KPR Mill Limited

Result Update

Q2-FY2015

Safe Harbor

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Key Highlights of Q2 -FY15

- **Consolidated Revenue for Q2FY15 at Rs. 677 Crs; H1 Revenue at Rs. 1,271 Crs growth of 9% YoY**
- **Consolidated EBITDA for Q2FY15 at Rs.114 Crs, with margin of 16.8%. H1 EBITDA at Rs. 223 Crs with margin of 17.5 %**
- **Consolidated Q2FY15 PAT at Rs. 42 Crs, growth of 20% YoY. H1 PAT at Rs. 81 Crs a growth of 29% YoY**
- **Greenfield expansion in Garments division for 12mn pieces p.a. on single shift basis, is on track**

Consolidated P&L

Rs.Crs	Q2FY15	Q2 FY14	YoY %	H1FY15	H1FY14	YoY %	FY14
Revenue	**677**	**684**	**-1%**	**1,271**	**1,168**	**9%**	**2,371**
Raw Material	472	491		858	788		1,587
Employee Expenses	46	38		90	72		151
Other Expenses	45	39		100	86		211
EBITDA	**114**	**116**	**-2%**	**223**	**222**	**0%**	**422**
EBITDA Margin	*16.84%*	*16.96%*		*17.55%*	*19.01%*		*17.8%*
Other Income	6	1		12	3		31
Interest & Finance Charges	23	26		45	57		104
Depreciation	40	40		80	79		157
PBT	57	51		110	89		192
Tax	15	16		29	26		50
PAT	**42**	**35**	**20%**	**81**	**63**	**29%**	**142**
PAT Margin	*6.20%*	*5.12%*		*6.37%*	*5.39%*		*6.0%*

Consolidated Balance Sheet

Rs. Crs.	Sep-14	Mar-14
Shareholder's Fund		
Share capital	53	53
Reserves & Surplus	842	762
Non-current liabilities		
Long term borrowings	354	474
Deferred Tax Liabilities	58	60
Other non-current liabilities	34	0
Current liabilities		
Short term borrowings	390	373
Trade Payables	222	280
Other current liabilities	137	163
Total Liabilities	**2,090**	**2,165**

Rs. Crs.	Sep-14	Mar-14
Non-current assets		
Fixed assets	1,225	1,261
Long-term loans and advances	38	11
Other non-current assets	1	1
Current assets		
Current Investments	-	63
Inventories	395	405
Trade receivables	285	238
Cash and bank balances	78	99
Short-term loans and advances	53	40
Other current assets	15	47
Total Assets	**2,090**	**2,165**

Industry Update

Industry Landscape

Government initiatives

- **Apparel Exports have registered a growth of 17.6% during April – September 2014**
- Government of India has set up target of USD 60bn for Textile exports for next year
- As per the 12th Five Year Plan, the Integrated Skill Development Scheme aims to train over 2,675,000 people within the next 5 years .This scheme would cover all sub-segments of the textile sector, such as Textiles, Apparel etc
- The Government of India plans to set up a Rs 100 crore (US$ 16.53 million) venture capital fund to provide equity support to start-ups in the textiles sector, in order to encourage innovative ideas in this export intensive sector.

Textile Ministry okays 13 Textile Parks

- Government to set up 13 Textile parks across the country
- Each Textile park will entail investment of Rs.1 bn and would create employment for 2.500 to 3,000 people
- The objective is to increase the share of India's exports to 12% in the next 10 years from the current 4%
- The new Policy would address concerns related to adequate skilled workforce, labour reforms, attracting investments in the textile sector, and also provide a future roadmap for the textile and apparel industry
- The new policy is also expected to include recommendations for creating world class infrastructure for Textile Parks, for addressing environment concerns, and for assessing the credit requirements of the textile sector

Government 's vision to grow India's textile sector is very encouraging and their Make in India mission to catapult Textile Industry in its next big growth phase

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
- Enthused by the impressive growth trend in Apparel sector, KPR expands its Garment business

Manufacturing Facilities

Location	Activity
Tamil Nadu – Sathyamangalam	Spinning
Tamil Nadu – Karumathampatti	Spinning, Compact Spinning & Melange
Tamil Nadu – Neelambur	Spinning & Knitting
Tamil Nadu – Arasur	Spinning, Knitting & Garmenting
Tamil Nadu – Tirupur	Garmenting
Tamil Nadu – Perundurai	Processing
Tamil Nadu – Tirunelveli, Tenkasi, Theni & Coimbatore	Windmills
Bijapur, Karnataka	Co-gen cum Sugar

Yarn : 90,000 MT

Fabric : 27,000 MT

Garments : 83 million pieces on double shift basis

Processing : 9,000 MT

Windmills: 61.92 MW

Co-gen & Sugar : 30 MW & 5,000 TCD

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

Self sufficiency in Power with 92 MW portfolio

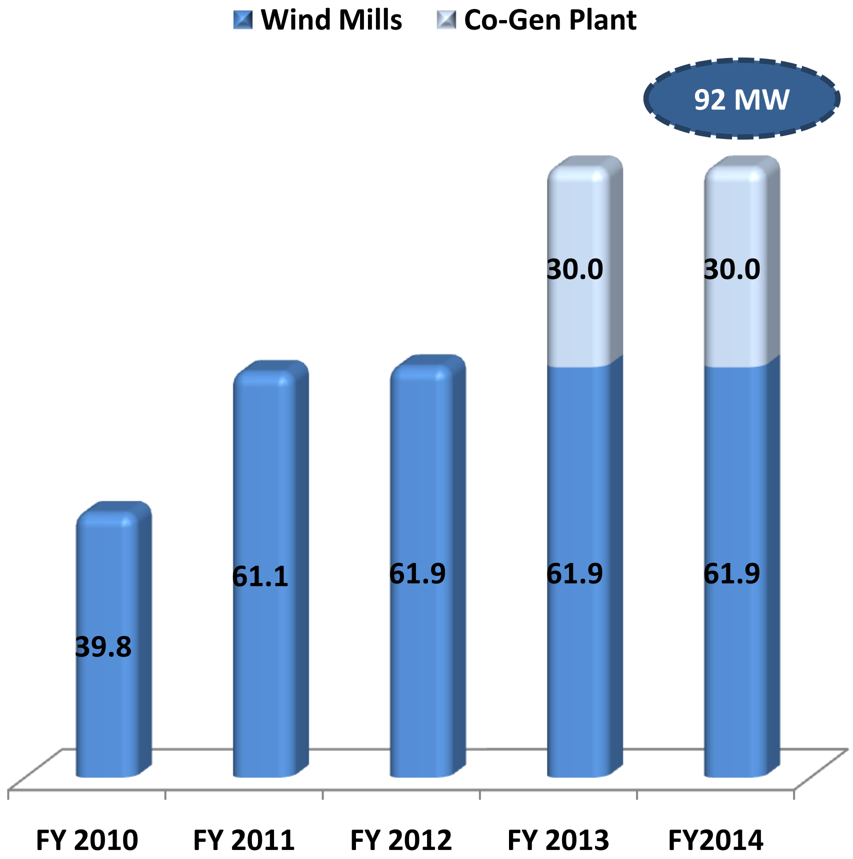
Strategic Investment in Wind Power Project
61.92 MW

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

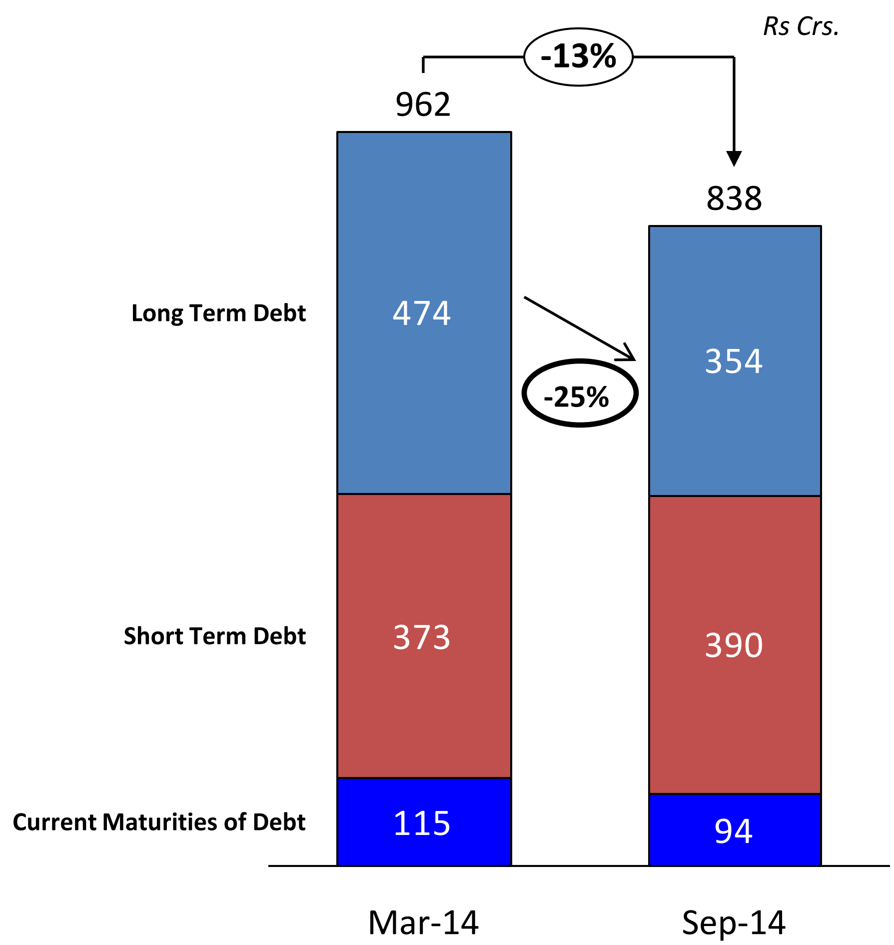
Investments in Co-Gen Power Project
30 MW

- 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

Cumulative Power Capacity (MW)



Debt Profile



Gross Debt Reduction of

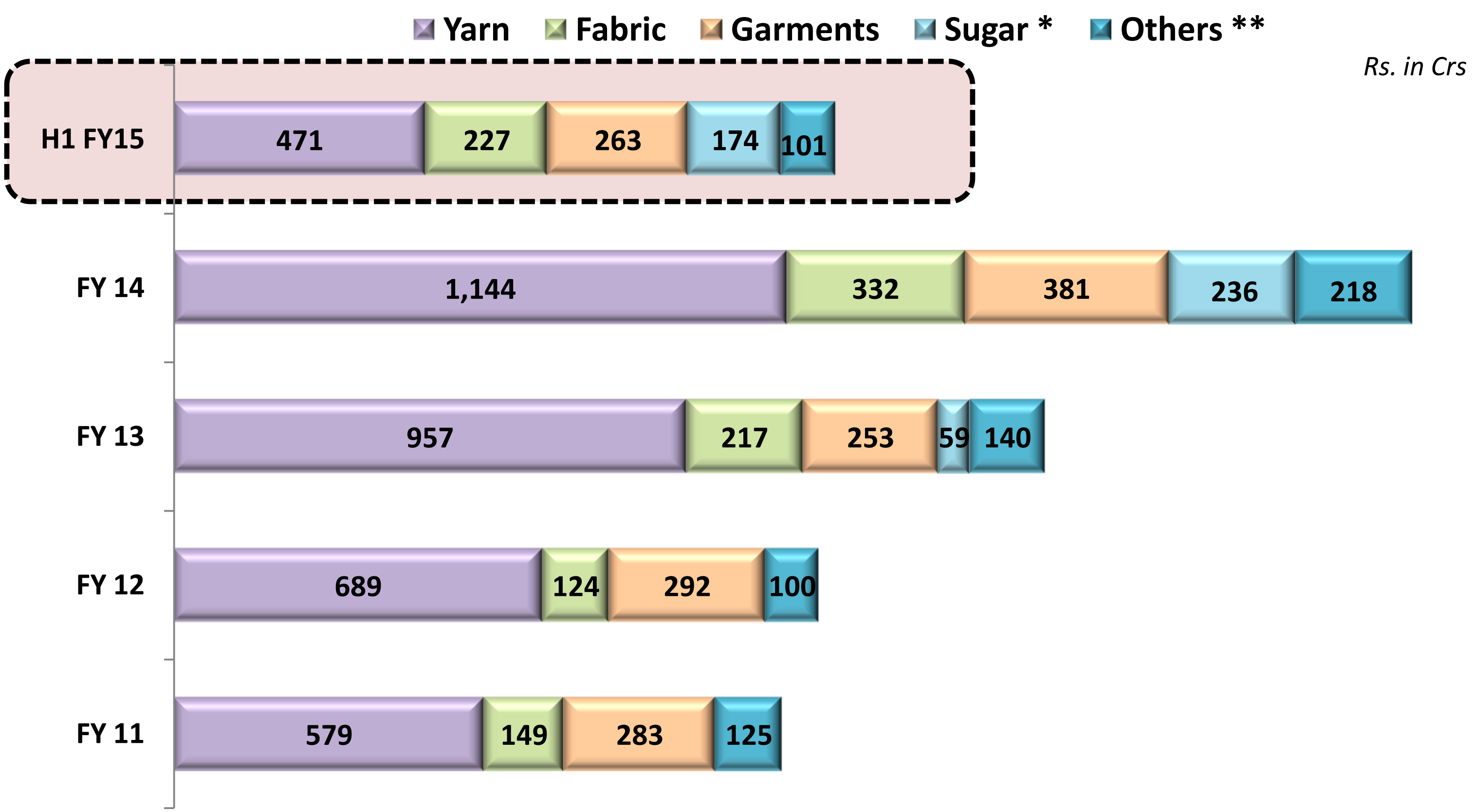
Rs. 124 Crs

in H1 FY15

Rs. Crs.	March'14	Sept'14
Long Term Debt	474	354
Short Term Debt	373	390
Current Maturities of Debt	115	94
Total	962	838

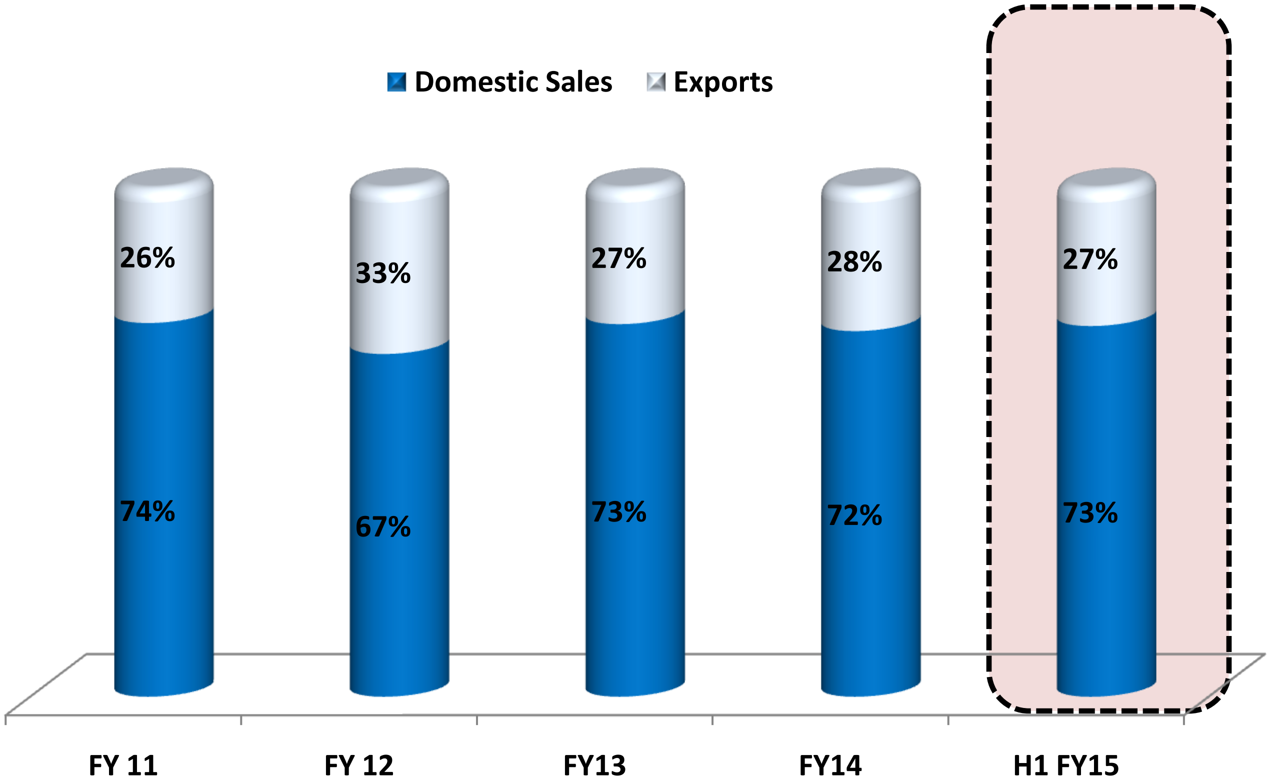
Annexure

Segment Wise Revenue contribution

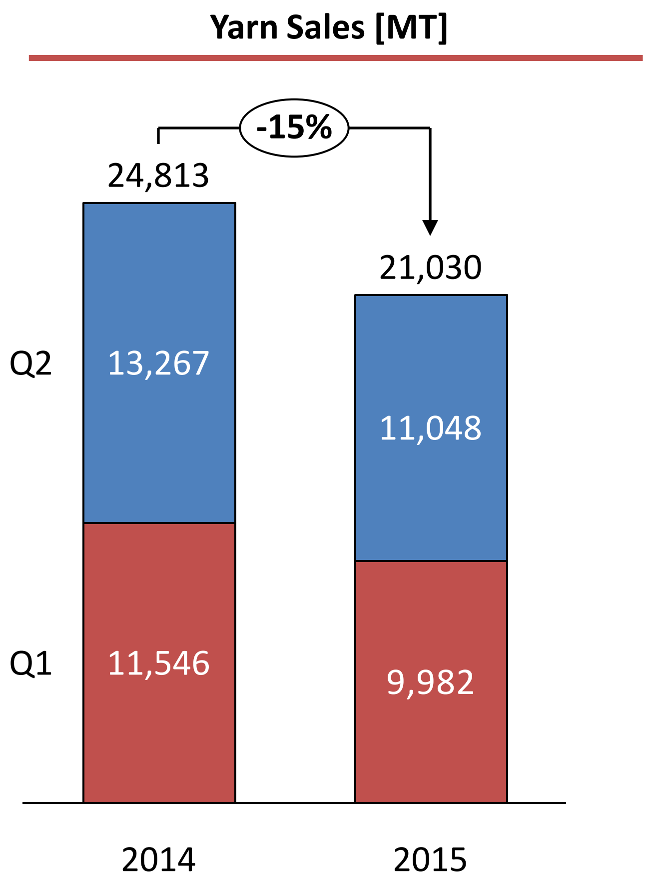


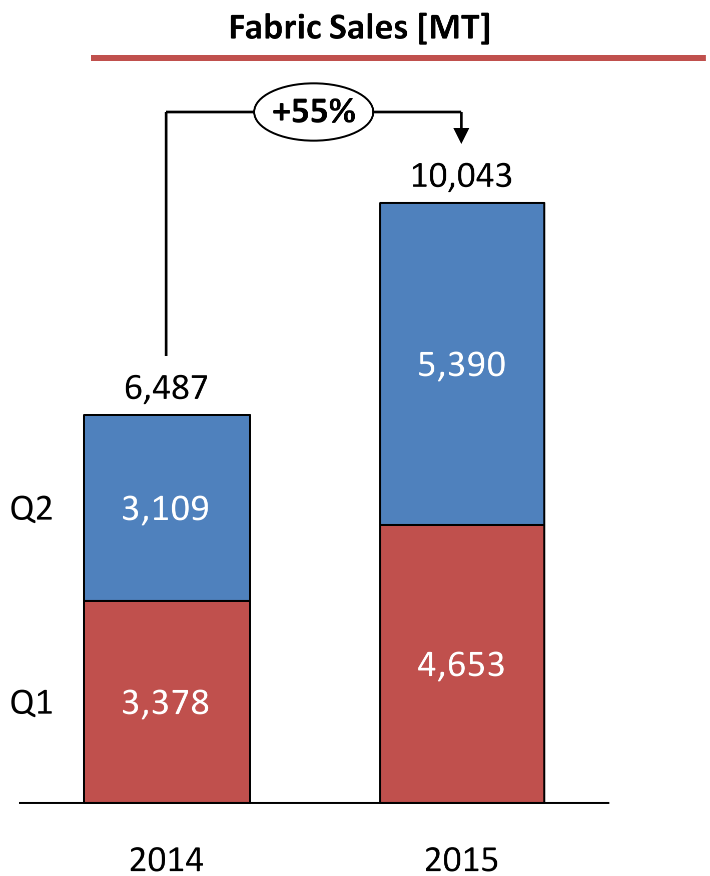
* Sugar includes sale from Sugar, Molasses and Co-gen power
** Others include income from sale of Waste Cotton; Processing, Accessories & Audi car

Geographical Split



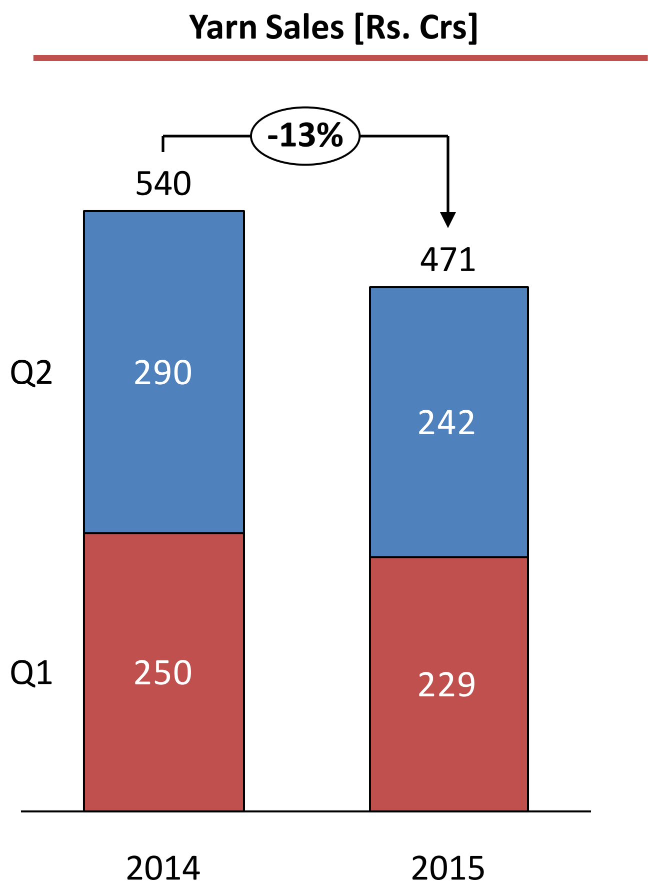
Yarn & Fabric Volume Performance*

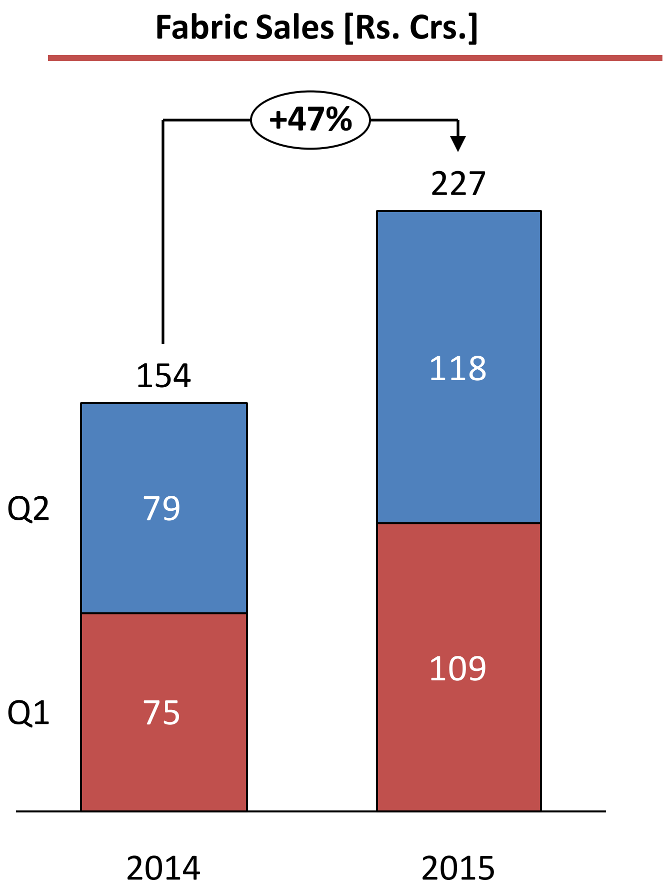




* Compared to last year, conversion of Yarn in to Fabrics has increased – **Increase in 'VALUE ADDED PRODUCTS'**

Yarn & Fabric Revenue Performance*





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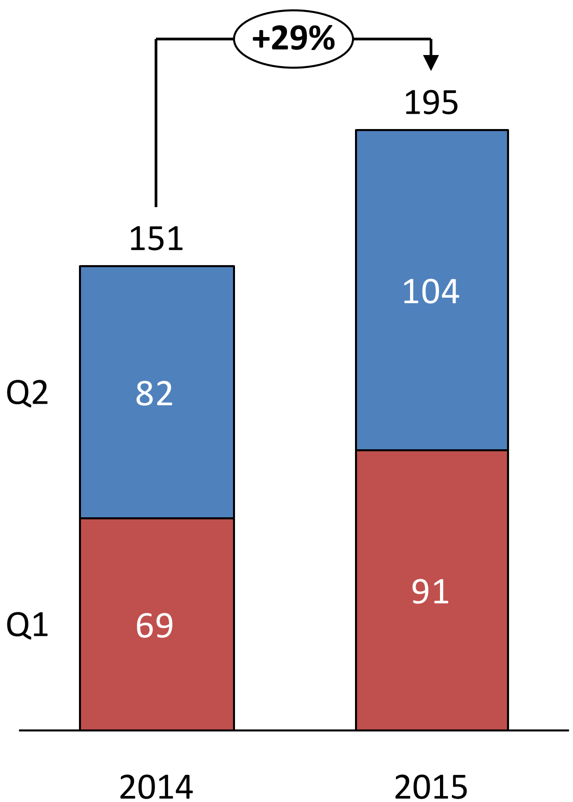
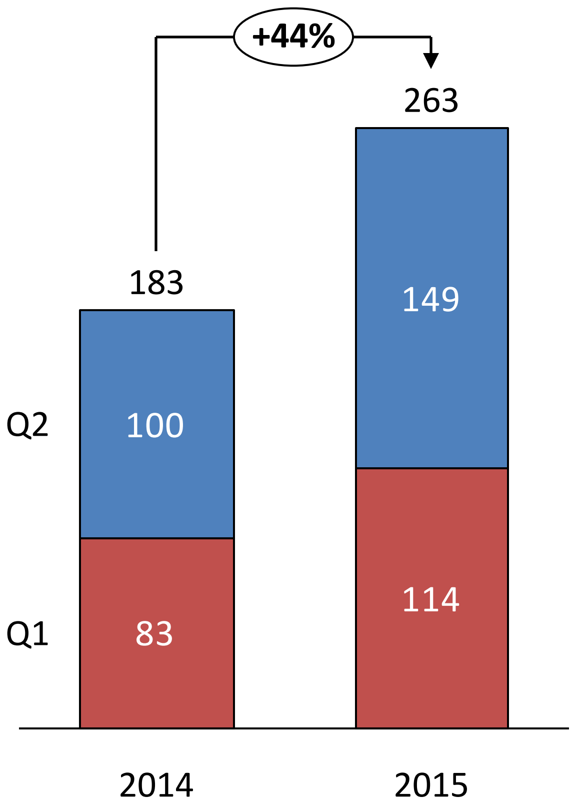
Garments performance

Garment Sales [No. of pieces in Lacs]

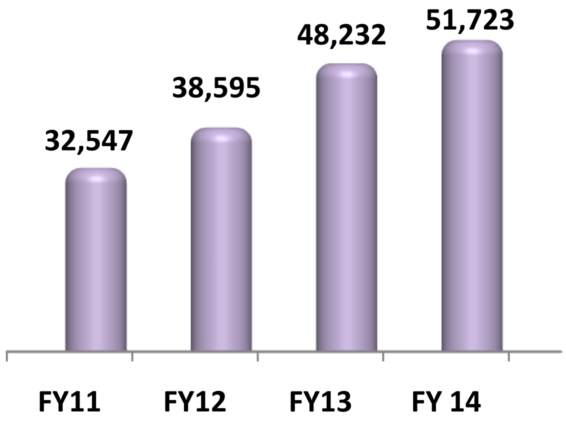


Garment Sales [Rs. Crs.]

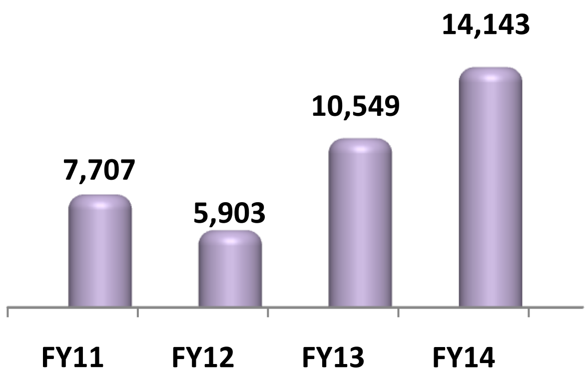


Historical Performance

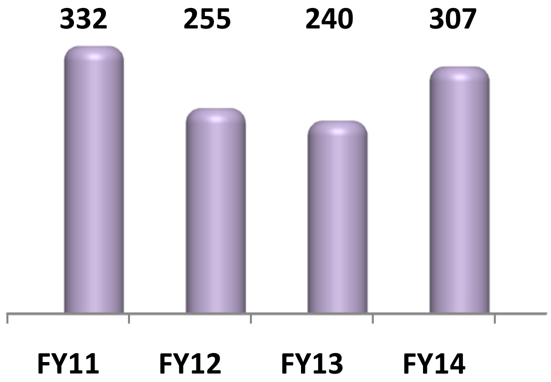
Yarn Sales [MT]



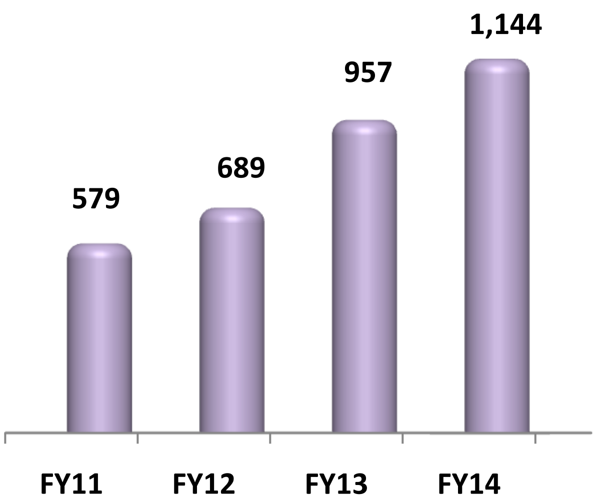
Fabric Sales [MT]



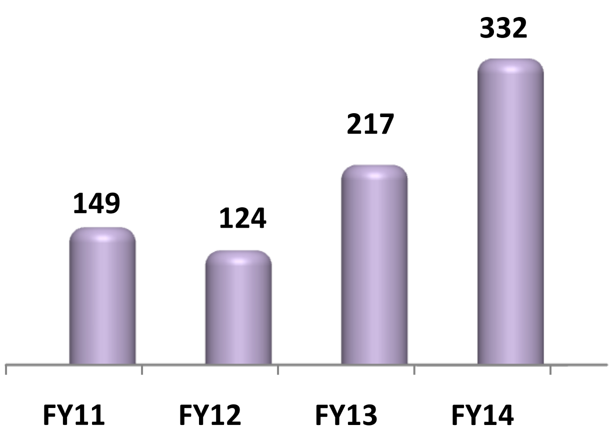
Garment Sales [No. of pieces in Lacs]



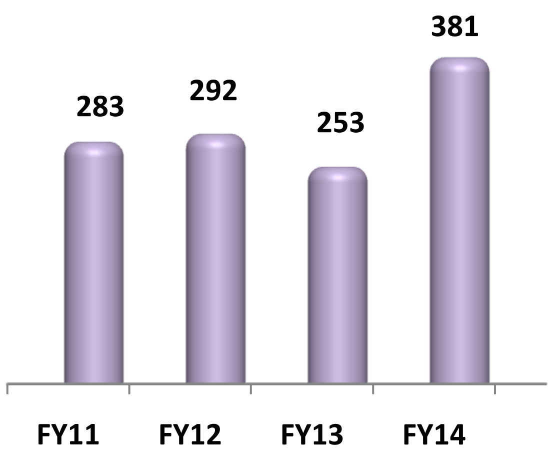
Yarn Sales [Rs. Crs.]



Fabric Sales [Rs. Crs.]



Garment Sales [Rs. Crs.]



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