# KPR MILL LIMITED

**Result Update Q4 FY2017** 





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# **Manufacturing Facilities**

Sathyamangalam **Spinning** Spinning, Compact, P.C, Melange Karumathampatti & Color Melange <u>Neelambur</u> **Spinning & Knitting Tamil Nadu Arasur** Spinning, Knitting & Garmenting Garmenting Tirupur **Processing &** Perundurai **Fabric Printing** Garmenting **Thekkalur** Tirunelveli, Tenkasi, Theni Windmills & Coimbatore 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

- 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

Yarn

### **Fabric**

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

   Manufacturers

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

Knitted Garments

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 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

- 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 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

2000-2005

1984-1999



### **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

- 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

- 2014 Expanded Garment capacity at Arasur by 10 Mn pcs,
- 2015 New green field Garment capacity at Thekkalur with 12 Mn Pcs

- 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

2014-15

2012-13

2010-11

# 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**

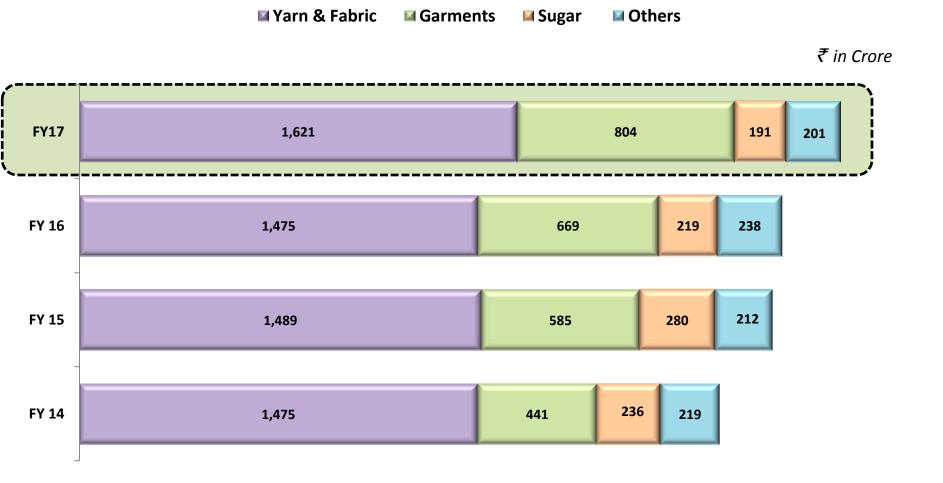
- One of the largest Captive power generators in Textile Industry
- Invested in eco-friendly Wind Mills at Tirunelveli, Tenkasi, Theni & Coimbatore Districts in Tamil Nadu, India
- Total Wind Power Capacity 61.92 MW
- 60% of Textile power requirement met through wind power

#### **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

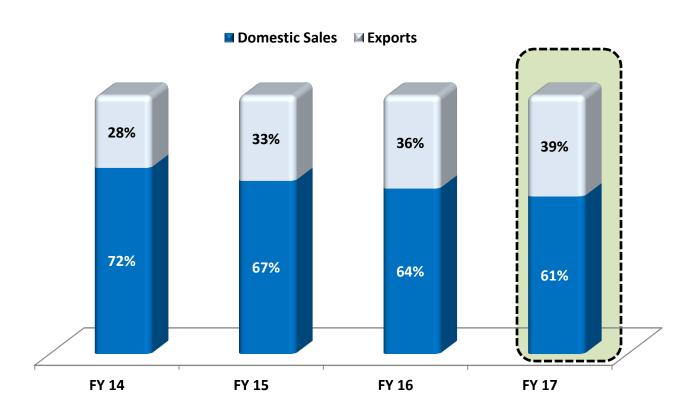


# **Segment Wise Revenue contribution**



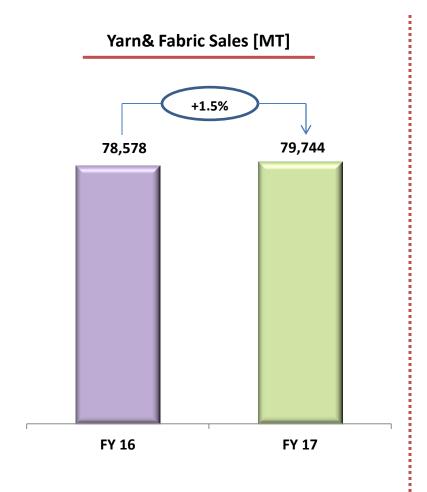


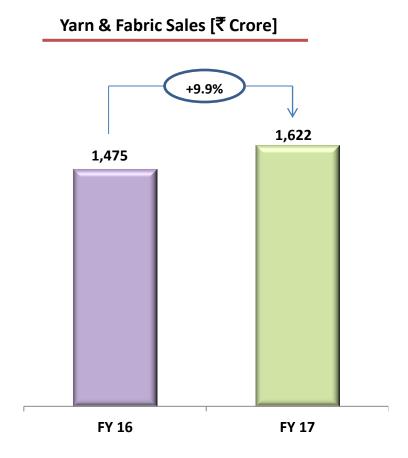
# **Geographical Split**





# Yarn & Fabric

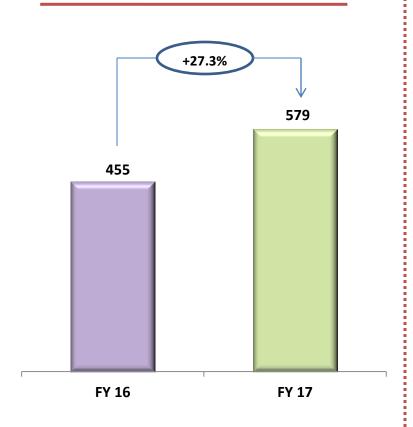




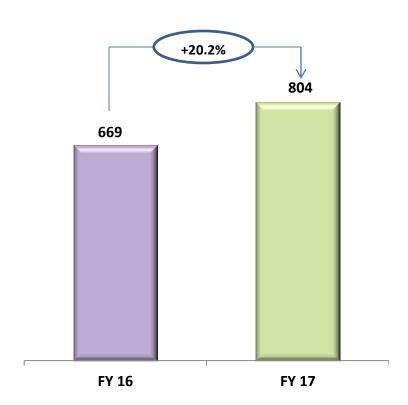


# **Garments**

### **Garment Sales [No. of Garments in Lacs]**

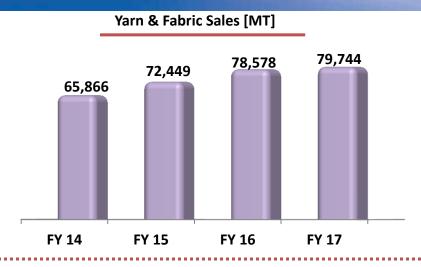


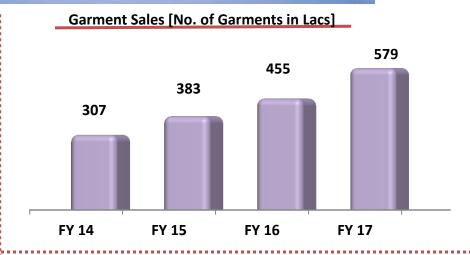
### Garment Sales [₹ Crore]



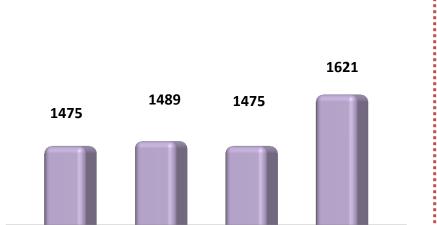


# **Historical Performance**





Garment Sales [₹ Crore]



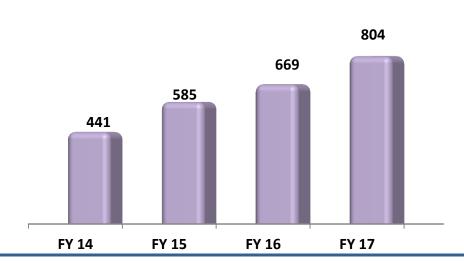
FY 16

**FY 17** 

Yarn & Fabric Sales [₹ Crore]

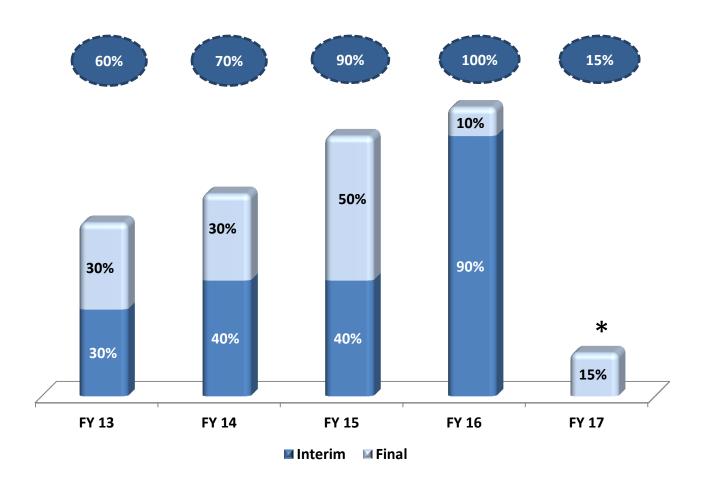
**FY 14** 

**FY 15** 





# **Dividend Track Record**



<sup>\*</sup> 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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