

KEWAL KIRAN CLOTHING LTD

Financial Results Review – Q4 FY2011
and fiscal year ended 31.03.2011

Operational Performance: Q4 and FY 2011

	Q4 FY2011	% of	Q4 FY 2010	% of		FY2011	% of	FY2010	% of	
	Rs crs	sales	Rs crs	sales	Variation	Rs crs	sales	Rs crs	sales	Variation
Net Sales	54.69		46.16			235.31		175.16		
Other operating income	0.35		0.22			1.31		0.77		
	55.04	100.00%	46.38	100.00%		236.62	100.00%	175.93	100.00%	
Cost of goods sold	21.33	38.75%	16.39	35.34%	3.42%	89.81	37.96%	64.94	36.91%	1.04%
Personnel cost	6.24	11.34%	5.31	11.45%	-0.11%	25.42	10.74%	20.82	11.83%	-1.09%
Manufacturing and operating expense:	3.90	7.09%	3.12	6.73%	0.36%	16.98	7.18%	11.80	6.71%	0.47%
Administrative and othe expenses	2.42	4.40%	2.23	4.81%	-0.41%	9.51	4.02%	9.78	5.56%	-1.54%
Selling and distribution expenses	5.08	9.23%	6.40	13.80%	-4.57%	26.21	11.08%	21.93	12.47%	-1.39%
Operational expenditure	38.97	70.80%	33.45	72.12%	-1.32%	167.93	70.97%	129.27	73.48%	-2.51%
EBITDA	16.07	29.20%	12.93	27.88%	1.32%	68.69	29.03%	46.66	26.52%	2.51%
Finance expenses	0.42	0.76%	0.56	1.21%	-0.44%	2.05	0.87%	2.33	1.32%	-0.46%
Depreciation/ Ammotisation	1.63	2.96%	1.38	2.98%	-0.01%	5.73	2.42%	5.84	3.32%	-0.90%
Other income	2.68	4.87%	1.88	4.05%	0.82%	8.34	3.52%	10.25	5.83%	-2.30%
Profit before tax (PBT)	16.70	30.34%	12.87	27.75%	2.59%	69.25	29.27%	48.74	27.70%	1.56%
Income Tax	5.60	10.17%	4.46	9.62%	0.56%	23.03	9.73%	16.23	9.23%	0.51%
Profit after tax (PAT)	11.10	20.17%	8.41	18.13%	2.03%	46.22	19.53%	32.51	18.48%	1.05%

Operational Performance: Q4 – FY 2011

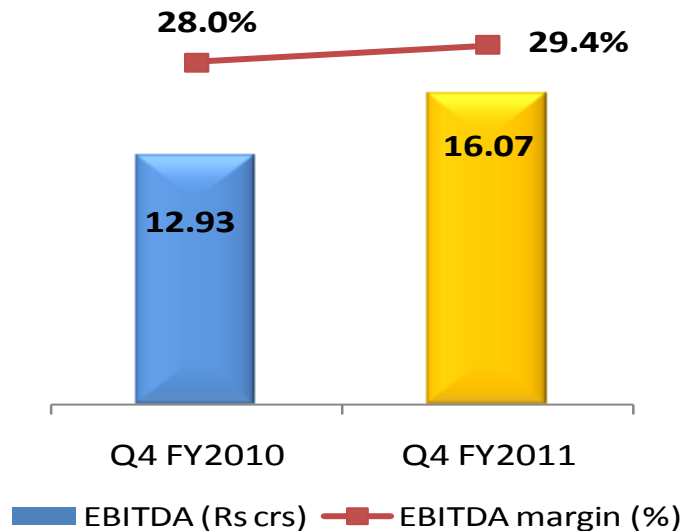
- **Factors contributing to increase in profitability :**
 - a. Increase in apparel sales volume by 2.21% and realisation per garment by 11.94% as compared to corresponding period previous year.
 - b. Life style accessories items sold under ADDICTION brand is emerging as value enhancer. Sold over 1.9 Lakh units at average realisations of Rs 128 per unit aggregating to net sales of Rs 2.45 Cr
 - c. Lower Selling & Distribution expenses during the quarter. Personnel and Administrative expenses though increased in absolute value but lower as percentage of sales due to benefit of higher realisations .
 - d. Opening of 12 new retail stores under franchisee model during the quarter.

- **Factors responsible for dampening profitability growth :-**
 - a. Cost of goods sold increased by 3.42% of sales due to escalation in cotton fabric and denim prices even after rates increased by 11.94%.
 - b. Volume growth could have been higher but for excise duty w.e.f. 01.03.11 as result low activity level during March,11.
 - c. Incremental actuarial gratuity liability provision of Rs 20 lakhs and provision for leave encashment Rs 21 lakhs due to change in accounting policy.
 - d. Vapi building completed and capitalised. Incremental depreciation of Rs 8.75 lakhs.

Trend in Operating Profit

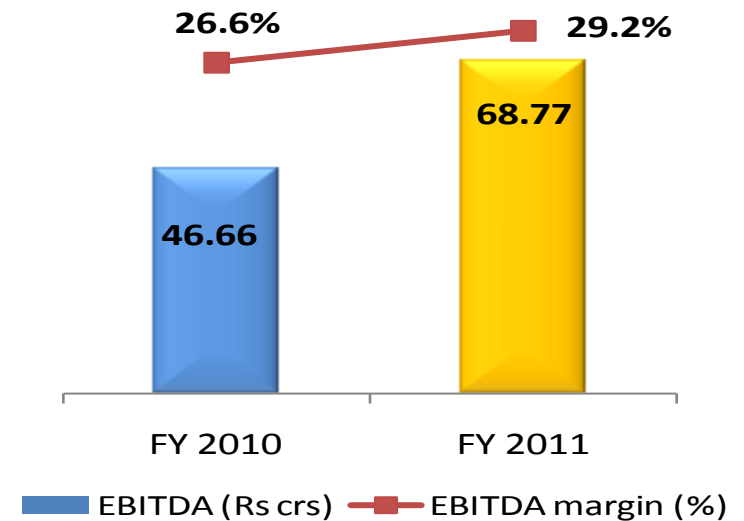
Q4 FY2010-11

- EBITDA increased by 24.4%
- EBITDA margin increased to 29.4%



FY2010-11

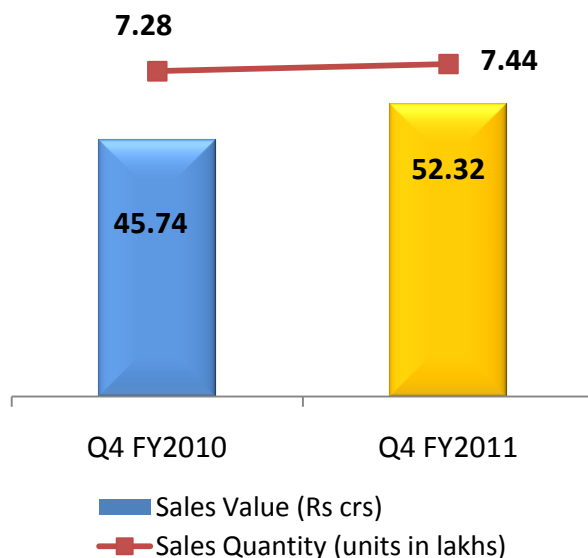
- EBITDA increased by 47.4%
- EBITDA margin increased to 29.2%



Trend in Sales-Apparels(excluding life style accessories)

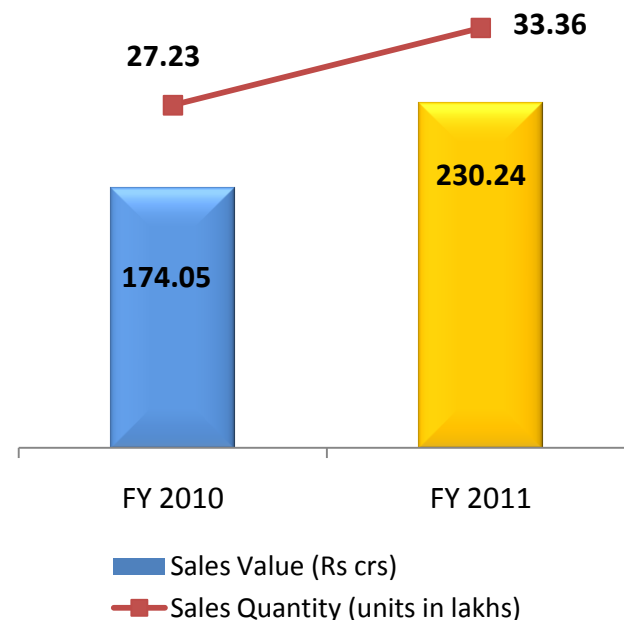
Q4 FY2010-11

- Sales value increased by 14.4%
- Sales quantity increased by 2.21%
- Sales realization per unit increased by 11.94% to Rs. 703



FY2010-11

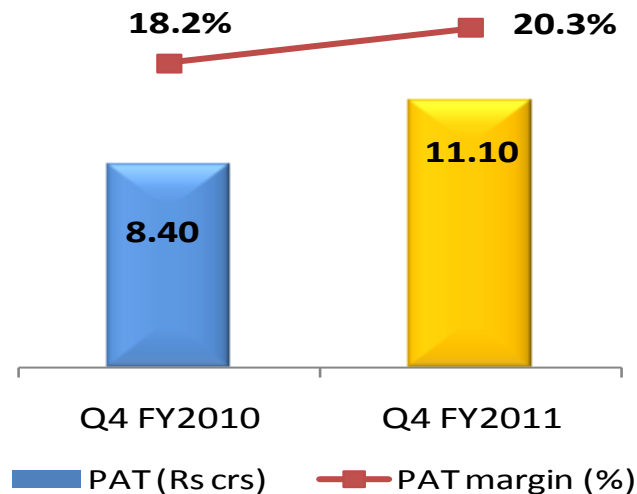
- Sales value increased by 32.3%
- Sales quantity increased by 22.5%
- Sales realization per unit improved by 8% to Rs.690



Trend in Net Profit

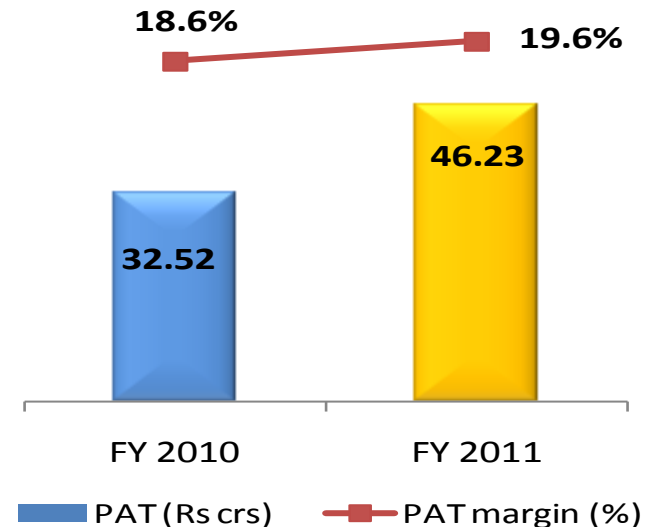
Q4 FY2010-11

- PAT increased by 32.1%
- PAT margin improved to 20.3%
- Quarterly EPS at Rs. 9.00 (6.82)



FY2010-11

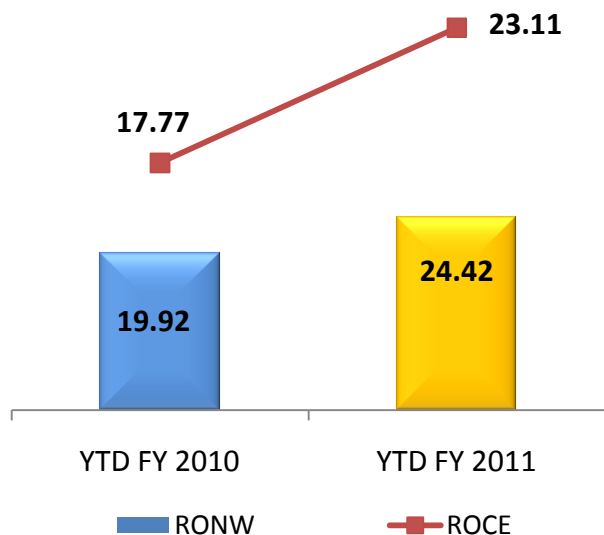
- PAT increased by 42.2%
- PAT margin improved to 19.6%
- FY 2010-11 EPS is Rs. 37.51 (26.38)



Balance Sheet

		(Rs in Crores)
Particulars	As on March 2011	As on March 2010
	Audited	Audited
Share Capital	12.33	12.33
Reserves and Surplus	185.43	162.86
	197.76	175.19
Secured Loans	5.57	15.80
Total	203.33	190.99
<u>Fixed Assets</u>		
Net Block	42.72	43.08
Investments	26.85	32.90
Deferred Tax Assets (Net)	1.64	1.66
<u>Current Assets, Loans and Advances:</u>		
Inventories	36.81	21.78
Sundry Debtors	29.81	24.13
Cash and Bank Balances	95.35	80.18
Other Current Assets	3.39	3.20
Loans and Advances	15.31	13.88
	180.67	143.18
<u>Less: Current Liabilities And Provisions:</u>		
Current Liabilities	30.44	18.59
Provisions	18.11	11.24
	48.55	29.82
Net Current Assets	132.12	113.35
Total	203.33	190.99

Ratios



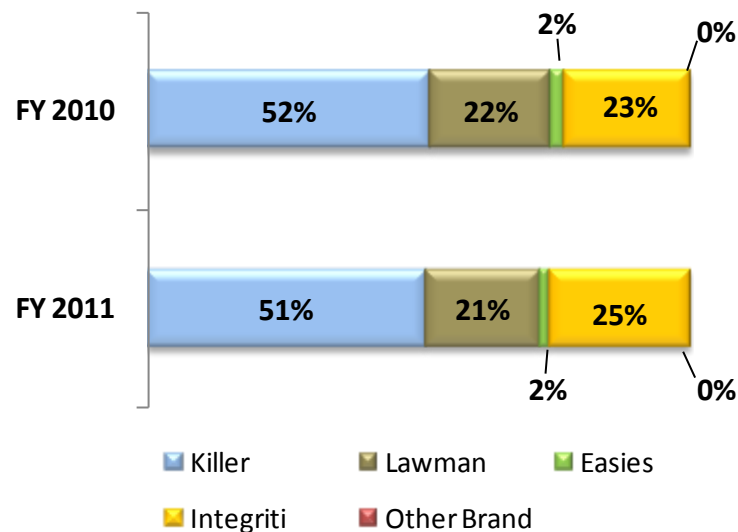
- Strong profitability and robust cash flows continue to strengthen the financial position
- Company continues to invest in growth along with sharing profits with shareholders

Ratios	31.03.11	31.03.10
Debt Equity ratio	0.03	0.09
Current Ratio	5.94	7.70
Quick Ratio	4.71	6.53
Debtors turnover (days)	42	45
Inventory turnover (days)		
Finished Goods	54	53
WIP	36	30
Raw Materials	<u>27</u>	<u>22</u>
Total	117	105
RONW	24.42%	19.92%
ROCE	23.11%	17.77%

Brands

- All brands showed robust growth over the same period last year
- 'Killer' has been the top selling brand followed by 'Integriti' which recorded the highest growth

Brand wise sales break up FY 2011

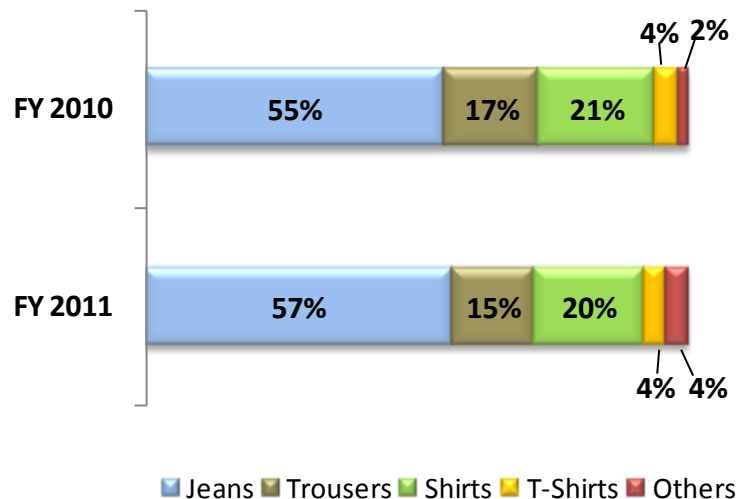


Sales (Rs crs)	FY 2011	FY 2010	% Change
Killer	120.62	91.72	32%
Lawman	49.24	38.28	29%
Easies	4.85	4.25	14%
Integriti	59.52	41.03	45%
Others	1.08	NA	-
Total	235.31	175.28	34%

Products

- Jeans is the largest selling product and enhanced its share to 57%
- Other products like Sweaters, Jackets and Accessories have seen higher growth

Product wise sales break up FY 2011

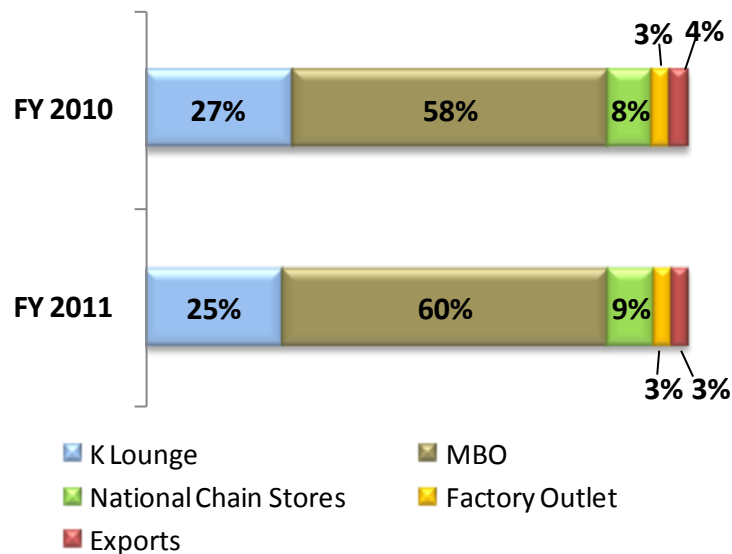


Sales (Rs crs)	FY 2011	FY 2010	% Change
Jeans	133.48	96.88	38%
Trousers	35.11	30.22	16%
Shirts	47.58	37.40	27%
T-Shirts	9.65	7.60	27%
Others	9.48	3.18	198%
Total	235.31	175.28	34%

Channels

- National Chain Stores account for the highest growth among the channels
- MBOs continues to remain the dominant contributor to sales

Channel wise sales break up FY 2011

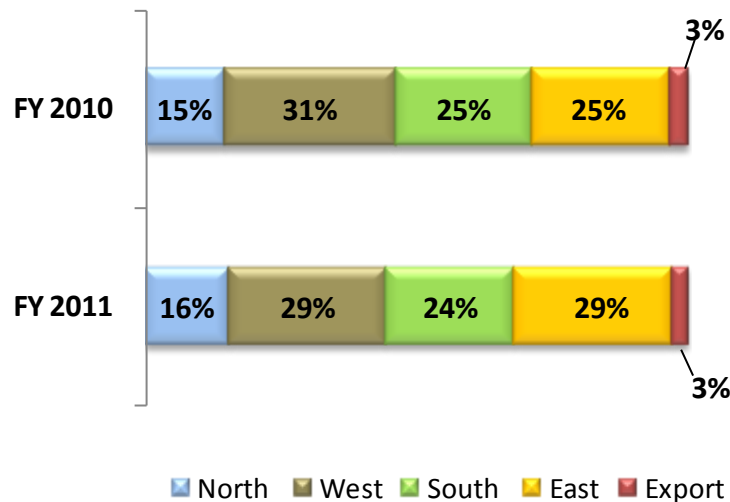


Sales (Rs crs)	FY 2011	FY 2010	% Change
K Lounge	59.90	47.49	26%
MBO	140.21	102.02	37%
National Chain Stores	20.44	13.86	47%
Factory Outlet	7.49	5.71	31%
Exports	7.26	6.19	17%
Total	235.31	175.28	34%

Regional Distribution

- Sales across India were more diversified reducing geographical risk
- Northern and Eastern regions achieved strong performance

Region wise sales break up YTD FY 2011



Sales (Rs crs)	FY 2011	FY 2010	% Change
North	36.65	25.60	43%
West	67.86	55.40	22%
South	55.55	43.81	27%
East	68.01	44.39	53%
Export	7.23	6.09	19%
Total	235.31	175.28	34%

Key developments – Q4 FY 2010-11

- Company announced a final dividend of Rs 4 per share in Board meeting held on 26.05.11. Previously the Company declared interim dividend of Rs 6.50 per share and a special interim dividend of Rs. 6 per share on the occasion of the fifth anniversary of the company's successful IPO in 2006.
- 'Killer' brand was one of key sponsors for the Pune Warriors team during the IPL season 2011
- Excise duty @ 10.3% on 60% of MRP was imposed in finance bill 2011-12 effective 01.03.11 which subsequently relaxed to 45% of MRP.
- Opened 12 new retail stores i.e. 6 K-Lounges , 4 Killer EBO, 2 Integriti stores. With this Company has exceed presence over 100 cities spreaded in 19 states across India. Closed one Killer store and one K-lounge during the quarter.
- Opened 3 addiction stores.
- Company had End of Season sale between 15th January to 20th February and had good response.
- Vapi new factory building completion certificate received.

Retail stores as on 31.03.11

Particulars	COCO	COMFO	FOFO	Total
K-Lounge	1	11	96	108
Killer EBO		1	27	28
LawmanPg3-EBO		3	1	4
Integriti-EBO			22	22
LawmanPg3/Integriti-EBO			1	1
Addiction-EBO			4	4
Factoy Outlet		7		7
Total	1	22	151	174

COCO - Company Owned Company Operated

COMFO - Company Owned Management Franchisee Operated

FOFO - Franchisee Owned Franchisee Operated

Retail Stores	31.03.11	31.03.10
Existing	141	123
New opened	39	40
Closures	10	22
Work-in process	23	
Total RetailStores	193	141

Thank You