

to fashion with 1 love



ANNUAL
REPORT
2015/16

Contents

OVERVIEW

2	Introduction to KKCL
3	Vision / Mission / Values
4	Product & Brand Portfolio
6	The Year Gone By
8	Message from The Chairman
10	Marketing Campaigns
12	Core Strengths
14	Board of Directors
18	Love. Labour. Leadership.
20	Spreading The Love Far & Wide
22	What Is Done In Love, Is Done Well
24	Real Love Goes Virtual
26	Distribution Network
28	People & Well-being in the Organisation
32	Financial Highlights
36	Awards

STATUTORY REPORTS

40	Management Discussion and Analysis
50	Directors' Report
84	Corporate Governance Report

FINANCIAL STATEMENTS

STANDALONE

106	Independent Auditors' Report
108	Annexure to the Auditors' Report
112	Balance Sheet
113	Statement of Profit and Loss
114	Cash Flow Statement
116	Notes

CONSOLIDATED

153	Independent Auditors' Report
156	Annexure to the Auditors' Report
158	Balance Sheet
159	Statement of Profit and Loss
160	Cash Flow Statement
162	Notes

General Information





Dear Fashion,

You make the world go round. And yet, you make it flatter.

In a world separated by distances and time zones, you are the common thread.

In a world divided by ideology, religion, race among other things you are the unifying thread. Long before social media came onto the scene, it was you who was the benchmark of popularity. Hashtags owe you a debt of gratitude because what you stood for became a trend.

You have created style icons and divas that starry-eyed fans have strived to emulate. You have birthed an industry that is smaller than none. You are the source of inspiration and livelihoods for many.

You are timeless, yet fluid. You are a constant in our lives yet you change every day. You are omnipresent yet rare.

You are not about the way one looks. But about the way one feels.

That is the reason we have dedicated our business to you. Democratising fashion, building a celebrated, cult indigenous brand, ensuring that our customers become more confident and self-assured as far as sartorial elegance goes, are just some of the ways in which we are paying you a tribute.

And it is not as if you haven't paid back. We have been able to create value for our stakeholders and build a sustainable business. We have been able to deliver consistent growth and a strong brand equity. We have diversified into multiple products, leveraging our goodwill and the strong opportunities.

None of this would have been possible without you inspiring us.

So we thought of taking this opportunity of showing you our love.

XOXO



*KKCL,
the company behind 'KILLER',
the celebrated indigenous cult denim
brand in India, is on the path to make the
country more fashionable and trendier.*

*We strongly believe that age barriers are diminishing and
being fashionable is no longer a prerogative of just the youth.
Fashion knows no boundaries. Every person, be it child, teen or an
adult, be it a common man or a celebrity, be it poor or rich aspires to
look good and feel confident.*

*At KKCL, we equally cater to the youth as well as the middle-aged
population in our endeavour to make our customers feel confident and
fashionable. Our diversified brand portfolio comprises of iconic brands
'KILLER', 'LAWMAN Pg3', 'EASIES' and 'INTEGRITI'. Our unique
product offerings help shape a durable relationship between
in-trend fashion and economic sustainability.*

*KKCL has emerged as one of India's largest fashion house,
while remaining true to our vision, mission and
values.*

Fashion is in our DNA...

A woman with long, wavy red hair is shown in profile, looking upwards and to the left. She is wearing a blue denim shirt and is working on a metal structure, possibly a ladder or scaffolding, with her hands visible. The background is a bright, slightly overcast sky.

vision

To be a world-class business organization which enables values, the best services and the enhancement of net worth to call the stakeholders.

values

ETHOS

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

RESPECT AND 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.

PASSION AND 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.

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.

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.
- ▣ Focusing on core growth principles of Stability, Scalability and Sustainability.
- ▣ Adopting international standards and best practices across our operations.

— CORPORATE OVERVIEW —

Product & Brand Portfolio

KKCL offers a range of products under its 4 iconic brands i.e. Killer, Easies, LawmanPg3 and Integriti. We design, manufacture and market branded jeans, formals, semi-formal and casual wear for both men and women. We also offer an exciting and extensive range of branded lifestyle 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.



KILLER 

Our flagship brand, killer has changed the face of Indian denims. A brand with a powerful international feel and a unique style quotient, it is trendy, vibrant and dynamic – much like today's youth.



LAWMAN Pg³

Fashionable to the core, Lawman Pg3 delivers great designs that appeal to a diverse range of consumers.



 **Integriti**

Stylish, superior quality, yet an affordable brand that offers casuals as well as formal wear for the masses.



easies

Easies is a fashionable yet functional brand, offering a semi-formal range for those who are young at heart.



ADDICTIONS

Addictions collections offer a wide range of accessories that caters to a diverse customer base.



K-LOUNGE

Our desirable stores offering direct-sales distribution channels of all brands under one roof enhance customer pull.

— CORPORATE OVERVIEW —

The Year Gone By

Growth for the Financial Year ended 31 March 2016 (₹ in Cr.)

REVENUE
457.35

up from 408.32 in FY 14-15

Operating EBITDA
104.08

up from 96.51 in FY 14-15

Profit After Tax
67.95

up from 66.24 in FY 14-15



brand

Killer continues to be Flagship Brand of the Company by contributing 52% of Brand Share

Killer, Integriti, Lawman & Easies have demonstrated growth of 8%, 16%, 18% & 50% respectively as compared to FY 14-15

product

Jeans continue to be the largest selling product with 60% share in Sales, followed by Shirts 18%

Shirts and T-Shirts have shown growth of 25% & 55% respectively, as compared to FY 14-15

region

East contributed 31% of Domestic Sale, followed by South 23% & West 22%

South region has provided unprecedented jump of 70% due to presence of E-Commerce player;

West region has provided growth of 16%, followed by Central & East of 13% & 11% respectively

channel

MBO's continue to be leading Channel Partner with 52% share, followed by Retail 24%

E-Commerce contributed share of 3%; however, it has provided 70% growth

Retail, NCS and Overseas players provided growth of 12%, 19% and 30% respectively

Message from The Chairman



I am pleased to present to you the 25th Annual Report of the Company.

The year has been a milestone year for your Company on several counts. To begin with, EBITDA for the year surpassed ₹ 100 crores and your Company achieved its highest Sales and Profit after Tax in history. Your Company is now 25 years young and has completed 10 years of listing on the Indian stock markets. While we have progressed a long way since the listing date, we believe the journey has just begun as we continue our endeavours to climb higher. The equity shares of your Company were listed on the Stock Exchanges in April 2006 and since then their value has grown more than 7.5 times the IPO price of ₹ 260 per share, including dividend payout of more than ₹ 170 per share over the last decade. Our aim and ambition continues to build a robust organization with a strong foundation that can weather challenges and create value for its stakeholders over many more decades.

The evolution of the fashion industry in India has been rapid and considering the opportunities, several international players have entered India or are in process of establishing their presence in the country. However, the Indian markets differ considerably from developed international markets in terms of fashion concepts, affordability and growth. The per capita income in India is significantly lower compared to consumers in developed markets. While the aspiration for fashion apparel is high, it is sought at discounted prices. To build a successful brand and presence, sizeable investment is required that enables product innovation, superior quality, pan-India distribution and a world-class shopping experience delivered at an affordable price. A start-up today would require a large investment to begin and build a 'brand' and further, even larger and significant investments would be required to achieve a leading position across all states in India. The funding required is high in context of actual capital deployed by the organized players in the industry so far, however this scale of capital investment is essential to pursue superior growth and achieve leadership position in the industry.