



# GROW ING FASH ION ABLY.

ANNUAL  
REPORT  
2014-15

KEWAL KIRAN CLOTHING LIMITED

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IT'S WHAT KEEPS US GOING. IT'S WHAT KEEPS US MOTIVATED. IT'S WHAT MAKES US LOOK GOOD. SO, IN A SENSE, GROWTH DEFINES WHO WE REALLY ARE, AND WHO WE WANT TO BE.

AT KKCL WE BELIEVE THAT OUR GROWTH HAS BEEN BECAUSE OF OUR ABILITY TO DELIVER ON OUR PROMISE OF CREATING A SOCIETY THAT IS FAMILIAR AND AT PAR WITH GLOBAL STYLES. IT IS BASED ON OUR ABILITY TO MAKE OUR CUSTOMERS FEEL GOOD AND LOOK GOOD ABOUT THEMSELVES, BY DELIVERING GLOBAL FASHION WITH BEST-IN-CLASS PRODUCTS AND OFFERINGS AT THEIR DOORSTEP.

BUT GROWTH IS ALSO ABOUT NOT RESTING. IT IS ABOUT EVOLVING AND RE-CREATING CONTINUOUSLY. HENCE, WE HAVE CONSISTENTLY INVESTED INTO OUR BUSINESS WITH THE RIGHT STRATEGIES, AND THE RIGHT RESEARCH TO REMAIN FASHION FORWARD AND RELEVANT. WE ARE ON COURSE TO ACHIEVE THE NEXT LEVEL OF GROWTH FOR OUR BRANDS, OUR ORGANISATION AND OUR PEOPLE. IN THE PROCESS, WE ARE ON COURSE TO DELIVER ENHANCED VALUE TO ALL OUR STAKEHOLDERS.

**AFTER ALL, GROWTH NEVER  
GOES OUT OF FASHION.**



WE, AT KEWAL KIRAN CLOTHING LIMITED, HAVE EVOLVED INTO A YOUTH-CENTRIC, NATIONAL FASHION HOUSE OVER THE LAST 25 YEARS. WE ARE A POPULAR HOME-GROWN FASHION HOUSE THAT OFFERS MANY POPULAR BRANDS AND HAVE SUCCESSFULLY CARVED A NICHE FOR OURSELVES IN A RETAIL LANDSCAPE DOMINATED BY GLOBAL BRANDS.

The inception of the KKCL group dates back to the 1980s when there was no global denim brand in India. The brand's goal was to create unique best fits at the best prices. Since then, it has been a constant endeavour of the Company to bring value to a fashion conscious generation of customers in spite of the challenges in the economy like rising prices, slow growth and high interest rates.

At KKCL, we strive to think like our customers to be in sync with their aspirations and attitudes. We have a

finger on the pulse of society, enabling us to stay ahead of its preferences and create brands that are loved. Our team works together to across functional, geographical and hierarchical levels to achieve our business objectives of growth.

We are amongst the most preferred fashion brands in a market which is filled with the best of global brands. We are able to maintain our position as one of the largest branded apparel makers of the nation because of our ability to keep innovating and motivating ourselves to excel.



INTRODUCTION

## OUR VISION

To be a world-class business organization which enables values, the best services and the enhancement of network to all the stakeholders

## OUR MISSION

We will become a world-class business organization by:

- Driving excellence through our people, business partners and other stakeholders.
- Focusing on consumer satisfaction and executing a customer-centric business module.
- Adopting international standards and best practices across our operations.
- Focusing on core growth principles of Stability, Scalability and Sustainability.

## OUR VALUES

**ETHOS:** We operate the business within our set framework of operating principles which exhibits our focus on ethical practices in our business operations.

### PASSION & LONG TERM VISION:

We strive hard with passion to meet and set industry benchmarks in our systems and processes to ensure insightful experiences for our stakeholders. Our aim is to cultivate a culture where every stakeholder has a long-term vision and each and every member of our Company works in a cohesive manner to achieve it.

**SEAMLESSNESS:** We work together across functional, geographical and hierarchical levels to achieve our business objectives. We focus on openness, teamwork, shared responsibilities, and collaborative approach in our day-to-day functioning.

**RESPECT & HUMILITY:** Respect and humbleness are central to the way we communicate with our communities: stakeholders, employees, vendors, business partners, among others. We actively listen to and take suggestions from all members and make sure they play a crucial role in making key decisions and forming long-term goals.

**GENEROUS THOUGHTS:** We are accountable towards all our stakeholders. We are liberal and committed in giving back to the society. We always work together for the upliftment of the society as a whole.

## **THE APPAREL MAKERS**

**Being one of India's largest branded apparel manufacturers, KKCL deals in casual, formal and semi-formal western wear for men and women.**

At KKCL, we are committed to providing our customers the best products at affordable prices while maintaining global standards in quality, technology, marketing and branding.

Our major iconic brands that customers love and swear by are Killer, LawmanPg3, Integriti and Easies. We design, manufacture and market jeans, casual wear, smart-formals, formals and accessories.

K-Lounge and Addictions are our Exclusive Brand Outlets as well as retail formats which operate in many cities in India and the Middle East.





## STATE-OF-THE-ART MANUFACTURING PROCESSES

Our design and manufacturing facilities are located at Dadar (Mumbai), Goregaon (Mumbai), Vapi (Gujarat) and Daman (UT).

All our manufacturing processes are driven by innovation. We offer the latest designs as part of best-in-class offerings for our customers.

## DEAR SHAREHOLDERS,

It is my pleasure and privilege to present the 24th Annual Report of the Company to all of you.

With total income surpassing Rs. 400 crores in FY 2014-15, the Company has crossed a milestone in its journey of growth. EBITDA increased to Rs. 96.51 crores and Profit after Tax stood at Rs. 66.25 crores despite deferment of accounting of other income. The Company continues to be debt free and the total amount in mutual fund investments and cash and cash equivalents stood at Rs. 214.32 crores. The total dividend for the year including interim and final dividend stands at Rs. 25/-per share. 'Killer' – the flagship brand achieved sales of Rs. 216 crores, decisively exceeding the Rs. 200 crores mark. There has been all round sales growth across

brands, products, geographies and channels. Retail footprint of the Company continues to grow with more than 300 stores including brand specific EBOs and K-Lounges across the country. The Company further augmented the Business Progressive Fund with an amount of Rs. 10 crores. This is a unique and pioneering initiative taken by the Company to create a dedicated reserve to counter sluggish market conditions and volatility in consumer sentiment.

'Change is the only constant' . . . these are just a few words but can make the difference between success to those who understand and follow it and failure to those who ignore it. And nowhere is this more relevant than the fashion industry, which has to not just

meet changing consumer expectations but also exceed them by constantly keeping ahead of the curve. Very few industries require companies to deliver its customers with new products every season as well as ensuring a great shopping experience at various touch points. This requires huge and continuous investments in product development, design, manufacturing, processing, quality and sourcing on one hand and distribution, supply chain, advertising and brand building on the other. Precisely for these reasons, in this industry only those companies can succeed, that have a long term, creative mindset along with the financial strength and discipline to build a sustainable and scalable business.

Within these challenges, lies the long-term growth opportunity in the fashion apparel industry, especially so in denims and casual wear, as it has as a strong and natural consumer pull because of its unique characteristics of offering a relaxed and refreshing experience. Comfortable, timeless easy going, cool, youthful, etc. – these are just some of the





THE COMPANY HAS OVER THE YEARS STRENGTHENED ALL THE CORE BUILDING BLOCKS OF THE BUSINESS- INNOVATION, CREATIVITY IN DESIGN, WORLD-CLASS MANUFACTURING, STATE-OF-THE-ART PROCESSING, STRINGENT IN-HOUSE QUALITY CHECKS, TACTICAL OUTSOURCING, DIVERSIFIED SELLING AND DISTRIBUTION ACROSS INDIA, PROFESSIONAL AND ETHICAL WORK CULTURE, HIGH CORPORATE GOVERNANCE STANDARDS, FINANCIAL STRENGTH, A ROBUST BALANCE SHEET AND MOST IMPORTANTLY, STRONG BRANDS THAT STRADDLE KEY MARKET SEGMENTS.

ways consumers relate to jeans. The versatility of denim and its ability to connect with all people has ensured that jeans is truly a democratic product and are a staple in wardrobes across the world irrespective of culture, race or religion. And therein lies the true potential of this industry and a well-established player like Kewal Kiran Clothing Limited

The new Central Government has introduced a slew of reforms that are progressive and inclusive. Some of these are like bitter pills to be swallowed upfront but result in a healthier and more sustainable recovery. With subdued inflation, the RBI has also taken steps to lower interest rates and is judiciously supporting recovery initiatives. A pick up in the capital and investment cycle will further boost sentiment and improve vibrancy in the market.

During the year, there is one question that has been asked continuously and that is – What will be the impact of e-commerce? Every new channel that

has emerged over the last decade has helped in growing the market and enhancing penetration of organized retail. It was not long ago when the entry of organized large format retailing met with reactions forecasting doom for smaller, unorganized players. There was a rapid rise in the number of malls and retail footprint across the country but this was followed by a phase of consolidation. Today, the balance retailing ecosystem continues to exist and grow and malls have become one more channel for engaging with consumers. Similarly, e-commerce will emerge as an additional channel available for brands and will co-exist with other channels. This channel is an added platform for the Company and provides an opportunity for our brands to gain visibility and sales. Sales through e-commerce stood at Rs. 8 crores showing good growth of more than ten times over the previous year.

The Company has over the years strengthened all the core building blocks of the business i.e. innovation, creativity

in design, world-class manufacturing, state-of-the-art processing, stringent in-house quality checks, tactical outsourcing, diversified selling and distribution across India, professional and ethical work culture, high corporate governance standards, financial strength, a robust balance sheet and most importantly, strong brands that straddle key market segments. Indian consumers are already highly fashion conscious and as the Indian demographic evolves along with higher affordability there is potential for volume and value growth.

I would like to extend my gratitude to all my distinguished fellow board members for their guidance and to all the stakeholders for the valuable trust they have reposed in the Company and seek their continued support as we scale greater heights.

With best wishes,

**KEWALCHAND P. JAIN**  
CHAIRMAN & MANAGING DIRECTOR

IN THE EVER  
CHANGING WORLD  
OF FASHION,  
BEING AHEAD OF  
TRENDS IS AN  
IMPERATIVE.

# MARKET LEADERSHIP

At KKCL, we work in close partnership with global and local design, sourcing and production teams to ensure that we are preparing for every ensuing season with market-leading looks and styles that appeal. Embracing the rapidly transforming style environment thus comes naturally to us. This is key to our sustained leadership, and by extension, of our value creation abilities.

Our forward and backward-integrated facilities help produce superior and specialized denim styles with quick production turnarounds to create an agile denim supply chain. KKCL has an exclusive team of designers in-house, who possess strong designing expertise and the ability to deliver on the latest emerging trends. This helps us achieve style and production leadership.

Our powerful brands have timeless appeal and are yet in sync with the latest trends. Designs are selected to meet the desires of the discerning, modern shopper. We have been able to anticipate the needs of today's shopper and consequently introduced brands that have managed to carve a niche ahead of competition and global names. With our operational excellence and fashion forward designs, our brands possess the potential to create growth opportunities.