


KPR Mill Limited

Result Update

Q2-FY2016

Safe Harbor

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Manufacturing Facilities

Tamil Nadu	Sathyamangalam	Spinning
Tamil Nadu	Karumathampatti	Spinning, Compact Spinning , P/C, Melange & Color Melange
Tamil Nadu	Neelambur	Spinning & Knitting
Tamil Nadu	Arasur	Spinning, Knitting & Garmenting
Tamil Nadu	Tirupur	Garmenting
Tamil Nadu	Perundurai	Processing
Tamil Nadu	Thekkalur	Garmenting
Tamil Nadu	Tirunelveli, Tenkasi, Theni & Coimbatore	Windmills
	Bijapur, Karnataka	Co-gen cum Sugar

Yarn : 90,000 MT

Fabric : 27,000 MT

Garments : 59 million pieces

Processing : 9,000 MT

Windmills: 61.92 MW

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

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

Presence across the textile value chain

Yarn

- Amongst top five manufacturers in India
- Production of Carded & Combed; Value added Compact, Melange, Color Melange & P.C.Yarn
- 38% captively consumed to manufacture value added Products
- Revenue contributes 41% to total sales

Fabric

- Revenue contributes 21% to total sales
- Around 15% captively consumed to manufacture value added products.
- Major Buyers - Knitted Apparel Export Manufacturers

Knitted Garments

- One of the largest garment manufacturers
- 100% exports
- Revenue contributes 22% to total sales
- Key export markets - Europe, Australia and USA

Domestic Sales – 66% ; Exports – 34%

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 availability 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

KPR is well Poised to capture the opportunity

INDUSTRY GROWTH DRIVERS

- Growing Domestic & Global demand
- Challenges of growth in neighboring competing countries driving the Indian textile Industry
- India has an edge over other major competitors in Asia in respect of cost of production
- Recent negotiations for India - EU FTA
- Government focus and initiatives on Textile Industry to boost prospects

COMPANY SPECIFIC GROWTH DRIVERS

- Improved realizations after Modernization & Capacity Expansion
- Increase in realization of Value Added Yarn (Compact and Melange Yarn) – Volume Driven Growth
- Reduction of high cost debt
- Increasing capacities in Garment division
- Attain self sufficiency in power generation
- Increased focus on exports
  - Step up garment production by increasing the capacity
  - Penetrate into newer markets for garments & yarn

Evolution

- 1984 – Maiden business at Coimbatore, India
- 1989 – Knitted garment export at Tirupur.
- 1995 – First spinning unit at Sathyamangalam with 6,000 spindles. Increased to 30,240 spindles by 1999

1984-1999

- 2001 – Spinning mill at Karumathampatti with 30,240 spindles; Knitting facility & Wind mill for captive use
- 2003 – Spinning unit at Neelambur with 50,784 spindles; Knitting facility & Wind mill
- 2005 – At Arasur 1,00,800 spindles; Knitting facility, Garment Unit and Wind Mills

2000-2005

- 2006 – Private Equity participation by leading US Corporate 'Brandot Investments' & Two others - $ 25 Mn
- 2007 – IPO at a premium. Shares Listed at Bombay & National Stock Exchanges, India
- 2008 – Fabric Processing Unit at SIPCOT, Perundurai 9,000 MT per annum with trendsetter Effluent Treatment Plant

2006-2009

Evolution Contd...

- 2010 – Exclusive value added **Compact** Spinning unit of 1,03,680 spindles at Karumathampatti & Wind Mills

- 2011 – Modernization & expansion of 21,216 spindles at Sathyamangalam

2010-11

- 2012 – Another Value added product **Melange** yarn. 16,128 spindles at Karumathampatti.

- 2013 - Co-gen cum Sugar Plant at Karnataka - 30 MW & 5000 TCD capacity

2012-13

- 2014 - Expanded Garment capacity at Arasur by 10 Mn pcs,

- 2015 - New green field Garment capacity at Thekkalur with 12 Mn Pcs

2014-15

- 2015-16 - New green field garment facility of 36 Mn garments is in progress

2015-16

"Business World ranks K.P.R.Mill"

- **239th** place (Last year 332)

- **10th Largest Textile & Garment Company** (Last year 15th). Only Company from South India.

- **50th** Place in providing **Shareholder Returns.**

Key Highlights of Q2 & H1-FY16

- Consolidated Revenue Q2 ₹ 608 Crore; H1 ₹ 1,231 Crore
- PBDIT Q2 up 5.2% YoY to ₹ 121 Crore;
  H1 up 9% to YoY to ₹ 243 Crore
- PBT Q2 up 28.1% YoY to ₹ 73 Crore;
  H1 up 32.7% YoY to ₹ 146 Crore
- PAT Q2 up 23.8% YoY to ₹ 52 Crore;
  H1 up 27.2% to ₹ 103 Crore
- Cash Profit Q2 up 9.8% YoY to ₹ 90 Crore;
  H1 up 11.2% YoY to ₹ 179 Crore
- 12 Mn Garment Green Field capacity is ramping up
- Construction of new 36 Mn Garment Green Field facility is in progress
- Introduced new product range of value added Polyester cotton & Color Melange yarn & Fabric

Consolidated P&L

Rs.Crore	Q2 FY16	Q2 FY15	YoY %	H1 FY16	H1 FY 15	QoQ %
Revenue	**608**	**677**	**-10.2%**	**1231**	**1270**	**-3.1%**
Raw Material	374	475		749	864	
Employee Expenses	55	46		106	90	
Other Expenses	58	41		133	93	
EBITDA	**121**	**115**	**5.2%**	**243**	**223**	**9.0%**
EBITDA Margin	*19.9%*	*17.0%*		*19.7%*	*17.6%*	
Other Income	5	6		11	12	
Interest & Finance Charges	15	24		32	45	
Depreciation	38	40		76	80	
PBT	73	57		146	110	
Tax	21	15		43	29	
PAT	**52**	**42**	**23.8%**	**103**	**81**	**27.2%**
PAT Margin	*8.6%*	*6.2%*		*8.4%*	*6.4%*	

Self sufficiency in Power with 92 MW Green Power portfolio

Strategic Investment in Wind Power Project 61.92 MW

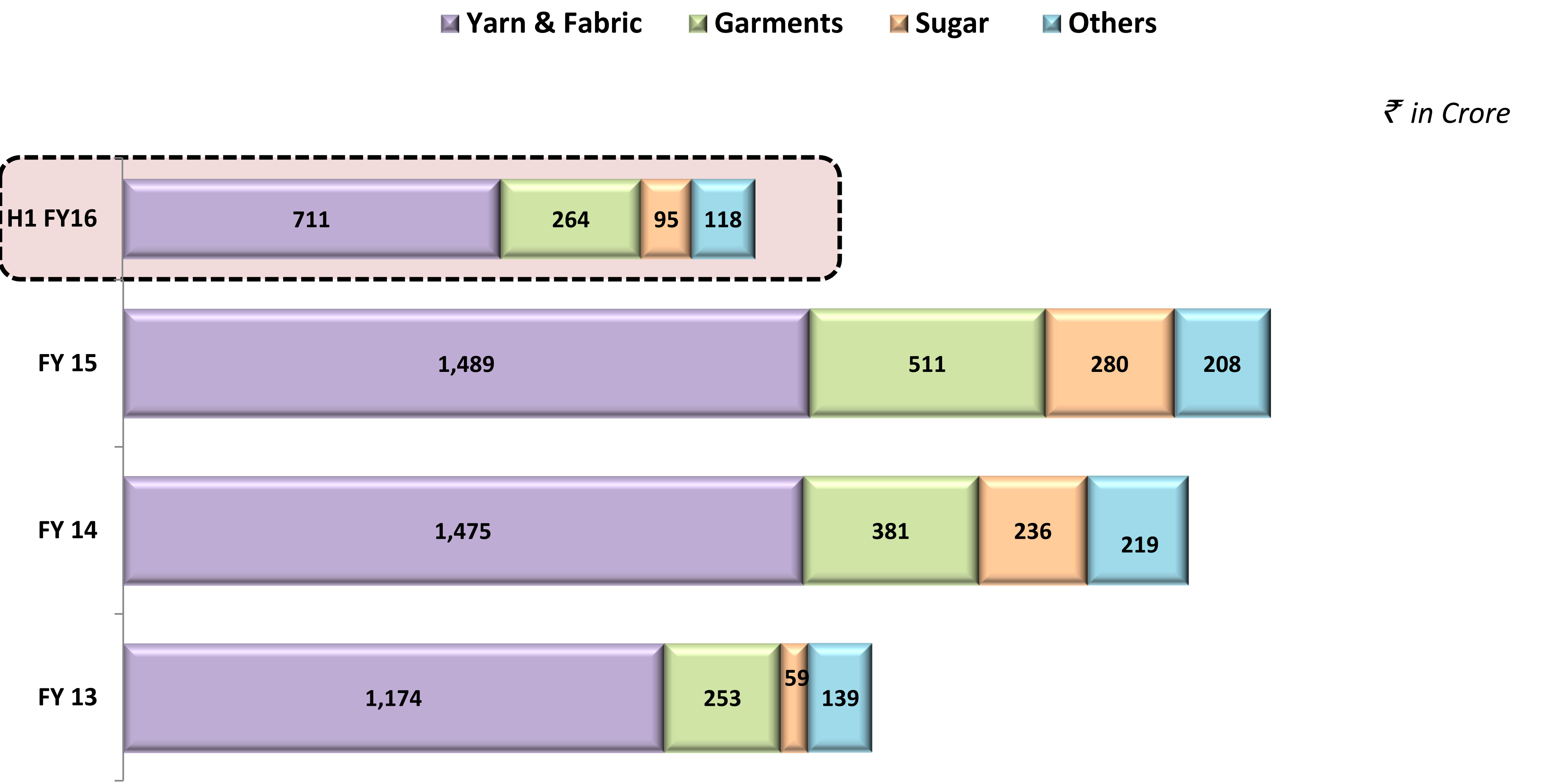
- One of the largest Captive power generators in Textile Industry
- Invested in eco-friendly Wind Mills at Tirunelveli, Tenkasi, Theni & Coimbatore Districts in Tamil Nadu, India
- Total Wind Power Capacity 61.92 MW
- 60% of Textile power requirement met through wind power

Investments in Co-Gen Power Project 30 MW

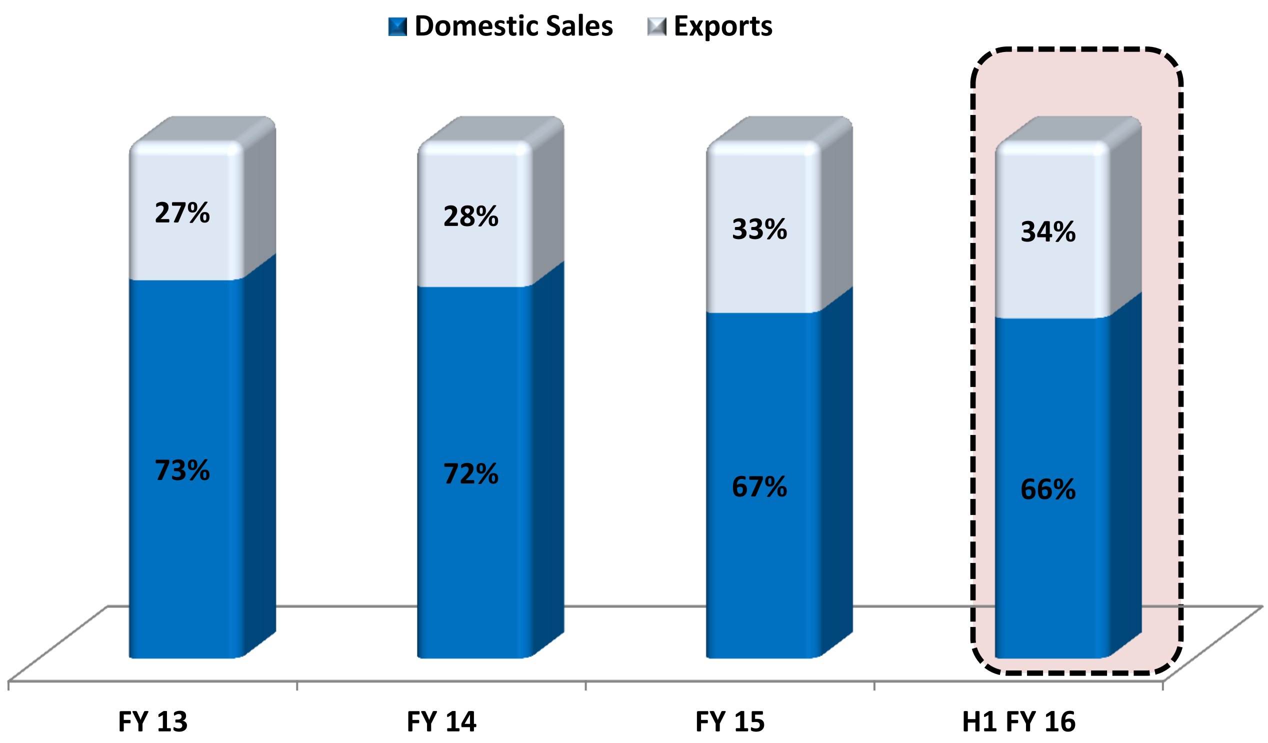
- Invested in 30 MW Co-Gen Power Project
- With Co-gen Power, KPR attained self sufficiency in meeting its substantial power requirement throughout the year

Annexure

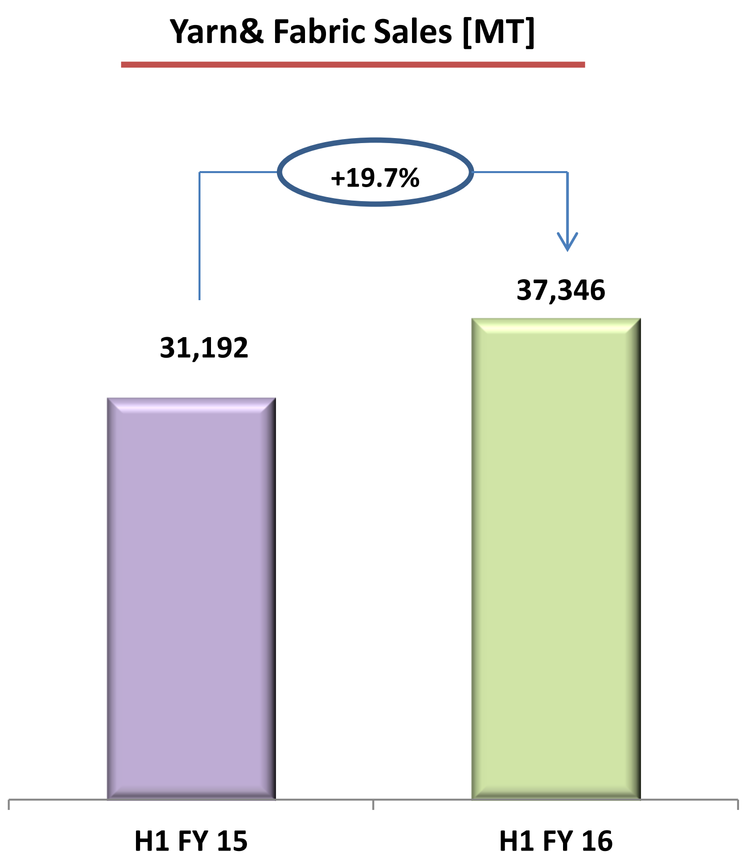
Segment Wise Revenue contribution



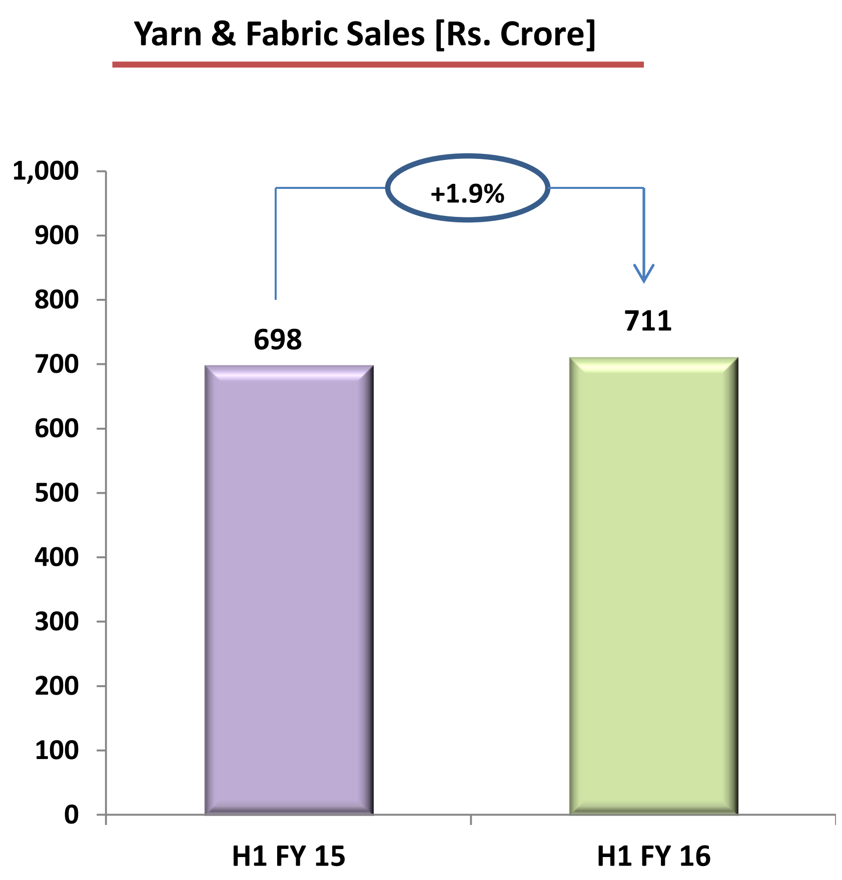
Geographical Split



Yarn & Fabric



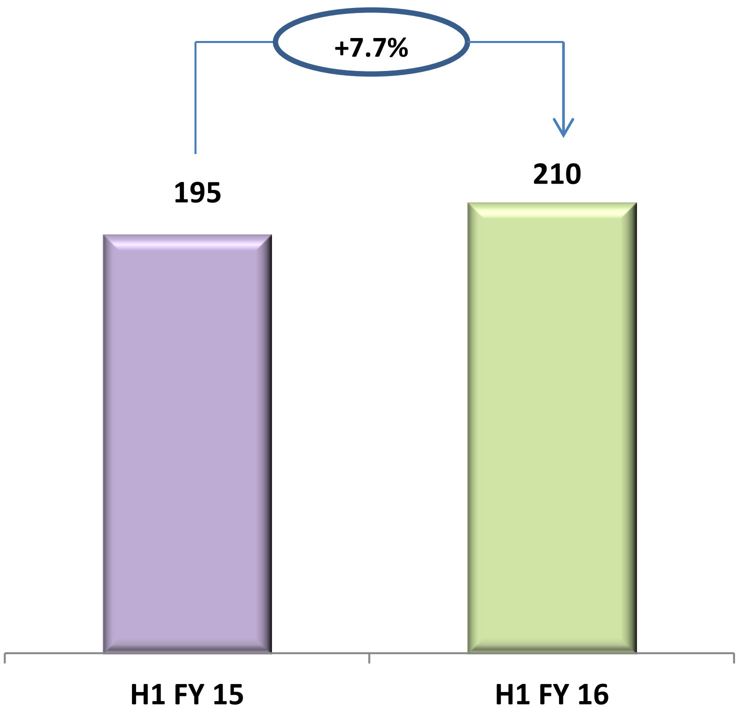
Yarn& Fabric Sales [MT]
+19.7%
31,192
37,346
H1 FY 15
H1 FY 16



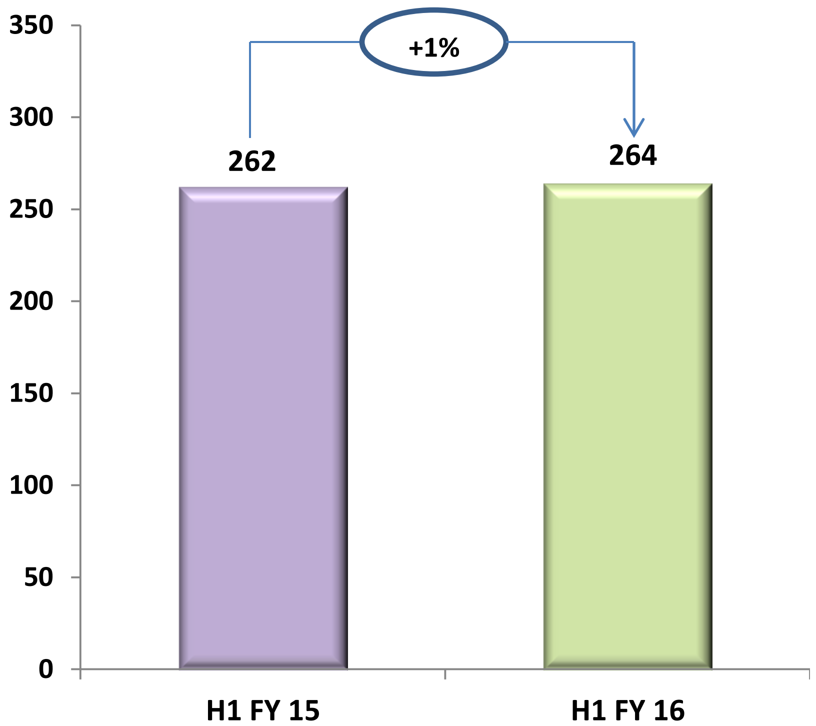
Yarn & Fabric Sales [Rs. Crore]
1,000
900
800
700
600
500
400
300
200
100
0
+1.9%
698
711
H1 FY 15
H1 FY 16

Garments

Garment Sales [No. of pieces in Lacs]

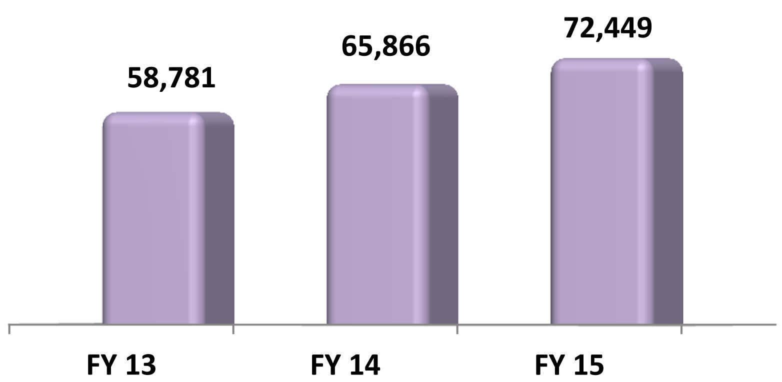


Garment Sales [Rs. Crore]

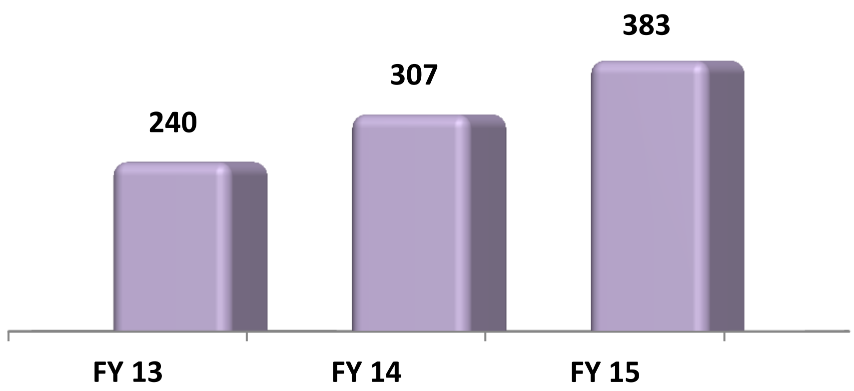


Historical Performance

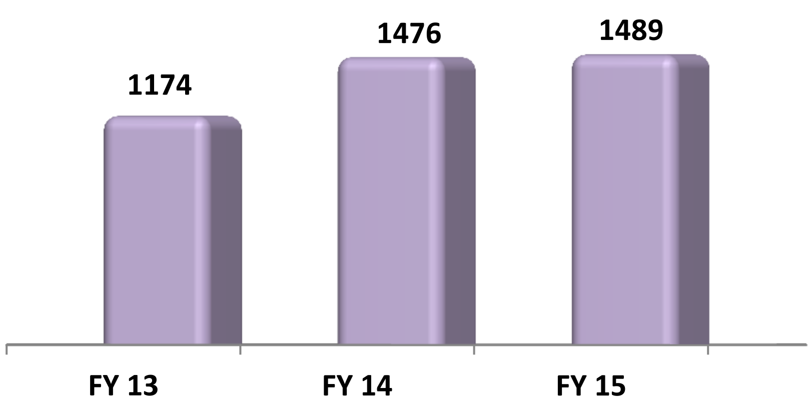
Yarn & Fabric Sales [MT]



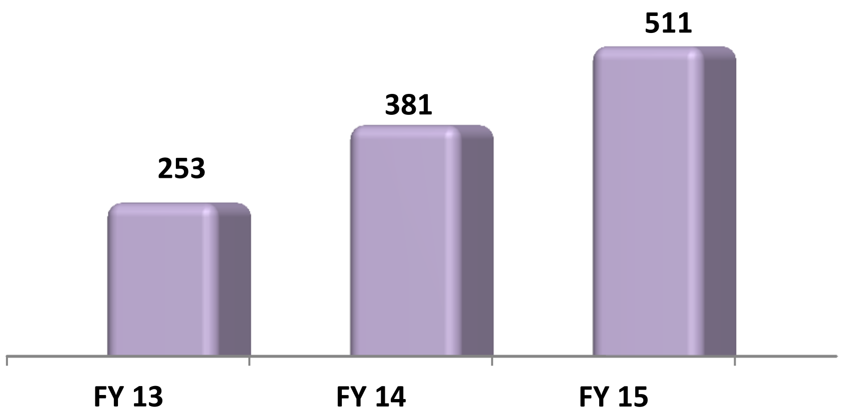
Garment Sales [No. of pieces in Lacs]



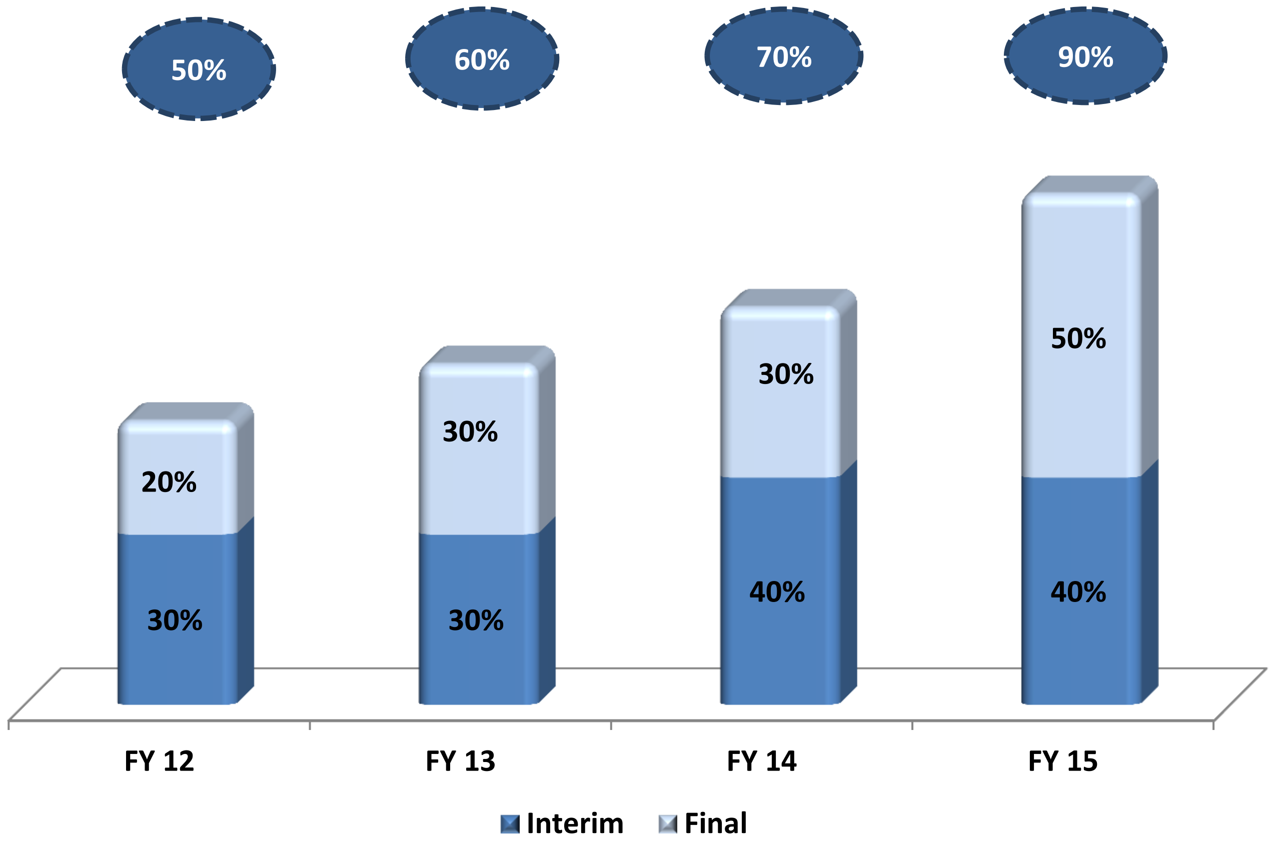
Yarn & Fabric Sales [Rs. Crore]



Garment Sales [Rs. Crore]



Dividend Track Record



Book Value & EPS

Particulars	FY 12	FY 13	FY 14	FY 15
Book Value Per Share (₹)	165.19	187.42	216.16	250.83
Earning Per Share (₹)	8.38	27.01	37.27	45.73
Dividend Per Share %	50%	60%	70%	90%
Dividend Per Share (₹)	5.00	6.00	7.00	9.00

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