KPR MILL LIMITED

Result Update Q4 FY2017

Safe Harbor

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Manufacturing Facilities

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

Yarn :
90,000 MT

Fabric :
27,000 MT

Garments :
95 million Garments

Processing :
18,000 MT
Fabric Printing :
7500 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 1,200 regular domestic clients for yarn and fabric and around 50 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
- With 95 million Garments capacity , KPR has become one of the largest Apparel Manufacturers in India.
- Eco-friendly Processing ‘Unit 2” commenced its operations.
- Sophisticated high resolution printing division started commercial operations.
- Garment Industry is upbeat with the Government Incentives.

Presence across the textile value chain

Yarn

- Amongst top five manufacturers in India
- Entire yarn capacity upgraded to value added yarn (Compact, Melange, Color Melange & P.C.Yarn)
- 29% captively consumed to manufacture value added Products
- Revenue contributes 47% to total sales

Fabric

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

Knitted Garments

- A largest garment manufacturer
- 100% exports
- Revenue contributes 27% to total sales
- Key export markets - Europe, Australia and USA. Exploring new markets

Domestic Sales – 61% ; Exports – 39%

Key competitive advantages

Strong Fundamentals

- Rich exposure in textile and apparel Industry
- Consistent better performer even during tough times and growth driven entity
- Dividend track record since listing

Largest vertically Integrated Apparel Manufacturer strategically located

- Assuring superior quality products meeting market requirement
- On time delivery – An essential factor for market reputation
- Facilities located within a 50 KM radius of Tirupur, largest apparel manufacturing cluster 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

Strategic Investment in Green Power

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

Scale of Economy

- Low power cost through captive green power
- Minimal finance cost through prudential financial planning

Key competitive advantages Contd…

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

Strong client base

- Over 1200 Customers for yarn & fabric
- Around 50 Top International Brands
- A few more large customers from existing / new markets on pipe line

Growth Initiatives

- Converted conventional yarn capacity to value added yarn, carrying premium prices
- Expanded garment capacity to 95 million garments per annum – Making KPR a largest garment manufacturer in India. Garment Industry is upbeat with the Government Incentives
- Eco-friendly Processing 'Unit 2' and sophisticated high resolution printing division commenced its operations.

KPR is well Poised to capture the opportunity

INDUSTRY GROWTH DRIVERS

- Most cost competitive Textile manufacture base
- Largest Cotton base – Number one in World
- Most efficient Spinning sector in the World
- Second biggest exporter of textile & apparel
- 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
- Garment Industry is upbeat with proposed Government Incentives

COMPANY SPECIFIC GROWTH DRIVERS

- Consistent Modernization & Capacity Expansion – enhanced realization
- Value Added Yarn - Compact, Melange, PC & Colour Melange Yarn – Volume Driven Growth
- A largest garment manufacturer with 95 mn capacity
- Comfortable cash position enabling reduction of high cost debt
- Eco-friendly Processing 'unit 2' and sophisticated high resolution printing division commenced its operations
- Self sufficiency in power generation
- Increased focus on exports
  - Enhanced garment production
  - Penetrate into newer markets for garments & yarn
  - Impressive response from existing clients, new buyers and new market

Evolution

1984-1999

- 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

2000-2005

- 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

2006-2009

- 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

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. 16,608 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 – Established New green field garment facility of 36 Mn garments.
- 2016-17 Established new Eco-friendly Processing capacity with Advanced Technology - 9000 MT. Established Sophisticated high resolution printing division – 7500 MT

2015-17

Key Highlights of Q4 & FY 17

- Revenue Q4 up 8.5% YoY to ₹ 791 Crore
- FY17 up 8.4% YoY to ₹ 2,844 Crore
- PBDIT Q4 up 25.4% YoY to ₹ 148 Crore; FY17 up 19.9% to YoY to ₹ 591 Crore
- PBT Q4 up 44.7% YoY to ₹ 97 Crore; FY17 up 32.7% YoY to ₹ 377 Crore
- PAT Q4 up 30.9% YoY to ₹ 72 Crore; FY17 up 36.0% to ₹ 287 Crore
- Cash Profit Q4 up 18.5% YoY to ₹ 109 Crore; FY17 up 20.1% YoY to ₹ 436 Crore
- 36 Mn new garment capacity ramping up progress as per plan
- Eco-friendly Processing 'Unit 2' commenced its operations.
- Sophisticated high resolution printing division started commercial operations.

Consolidated P&L

₹ Crore	Q4 FY17	Q4 FY16	YoY %	FY17	FY16	YoY %
Revenue	**791**	**729**	**8.5%**	**2844**	**2624**	**8.4%**
Raw Material	503	445		1702	1593	
Employee Expenses	70	57		278	218	
Other Expenses	70	109		273	320	
EBITDA	**148**	**118**	**25.4%**	**591**	**493**	**19.9%**
EBITDA Margin	*18.7%*	*16.2*		*20.8%*	*18.8%*	
Interest & Finance Charges	14	13		65	57	
Depreciation	37	38		149	152	
PBT	97	67		377	284	
Tax	25	12		90	73	
PAT	**72**	**55**	**30.9%**	**287**	**211**	**36.0%**
PAT Margin	*9.1%*	*7.5%*		*10.1%*	*8.0%*	

Buyback

Self sufficiency in Power with 92 MW Green Power portfolio

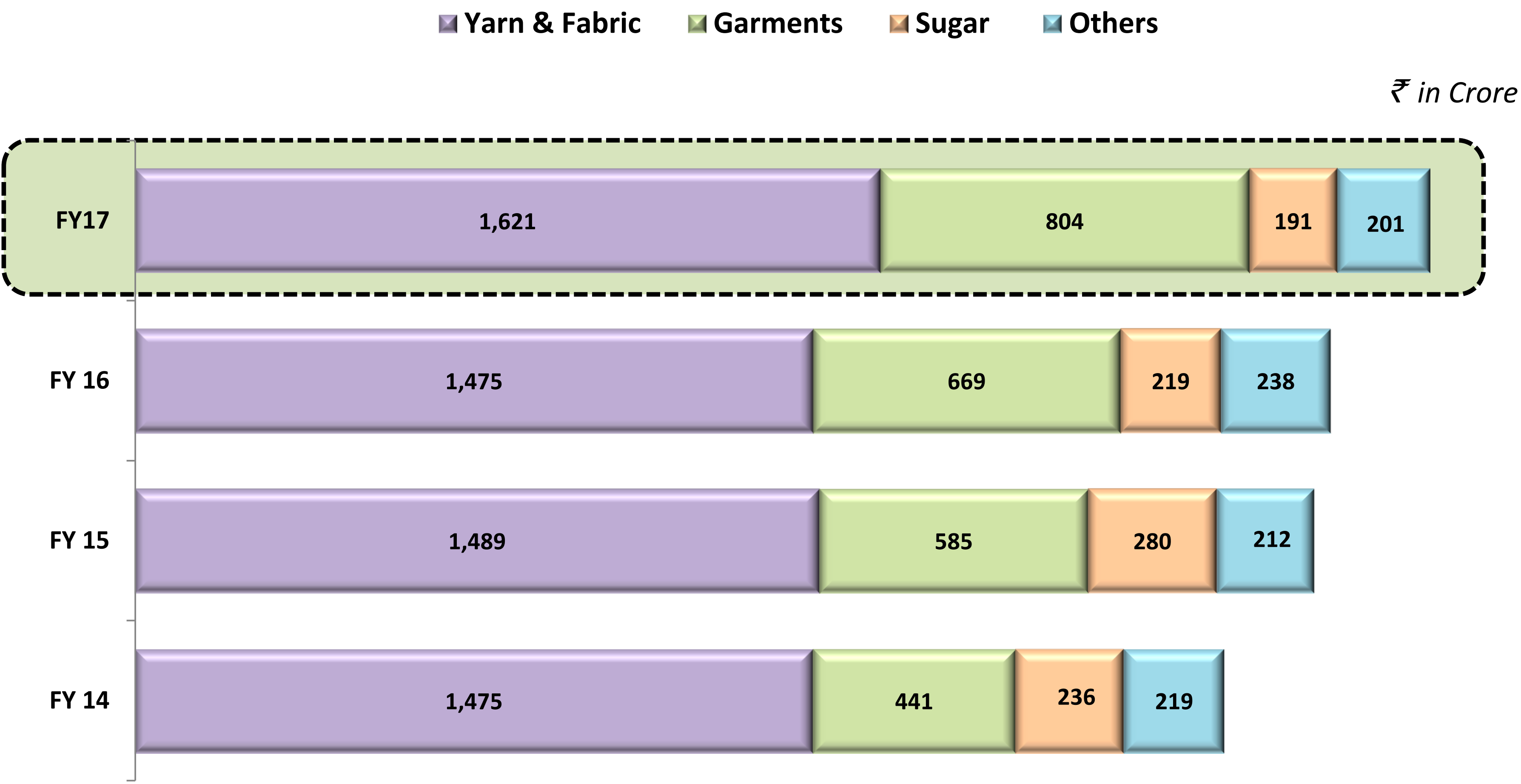
Strategic Investment in Wind Power Project 61.92 MW

- 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

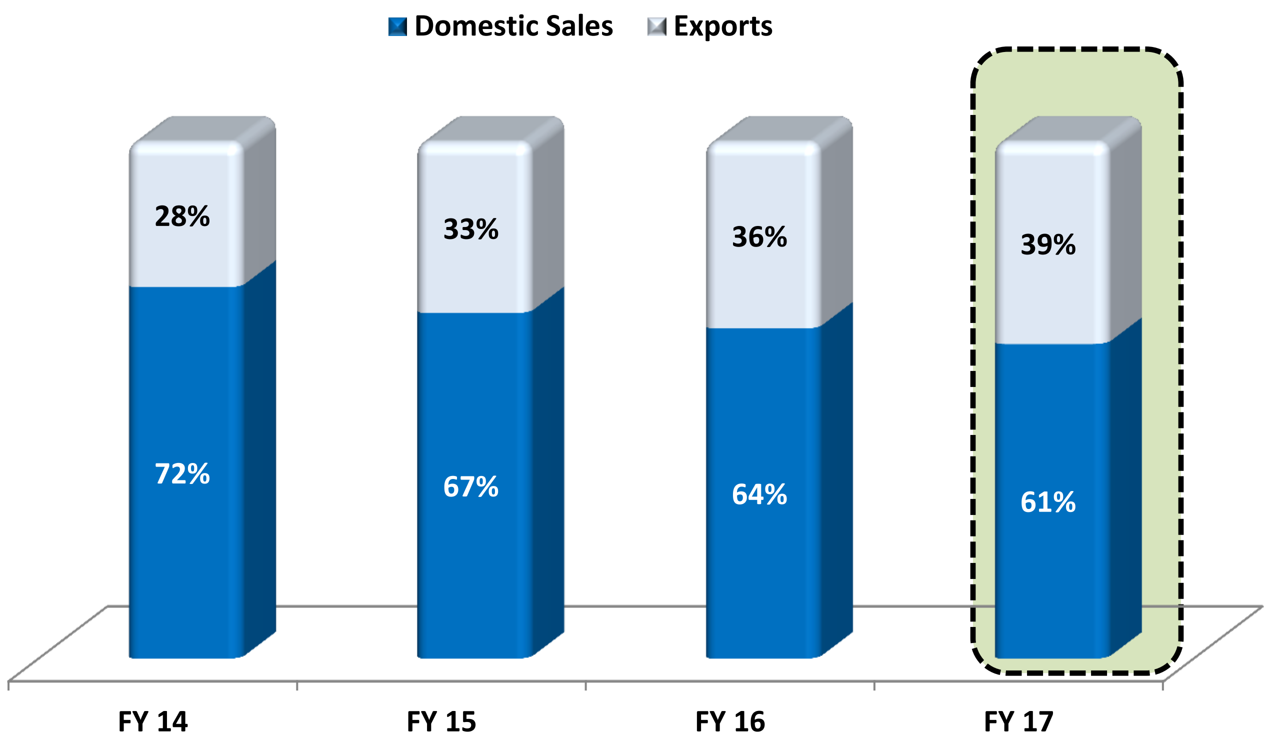
Investments in Co-Gen Power Project 30 MW

- 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

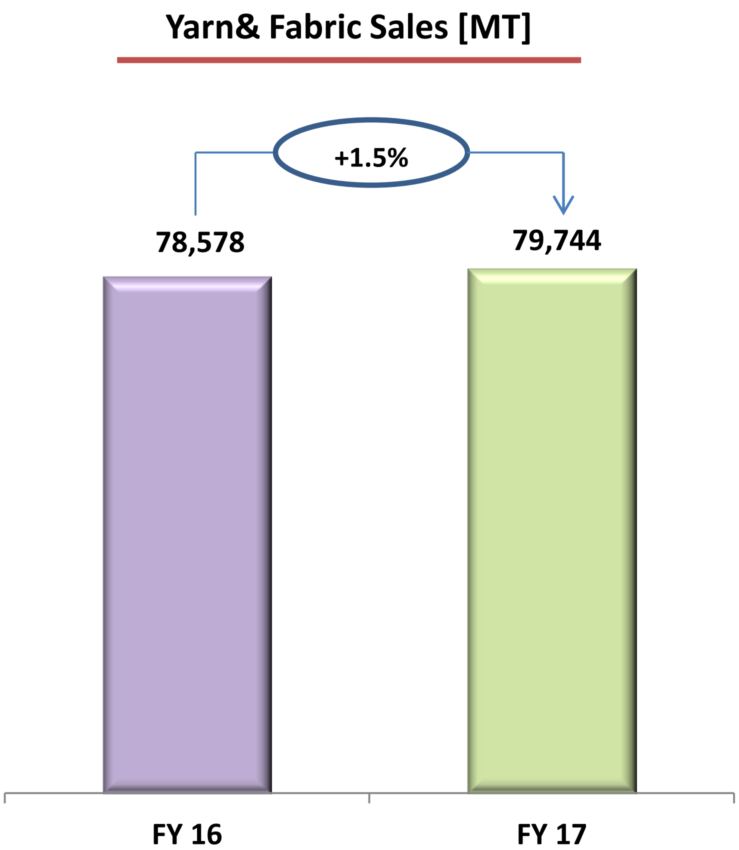
Segment Wise Revenue contribution

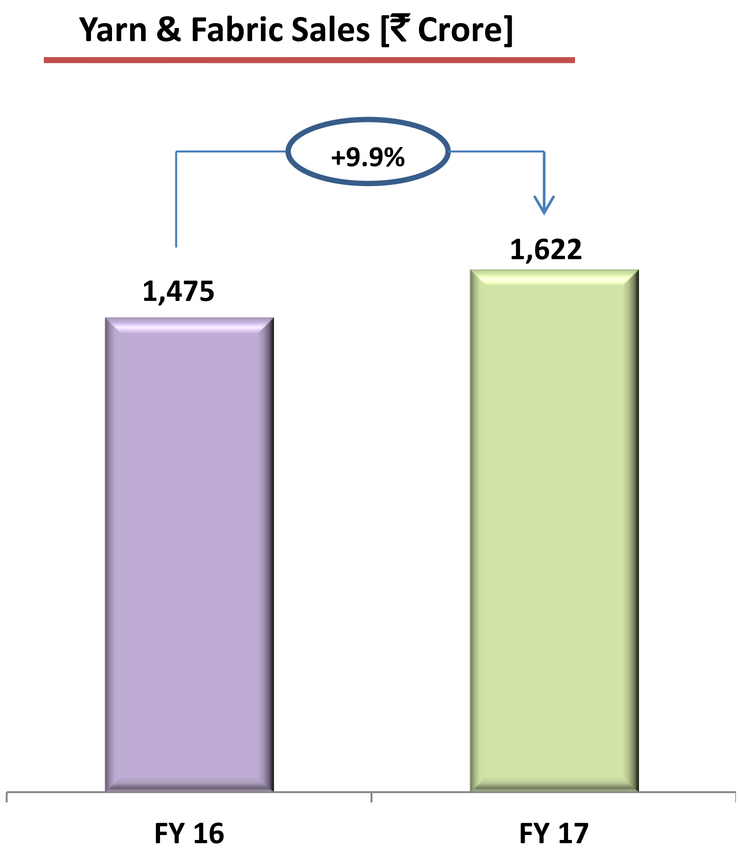


Geographical Split

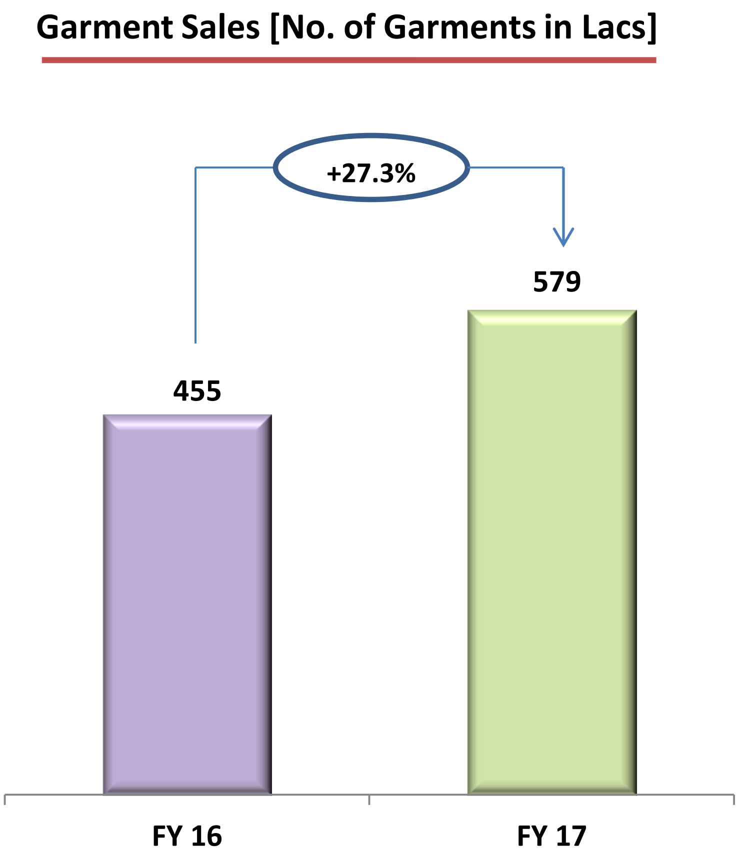


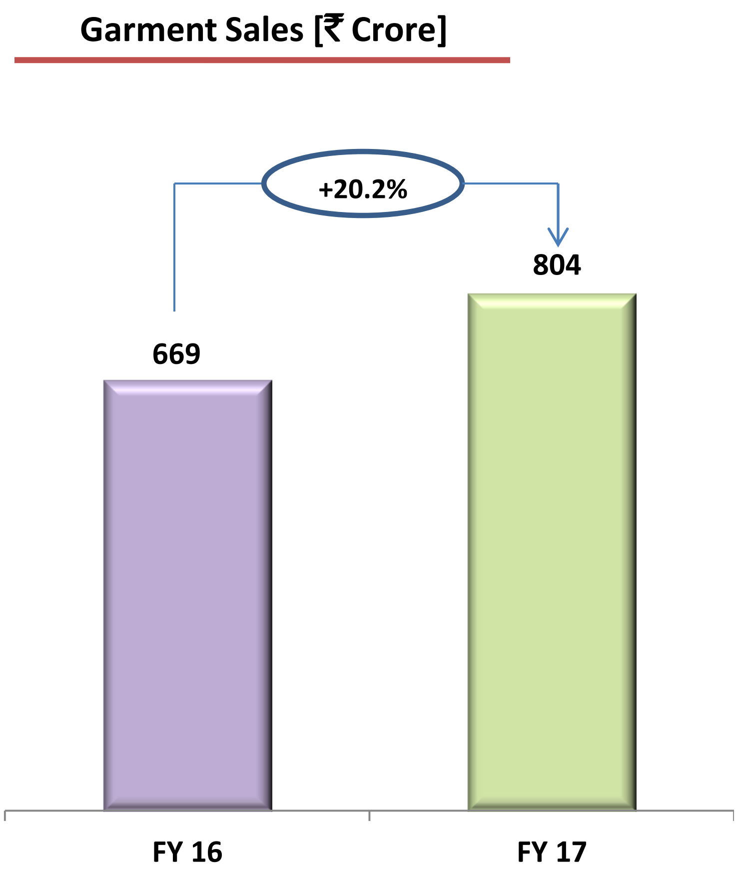
Yarn & Fabric


Yarn& Fabric Sales [MT]
+1.5%
78,578
79,744
FY 16
FY 17

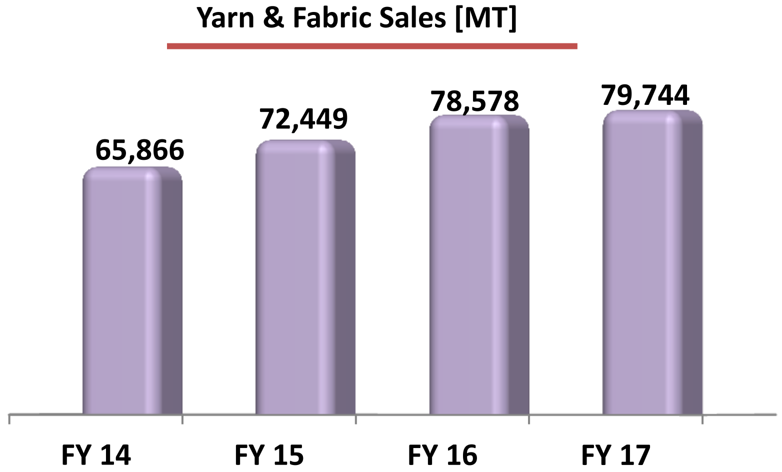

Yarn & Fabric Sales [₹ Crore]
+9.9%
1,475
1,622
FY 16
FY 17

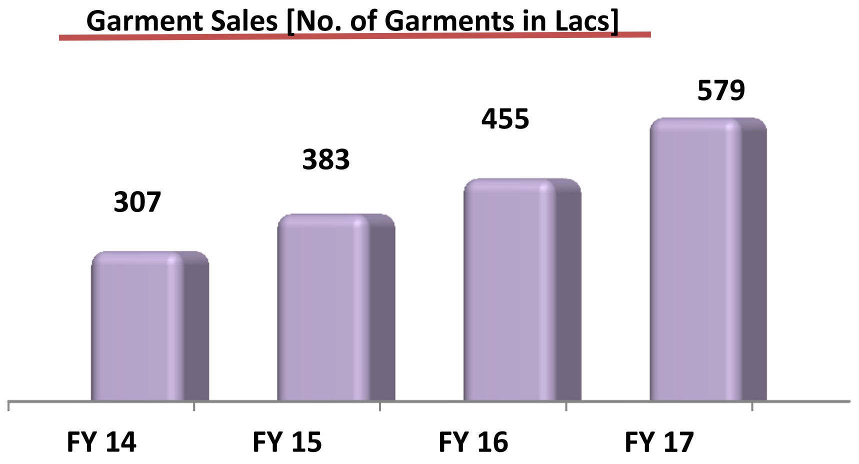
Garments

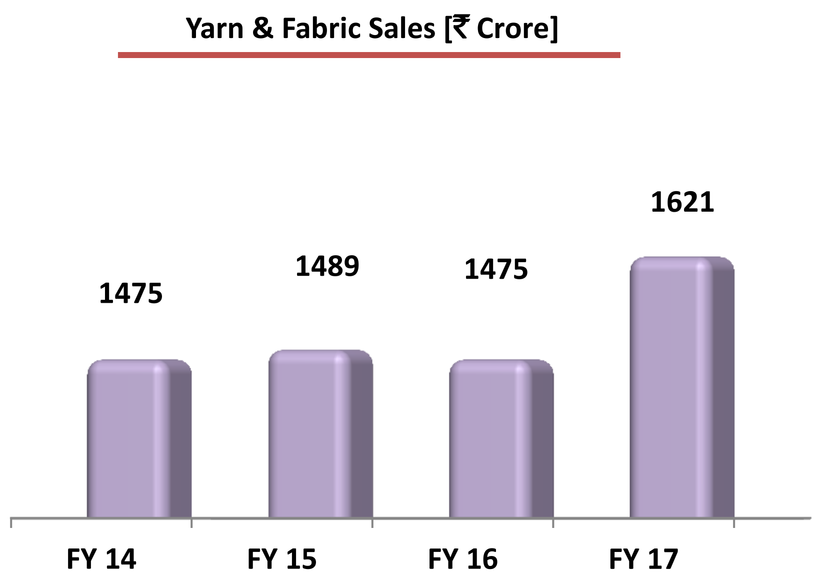

Garment Sales [No. of Garments in Lacs]
+27.3%
455
579
FY 16
FY 17

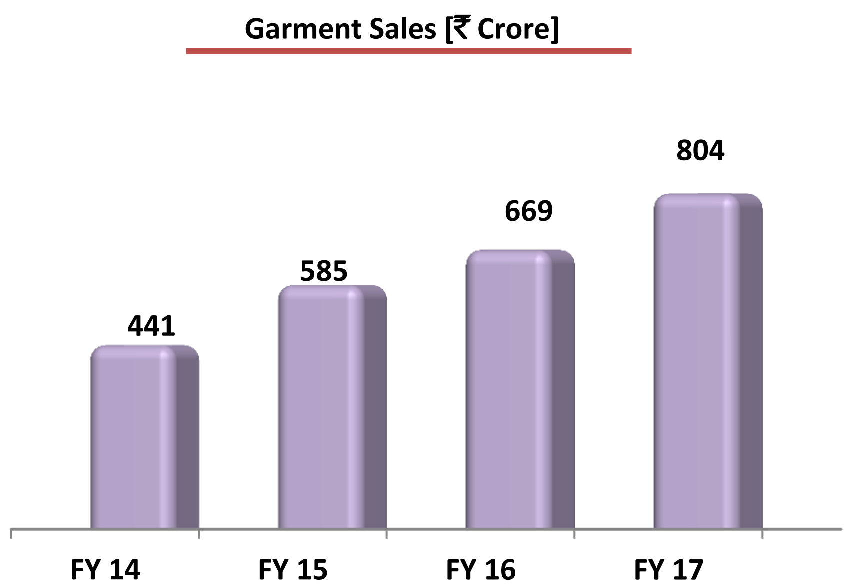

Garment Sales [₹ Crore]
+20.2%
669
804
FY 16
FY 17

Historical Performance

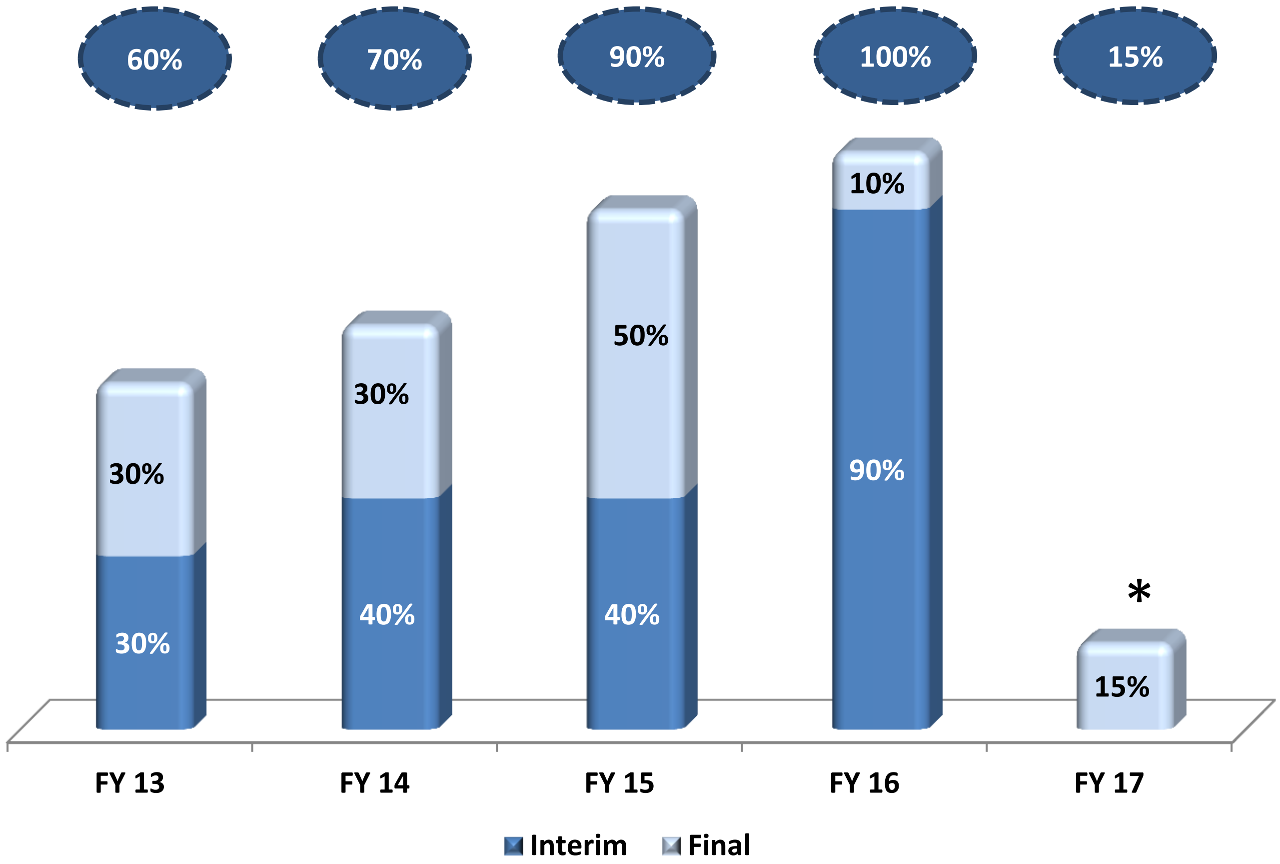








Dividend Track Record



* During the year Company bought back shares with a consideration of Rs.9,702 Lakhs

Book Value & EPS

Particulars	FY 13	FY 14	FY 15	FY 16	FY 17	
Book Value Per Share (₹)	93.71	108.8	125.42	146.03	174.01	
Earning Per Share (₹)	13.51	18.64	22.86	27.86	38.15	
Dividend Per Share %	60%	70%	90%	100%	15%	*
Dividend Per Share (₹)	6.00	7.00	9.00	10.00	0.75	*

Note : During the year

1. Equity share of ₹ 10/- each is split into two Equity Shares of ₹ 5/- each. Accordingly EPS & book value are per share of ₹ 5/- each

2. * During the year Company bought back shares with a consideration of Rs.9,702 Lakhs

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