



KPR Mill Limited



Investor Presentation

May 2014

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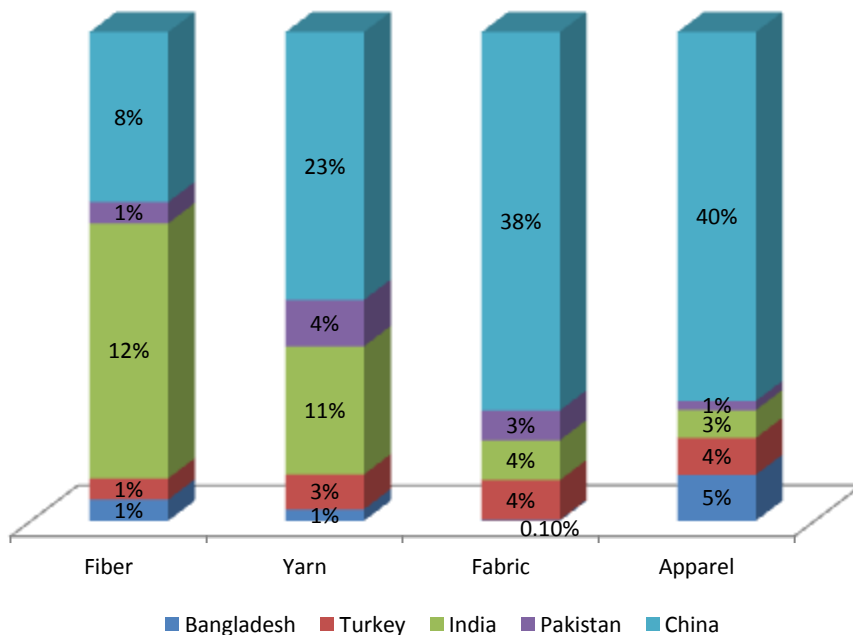
Industry Overview



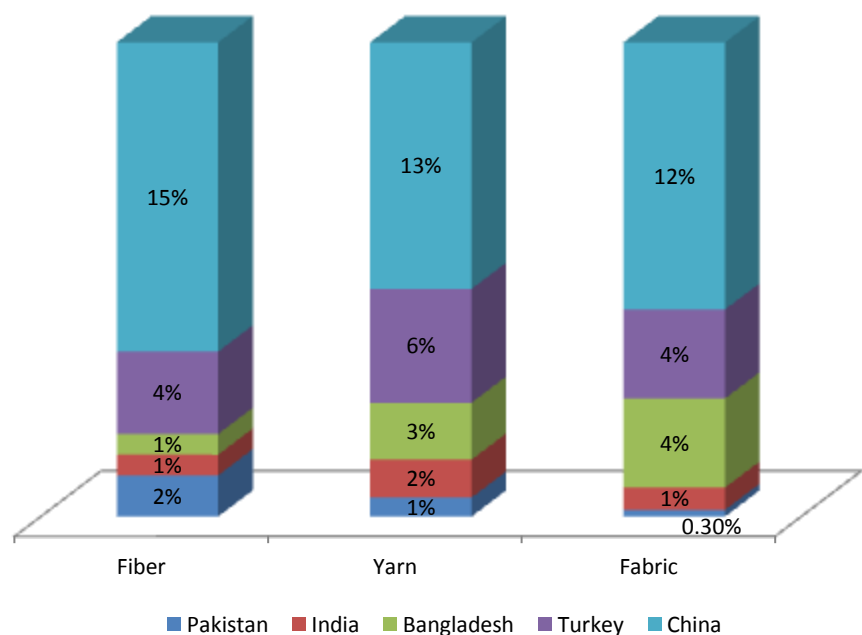
Global Textile & Apparel Industry

- Textile and apparel trade ~USD 662 billion in 2011
 - expected to grow at a CAGR of 5% in the next 10 years
- China, India, Pakistan, Bangladesh, Thailand, Indonesia - leading countries in terms of installed machinery capacity

Global Textile & Apparel Exports

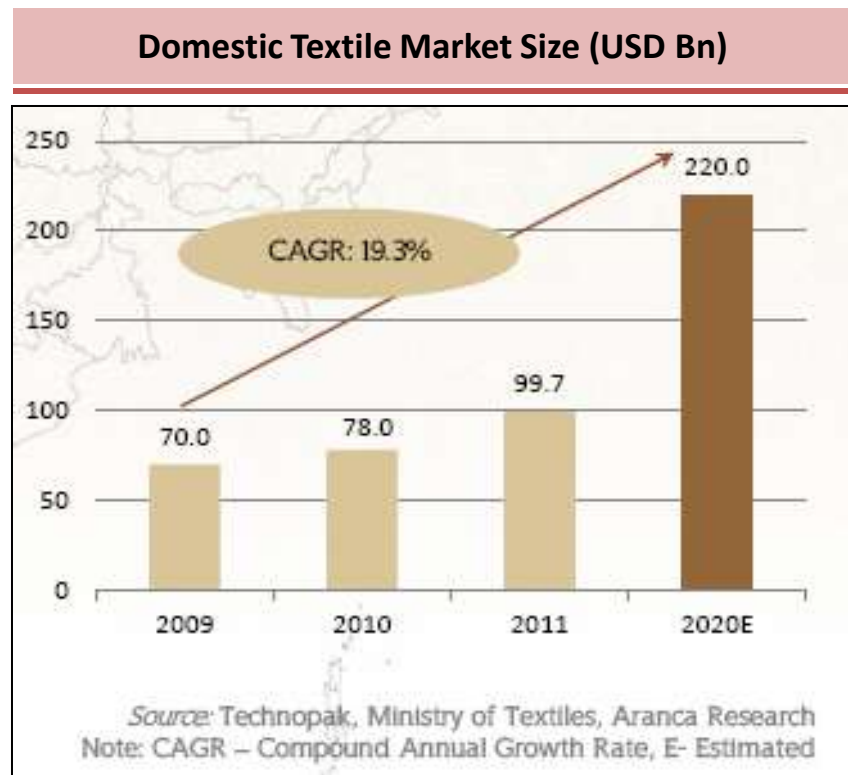


Global Textile Imports



Indian Textile & Apparel Industry

- World's second largest producer of textiles and garments
- Market size estimated at ~ USD 99.7 bn in 2011
- Market recorded a CAGR of 19.3% over 2009-11
- Expected to grow to USD 220 bn by 2020
- Textile plays major role in Indian economy
 - Accounts for 27% of foreign exchange inflows
 - Share of 14% in industrial production
 - Largest source of employment generation



Textile sector has been posting healthy growth over the years

Cotton - Global Scenario

Year	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12*	2012-13**
Beginning Stock	12.53	12.81	12.25	11.94	8.66	9.58	14.08
Production	26.76	26.07	23.50	22.24	25.36	27.44	26.01
Consumption	26.48	26.68	23.86	25.52	24.50	22.78	23.40
Exports	8.04	8.47	6.60	7.80	7.62	9.99	8.74
Ending Stocks	12.81	12.25	11.94	8.66	9.58	14.08	16.68

Quantity in million Metric tons

As per latest ICAC release dated 1st Apr 2013

* Estimated; ** Projected

Policy support : A key ingredient to growth

Technology Upgradation Fund Scheme (TUFS)

- TUFS infused at an investment of ~USD43 billion until June 2010; another USD3.3 billion has been allocated for the 12th Five Year Plan
- Investment was made to promote New Projects, Expansion & Modernisation and Upgradation of the textile industry by providing credit at reduced rates

National Textile Policy-2000

- Policy was introduced for the overall development of textile industry
- Key areas of focus include technological upgrades, enhancement of productivity, product diversification and financing arrangements

Foreign Direct Investment

- FDI up to 100 per cent is allowed in the textile sector through the automatic route

Scheme for Integrated Textiles Parks (SITP)

- SITP was set up in 2005 to provide necessary infrastructure to new textile units; under SITP, 40 projects (worth USD900 million) have been sanctioned
- The planned outlay for the textiles and apparel sector under the 11th Five Year Plan (2012–17) was USD2.9 billion



Corporate Overview



Corporate Structure

KPR Mill Limited

Established in 2003

Yarn : 90,000 MT,
Fabric : 21,000 MT,
Garments : 63 Mn Pcs,
Wind Power : 61.92 MW
Co-Gen Power Plant : 30 MW
Sugar : 5,000 TCD

Listed on NSE, BSE

Quantum Knits Pvt. Limited

Established in 2009

Garments

Jahnvi Motor Pvt. Limited

Established in 2012

'Audi' Car Sales & Service Dealership

KPR Sugar Mill Limited

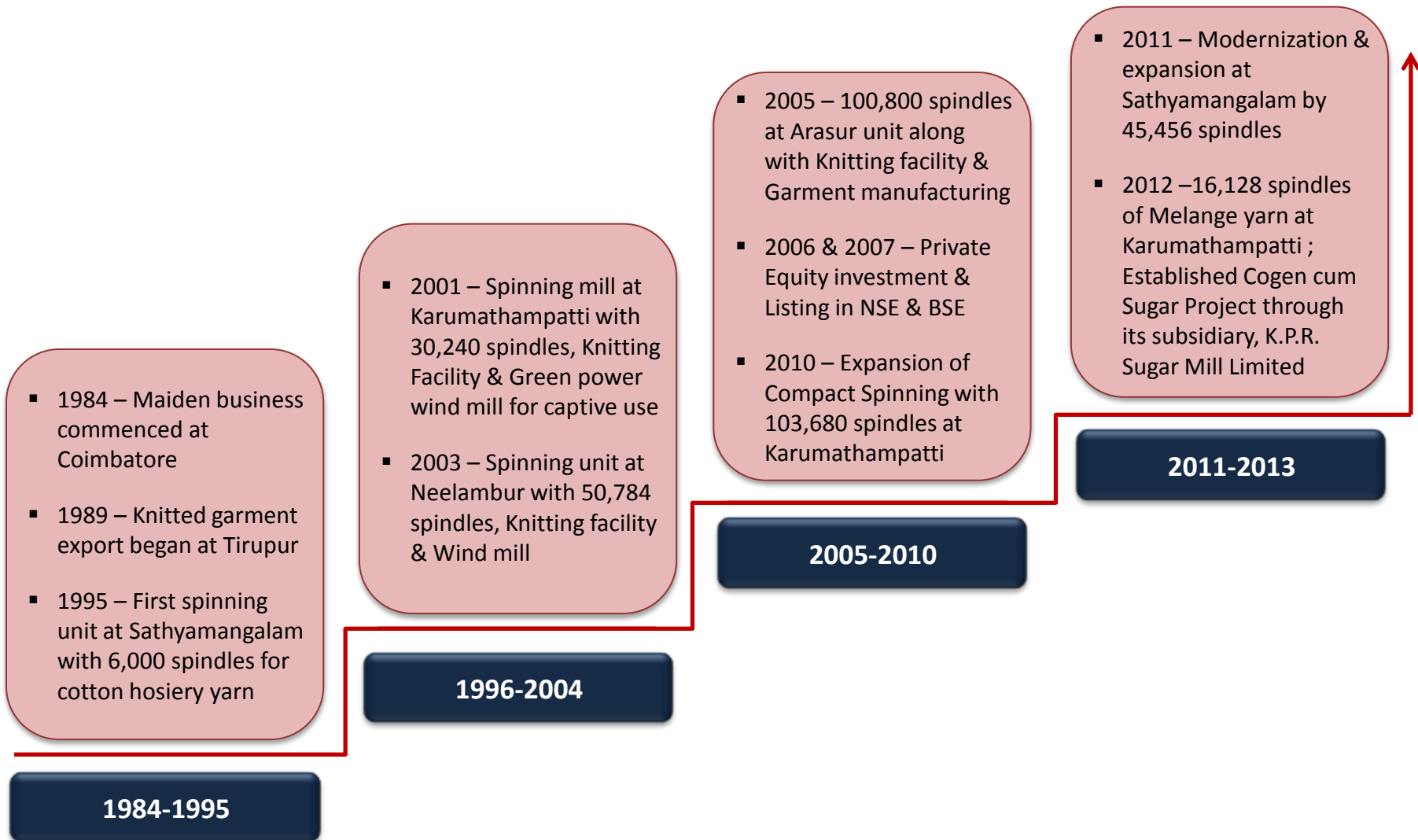
Established in 2011

Co-Gen Power Plant; Sugar

Manufacturing Facilities



Evolution



Key Management Team

K P Ramasamy, Chairman

- Over 40 years of experience in the apparel business, particularly in the production and marketing of woven fabric, knitted apparel, cotton yarn and hosiery fabric as well as in dyeing of yarn and fabric
- Spearheads the strategic expansion plan initiatives of the company and supervises manufacturing and human resource related functions

K P D Sigamani, Managing Director

- Holds a Master of Science degree in Mathematics
- Over 30 years of experience in the apparel industry, with specialized experience in the production and marketing of knitted apparel
- Heads the apparel division and also supervises Company's export business

CA. P. Nataraj, Managing Director

- Chartered Accountant by profession and over 25 years of experience in the apparel industry
- Manages the finance function of the Company and also oversees cotton procurement and yarn marketing activities of the spinning division
- Member of Cotton Yarn Advisory Board constituted by Government of India & Textile Panel of Confederation of Indian Industry (CII), Coimbatore
- Vice President of Indian Cotton Mill Federation

C.R. Anandakrishnan, Executive Director

- MBA from University of Philadelphia
- With more than 10 Years experience in the Apparel Industry his effective co-ordination pursued setting up of Prestigious Processing Unit and the value added yarn Expansion Plans. His untiring efforts supported the commissioning of Co-Gen cum Sugar Plant in a record time



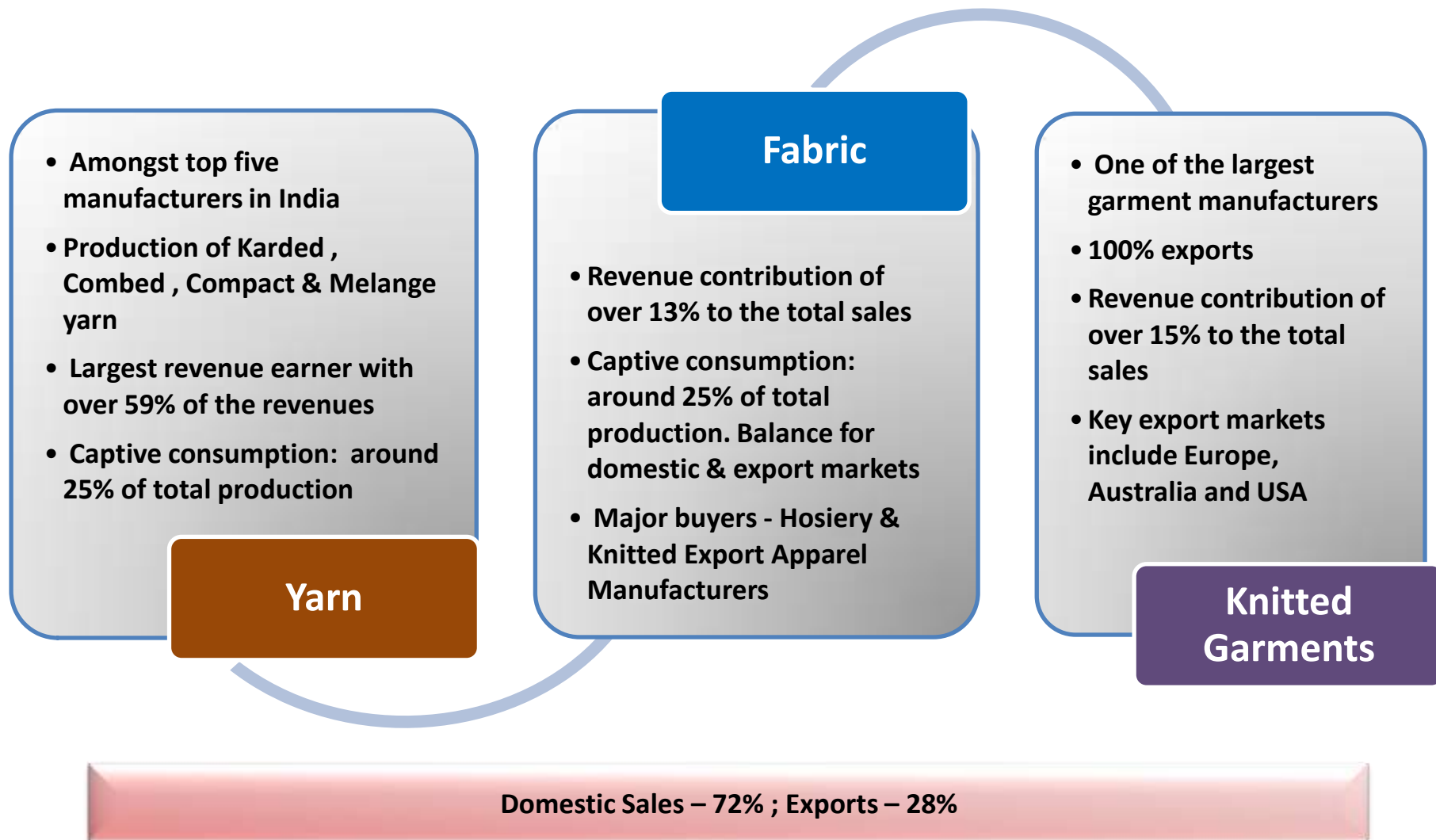
Business Overview



An Overview

- One of the largest vertically integrated textile player with presence across the entire value chain - from “fibre to fashion”
- Best quality cotton ‘Shankar 6’ used as the raw material for consistent quality
- Strategic investment in Wind Power Projects & Co-gen plant for captive consumption
- Marquee relationships with about 1,000 regular domestic clients for yarn and fabric and around 40 leading international brands for garments
- Trendsetting welfare policies for employees & various CSR activities
- An exemplary and massive ETP in its Processing Unit to treat 2.5 Million litres a day
- Quality initiatives and consistent technology upgradation secured several International Accreditations

Presence across the textile value chain



Manufacturing Facilities

Spinning Unit



**Effluent Treatment
Plant, Sipcot**



**Garment manufacturing facility,
Arasur**



Embroidery facility, Arasur



Other Infrastructure facilities for employees

Class Rooms



Yoga & Meditation



Games & Outdoor activities



Library



Self sufficiency in Power with 92 MW portfolio

Strategic Investment in Wind Power Project – 61.92 MW

- One of the largest Captive power generation capacities
- Investment in eco-friendly Wind Mills in Tirunelveli, Tenkasi & Coimbatore district in Tamil Nadu
- Total Wind Power Capacity 61.92 MW
- 75% of power requirement of Textile business met through wind power



Investments in Co-Gen Power cum Sugar Project – 30 MW

- Investments in Co-Gen Power Project of 30 MW
- 5,000 TCD Sugar plant at Bijapur, Karnataka
- With Co-gen Power Project, achieved self sufficiency in green power requirement throughout the year





Growth Strategies



KPR ... Well Poised to capture the opportunity with ...

INDUSTRY GROWTH DRIVERS

- Increasing urbanization resulting in rising demand for textiles
- Challenges of growth in Bangladesh driving the Indian Textile Industry
- Chinese Mills continue to remain uncompetitive providing an edge to Indian Textile Sector
- Partial Decontrol of Sugar
- Recent negotiations for India - EU FTA

COMPANY SPECIFIC GROWTH DRIVERS

- Improved realizations after Modernization & Capacity Expansion (completed in October 2012)
 - Increase in realization of Value Added Yarn (Compact and Melange Yarn)
 - Volume driven growth ; plans for consol
- Reduction of high cost debt
- Capacity and resource consolidation post expansion
- Attain self sufficiency in power generation
 - Ensure operational continuity
 - Reduce power costs
- Increased focus on exports
 - Step up garment production by increasing the achievable capacity
 - Increase export of yarn
 - Penetrate into newer markets for garments & yarn

... some key competitive advantages

Unique Raw Material Procurement Policy

- Strategic quality cotton procurement through .dedicated personnel at Cotton grown area is a key Factor for its sustained Quality
- Single variety of raw material (Shankar-6 cotton) provides consistent quality

Strategic Investment in Green Power

- Ability to maintain power cost through investment in Green Power
- 61.92 MW Wind Power & 30 MW Co-Gen
- Green power available throughout the year

Rejoiced Workforce

- Feel at home accommodation and amenities including higher education, Vocational training, yoga, meditation, library, sports, swimming pool, etc.
- The trendsetting welfare factors crowned by Five Star Certification & Higher Education facilities at KPR distinguishes it from Peer Group with higher efficiency level and lower attrition rate facilitating enhanced Productivity at optimized Operating cost

Stringent quality control measures & on-time delivery

- Mandatory usage of hand gloves, hair net, mask, aprons, etc. for the twin benefits of safety and quality
- Inspection at every stage to ensure stringent quality conformance
- Ensuring on-time delivery earned high reputation in the market.

Strategically located manufacturing facilities

- Facilities located within a 50km radius of Tirupur, largest apparel manufacturing clusters in Asia
- Proximity to buyers helps to reduce the material handling costs and facilitates immediate feedback
- Utilize the key technical personnel across all plant sites



Financial Highlights



Key Highlights of FY14

- Consolidated Revenue of Rs. 2,371 Crs, YoY growth of 42%
- Consolidated EBITDA of Rs.422 Crs, with 17.8% margin
- Profit After Tax of Rs. 142 Crs, growth of 38% YoY
- Consistent Dividend track record – 70% for FY14
- Enthused by escalating demand, expanding Garment Segment



Consolidated P&L

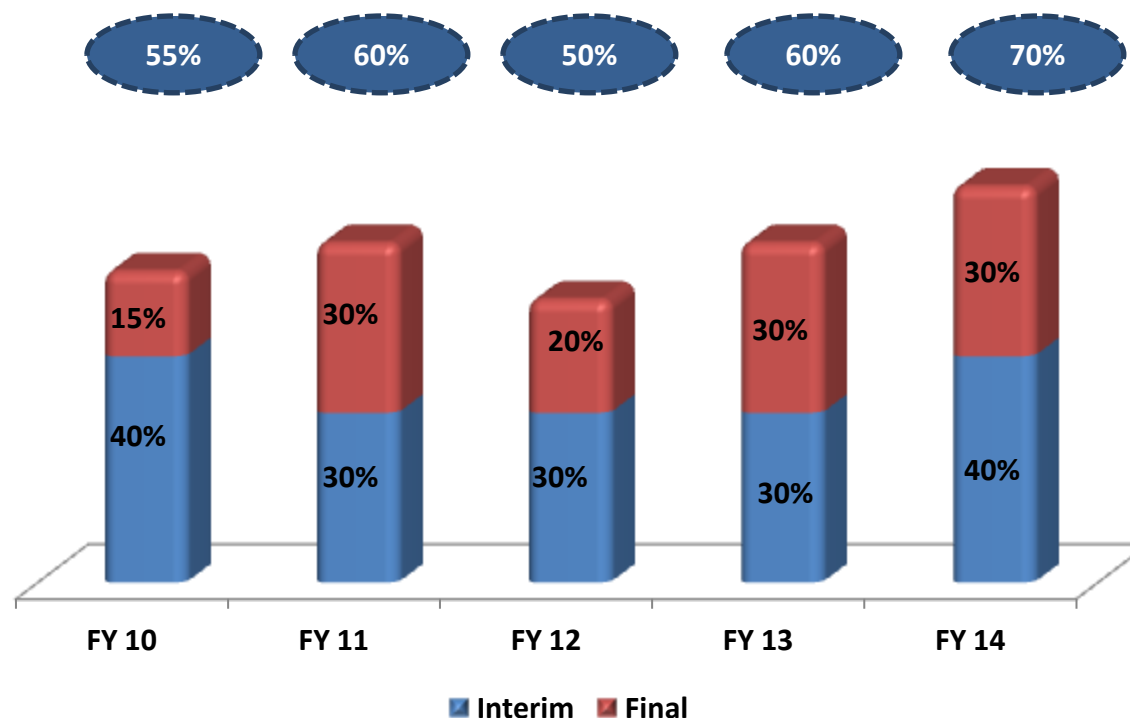
Rs.Crs	Q4 FY14	Q4 FY13	YoY %	Q3 FY14	FY14	FY13	YoY %
Revenue	632	553	14%	572	2,371	1,665	42%
Raw Material	420	340		379	1,587	994	
Employee Expenses	42	32		38	151	117	
Other Expenses	69	69		56	211	167	
EBITDA	101	112	(10%)	99	422	387	9%
<i>EBITDA Margin</i>	<i>16.0%</i>	<i>20.3%</i>		<i>17.3%</i>	<i>17.8%</i>	<i>23.3%</i>	
Other Income	25	2		3	31	6	
Interest & Finance Charges	22	31		25	105	98	
Depreciation	37	52		40	157	151	
PBT	67	31		36	192	144	
Tax	14	6		11	50	41	
PAT	54	24	120%	25	142	103	38%
<i>PAT Margin</i>	<i>8.5%</i>	<i>4.4%</i>		<i>4.3%</i>	<i>6.0%</i>	<i>6.2%</i>	

Consolidated Balance Sheet

Rs. Crs.	Mar-14	Mar-13
Shareholder's Fund		
Share capital	53	53
Reserves & Surplus	762	654
Non-current liabilities		
Long term borrowings	474	490
Deferred Tax Liabilities	60	62
Other non-current liabilities	0	147
Current liabilities		
Short term borrowings	373	412
Trade Payables	280	114
Other current liabilities	163	158
Total Liabilities	2,164	2,090

Rs. Crs.	Mar-14	Mar-13
Non-current assets		
Fixed assets	1,261	1,338
Long-term loans and advances	11	30
Other non-current assets	1	3
Current assets		
Current Investments	63	66
Inventories	405	358
Trade receivables	238	159
Cash and bank balances	99	76
Short-term loans and advances	40	41
Other current assets	47	19
Total Assets	2,164	2,090

Dividend Track Record

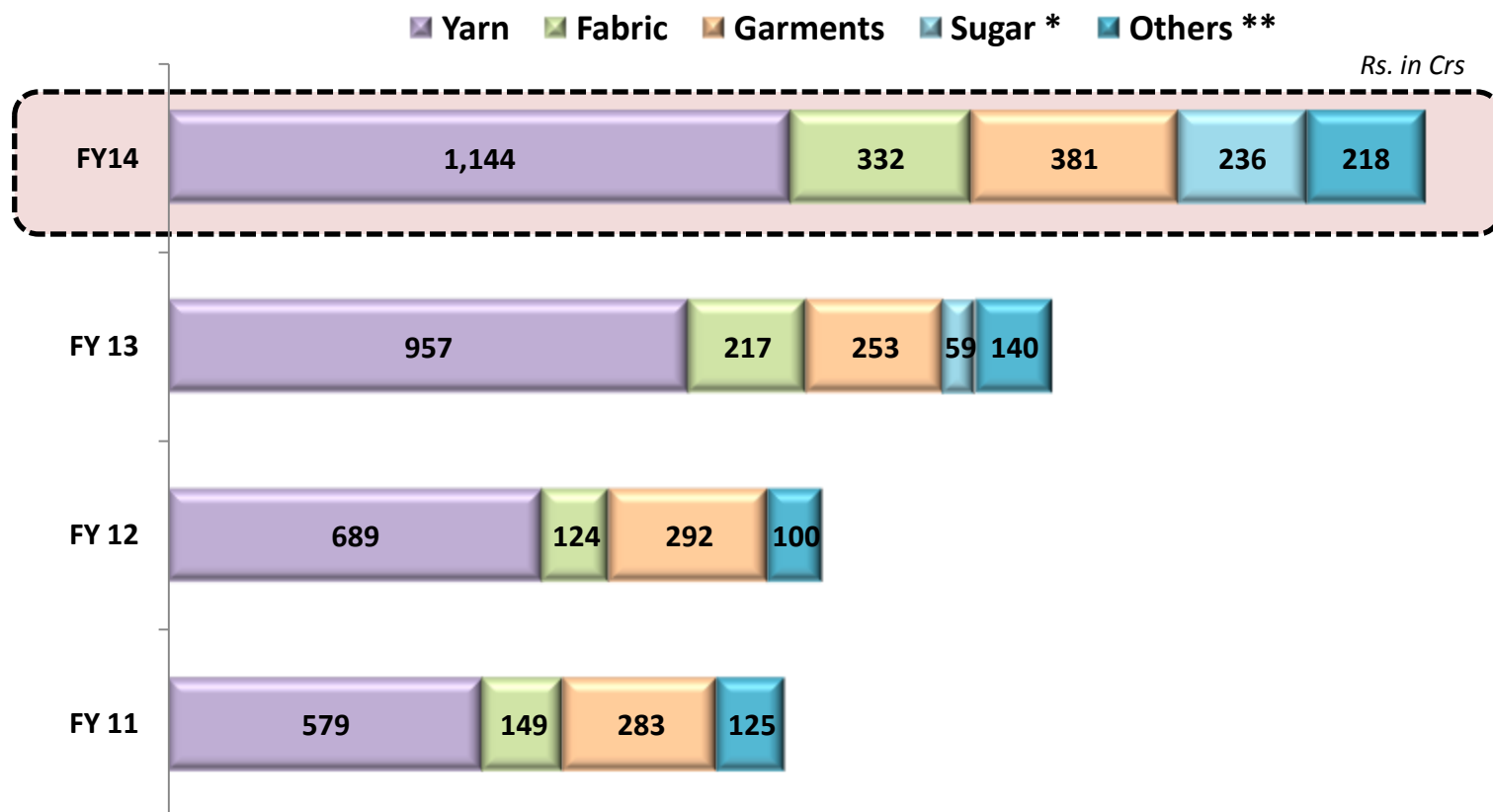


Book Value (Rs.)	142.29	158.25	165.19	187.42	216.16
Earning Per Share (Rs.)	13.38	18.97	8.38	27.01	37.27
Dividend Per Share (Rs.)	5.50	6.00	5.00	6.00	7.00
Dividend Payout (%)	41%	31%	60%	22%	19%



Annexure

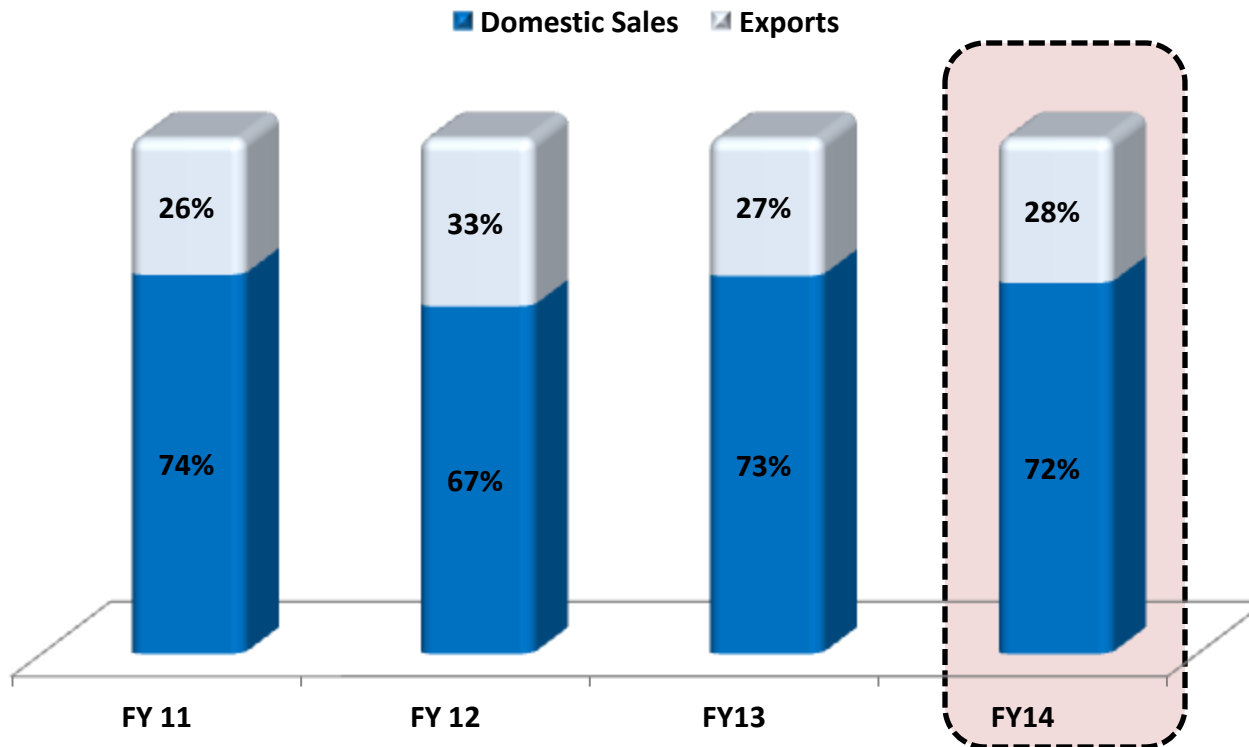
Segment Wise Revenue contribution



* Sugar includes sale from Sugar, Molasses and Co-gen power

** Others include income from Cotton Waste, Processing, Accessories & Audi car

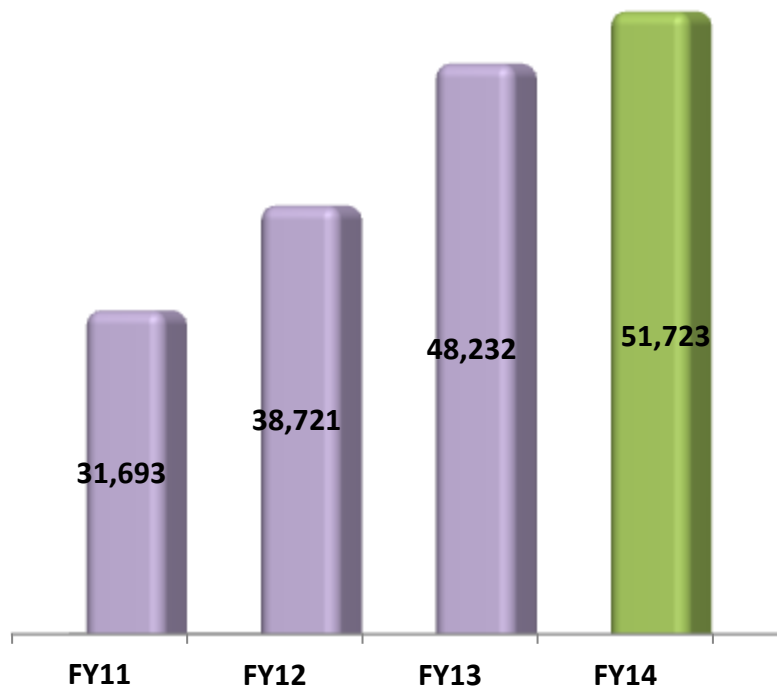
Geographical Split



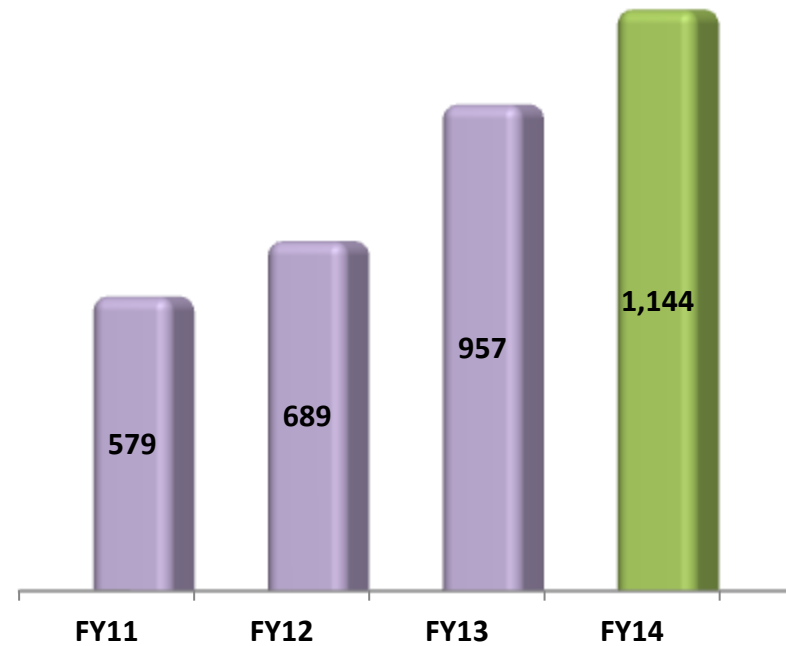
Yarn



Yarn Sales [MT]



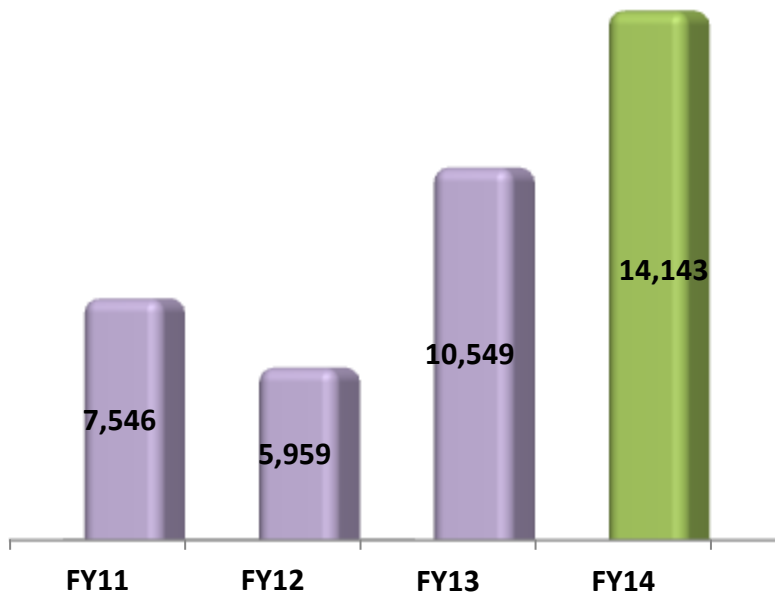
Yarn Realizations [Rs. Crs.]



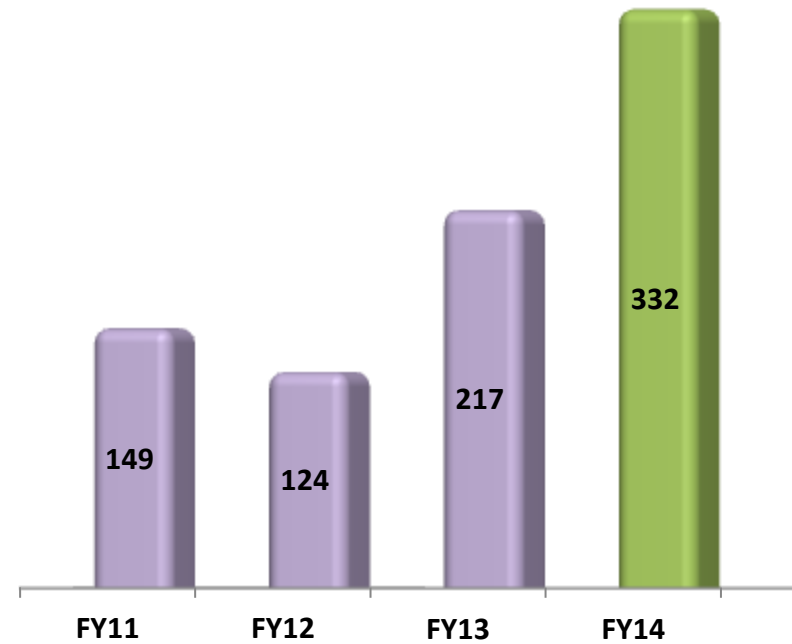
Fabric



Fabric Sales [MT]

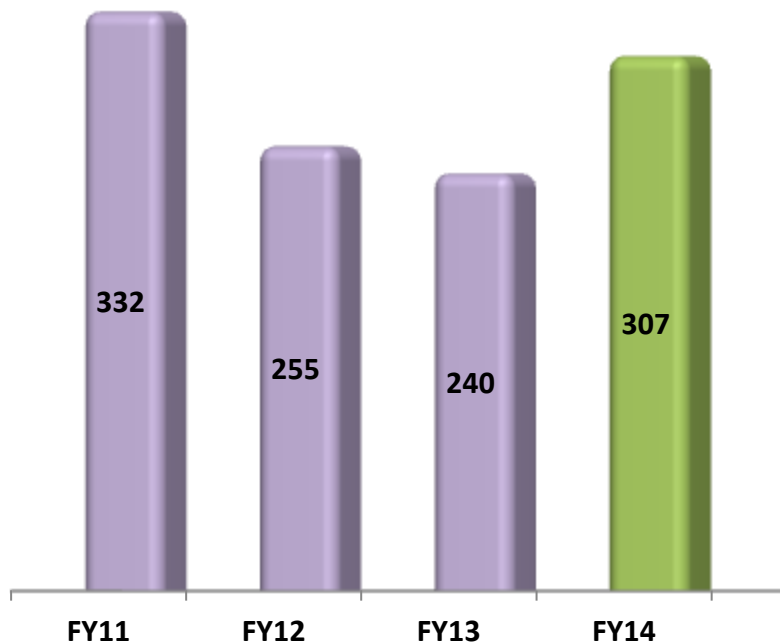


Fabric Realizations [Rs. Crs.]

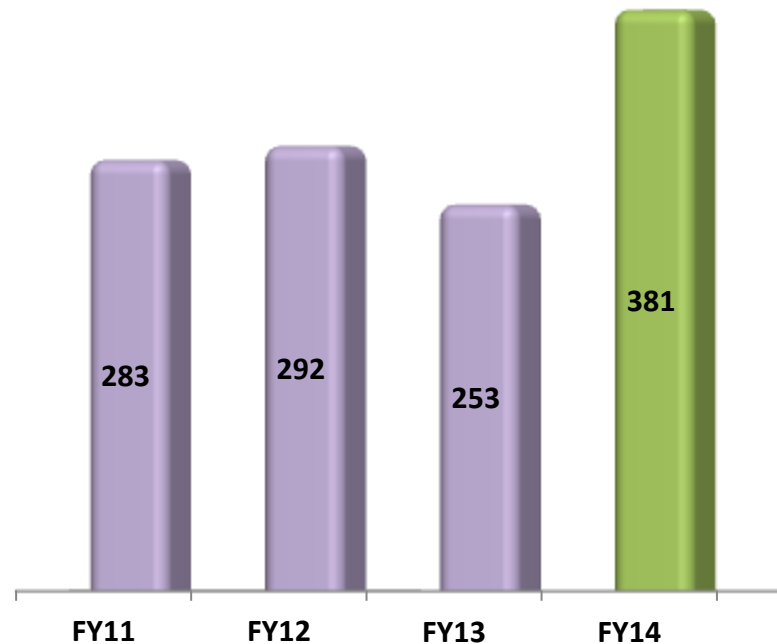


Garments

Garment Sales [No. of pieces in Lacs]



Garment Realizations [Rs. Crs.]



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