

EXPANSION MODE

Launched in the 1970s by Brothers Jain, Kewal Kiran Clothing Ltd (KKCL) had a turnover of ₹462 crore last year. It has now gone into an expansion mode.

By **Paulami Chatterjee**

Kewal Kiran Clothing Ltd (KKCL), a company considered among the top five private players in the apparel business in India, is in an expansion mode. Having achieved a growth rate of 15–20 per cent year-on-year and a turnover of ₹462 crore in 2018, KKCL is upbeat about its future. With the recent acquisition of womenswear brand Desi Belle (parent company is Resource World Exim Pvt Ltd), the company wants to go full throttle into womenswear-fusionwear and shed its image of a purely menswear company. For Desi Belle, the company is targeting a revenue of ₹200 crore for the next five years.

The company wants to double its dealer / distributor network in 25 states and 209 cities. It wants to explore more tier 3-4 cities and small towns and villages—regions lying untapped so far. The company also wants to expand its number of retail stores to 336 from the last year count of 318.

Bhavin Sheth, chief financial officer of KKCL explains, “As of now, my distribution network is roughly 125–130. This we are targeting to be 200+. As we increase our distribution penetration, those distributors

will go out into the market. New retailers will give us additional sales. So, by triggering distribution and retail together, we will get 70–80 per cent of our topline business.”

Primarily an Indian brand

KKCL was started by Kewalchand Jain and his three brothers in the 1970s with just one thought in mind—they wanted to make denim and sell it, make a garment and sell it. By selling, they wanted to make money. Building a brand out of the business never crossed their minds.

Many years later, in 1989, KKCL launched their flagship menswear brand—Killer. It was a costly brand from the price perspective. As the market evolved and the pricing pressure built up, the company decided to launch lower price-point brands to fight the economical brands. Thus, brands like Lawmanpg3, Integriti and Easies were born. Integriti has two sub-brands—Immortal and Reckless. The company also created a fifth brand—Addictions, which was more of a brand extension / brand aspiration. Addictions till date remains an accessories business; it does not make garments. Whatever revenue



comes from Addictions, is purely as a licensing fee.

The company has a presence in every single segment in menswear. Be it trousers / t-shirts, in men's casualwear or khakis / chinos in men's denimwear, KKCL has everything covered.

The one thing noticeable about KKCL is that after all these years in the business, the company has preferred to remain more of an Indian brand, something proven by the fact that only 5 per cent of its revenue is generated through exports to Gulf countries. In Sheth's words: "The Indian market is largely untapped. There is a lot of potential available to leverage the Indian market better. With a homegrown brand like ours, we want made in India, make in India and sell in India."

Retail Truths

According to Sheth, the brand which is growing at the fastest rate is unanimously Killer, which continues to dominate in terms of brand recall and revenue generation for the company.

Lawmanpg3 is considered the second largest in the portfolio with Integriti and Easies picking up fast. When asked if KKCL wants to move into the premium segment with Killer, Sheth replies, "We are not saying that Killer is premium; we are saying that Killer is our flagship brand. Premium cannot be ₹2,000-2,500; premium generally starts at ₹5,000 and goes on. So, as of now, we are not thinking of entering the premium segment." Similarly, the company wants to sell its brands across all segments.

The company is clear in its vision when it says that it will not do SOR (sale-or-retail) business, and its business will purely be outlet-based, even at the risk of sacrificing its topline growth.

Likewise, at a time when most brands are venturing into the omni-channel and modern retail space, the company does not want to venture into omni-channel, because they found other companies not getting much success out of it—something the company does not consider a feasible

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medium in the long run.

KKCL is not enthusiastic about online sales either because it believes most customers who come for online shopping, come with the hope of receiving heavy discounts. “If the discounting is not there, why would the customer buy online in the first place?” asks Sheth. “That is when people will go to the store, say let me try this, look for alterations, etc.” The company maintains that 90 per cent of its sales is through brick & mortar stores, and the rest through other channels.

Denim versus no-denim

While the top three brands of KKCL—Killer, Lawmanpg3 and Integriti—are primarily into men’s denimwear, the fourth—Easies—is less into denim and more into men’s casualwear like trousers and t-shirts. Nevertheless, jeans have always been the top revenue generator for the company. It is a fact that the company is fine with “because denim always gives us better growth.” “Jeans contribute about 60 per cent of my topline. Try to understand that if I am selling one pair of jeans

trousers, the MRPs are ₹1,500 and ₹1,700 respectively, while a t-shirt MRP is ₹500–600. As the MRP reduces, my margin also reduces. Should I compromise my denim in favour of shirts and t-shirts? So, question is why are we offering other types of clothing? The answer is that along with denim, if a customer is comfortable with shirts and t-shirts, why should we deny them that option?”

Though strong in the denim market, the company is not keen on moving into denimwear for women for Desi Belle and is happy doing only women’s fusionwear at the moment. “In menswear, the figures are very simple in terms of sizing, verticals of fittings, etc. But it is not so in womenswear; the figures are very price sensitive in making the product viable. That’s why we want to go slow,” says Sheth.

Glance at the future

Product innovation seems to be the only way out for the company to maintain its position in the apparel business. It has employed Turkish scientists at its Vapi unit, who are working on the brands

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24/7. Also on the company's agenda is entering the kidswear segment, where it wants to play the wait-and-watch game as of now. "We cannot commit on anything at the moment. If everything works out fine, we may even start in a week's time. But if some surprises come up, then it may be six months to a year down the line, or may be never," says Sheth.

From the investment point of view, the company wants to evenly distribute its capital into production, retail, into expansion of EBOs and manufacturing. Factories of KKCL are present in Vapi, Daman, Goregaon and there is a small unit at Dadar. "Looking at our current production capability, if we

have to replicate it with the same set of machinery excluding land cost, then we would not require more than ₹40–45 crore," says Sheth.

On asked how KKCL sees the apparel market evolving, Sheth thinks aloud, "To evolve further, to penetrate further, companies have to understand the costing parameters. If they are continuously into discounting, the market will grow but eventually it will not lead to any profitability. Then, what kind of valuation and what kind of sustainability companies will talk about in the long run? Once the market becomes mature, it becomes a level-playing field." **FF**

AW'19 Mega Event

The recent Goa event of KKCL witnessed participation from more than 1,500 distributors, retailers and dealers including leading large-format stores like Future Retail, Lifestyle and Shoppers Stop from all over India. Along with Desi Belle, the event unveiled collections for KKCL's other major brands Killer, Integriti, Lawmanpg3 and Easies.

"We are committed to the growth of our brands with our distributors, MBOs (multi-brand outlets), EBOs (exclusive brand outlets) and large format stores. This event will definitely give our distributors and other channel partners a platform to experience all our products at one place on such a scale," said Kewalchand P Jain, CMD, KKCL.

Brand Numbers

Killer

Retail presence: EBO 78 (FOFO)
Price point: ₹2,600–3,300

Integriti

Retail presence: EBO 29 (FOFO)
Price point: ₹2,100–2,600

Lawmanpg3

Retail presence: EBO 10 (FOFO)
Price point: ₹1,600–2,100

Easies

Retailed through K-Lounge
Price point: ₹1,600–2,100

K-Lounge

Retails all KKCL brands: EBO 193 (FOFO)
+ EBO 12 (COCO)