- Dedicated Expenditure to be made towards aggressive marketing and advertising leading to brand entrenchment across targeted customer base
- Focus on customer connect programmes leading to enduring customer relationship

## ► Technology Upgradation :

3

- Always on the anvil to look at bringing in technological upgradation across functions to smoothen operations however keeping the costs benefit analysis in mind
- Explore towards strengthening its own digital and e-commerce platform to capitalise its brand strengths and also thereby providing an omnichannel avenue across its EBO network

4

- **Continue to explore opportunistic play in the Womenwear and Kidswear segment** with an impetus of achieving profitable growth expansion with an ultimate objective of creating a family focused product portfolio



# Thank You



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