

Ref: KGL/SE/2019-20/NOV/04

November 14, 2019

The Secretary BSE Limited Corporate Relationship Dept, 1 st Floor, New Trading Ring, Rotunda Building, P.J. Towers, Dalal Street, Fort Mumbai – 400001, Maharashtra Scrip Code: 521248	The Secretary National Stock Exchange of India Ltd Exchange Plaza, C-1 Block G Bandra Kurla Complex, Bandra East, Mumbai – 400051, Maharashtra Scrip Code: KITEX
----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

KITEX
Kitex Garments Limited
(CIN: L18101KL1992PLC006528)
P. B. No. 5, Kizhakkambalam,
Alwaye, Kochi, Kerala - 683562
Phone: 91 484 4142000
Fax: 91 484 2680604
Email: sect@kitexgarments.com
website: www.kitexgarments.com

Sub: **MANAGEMENT UPDATES - INVESTOR'S PRESENTATION BASED ON FY 2019-20 Q2 RESULTS**

Please find enclosed the investor's presentations prepared based on FY 2019-20 Q2 Results for your information and records.

This will also be made available on the company's website viz., www.kitexgarments.com

Thanking you,

For Kitex Garments Limited



CS. Mithun B Shenoy
Company Secretary & Compliance officer
Enclosure: As above





Kitex Garments Limited

A background image showing various pieces of colorful fabric (yellow, green, blue, red) draped and folded, creating a vibrant, textured effect.

Earnings Presentation
Quarter ended 30th September 2019

This presentation and the discussion may contain certain words or phrases that are forward - looking statements, which are tentative, based on current expectations of the management of Kitex Garments Limited (“Kitex”, “the Company”) or any of its subsidiaries and associate companies. Actual results may vary significantly from the forward-looking statements contained in this presentations due to various risks and uncertainties. These risks and uncertainties include the effect of economic and political conditions in India and outside India, volatility in foreign exchange rates, interest rates and in the securities market, new regulations and Government policies that may impact the businesses of Kitex. The Company has obtained all market data and other information from sources believed to be reliable or are its internal estimates, although its accuracy or completeness can not be guaranteed. This presentation is for information purposes only and does not constitute an offer or recommendation to buy or sell any securities of Kitex Garments Limited. The Company assumes no responsibility and does not provide any warranty to the accuracy or comprehensiveness of the information contained in this presentation.

Highlights – Q2 FY20

Total Income

Rs. 209.2 Cr.

EBITDA

Rs. 51.7 Cr.

Profit After Tax

Rs. 38.3 Cr.

Growth in Turnover

*Quarter on Quarter
Sep Vs. June 2019*

42.7%

*Year on Year
Q2 2019 Vs. Q2 2018*

15.5 %

*H1 FY20 Vs.
H1 FY19*

13.6%

Growth in EBITDA

65.8%

5.4%

(3.7%)

Growth in PAT

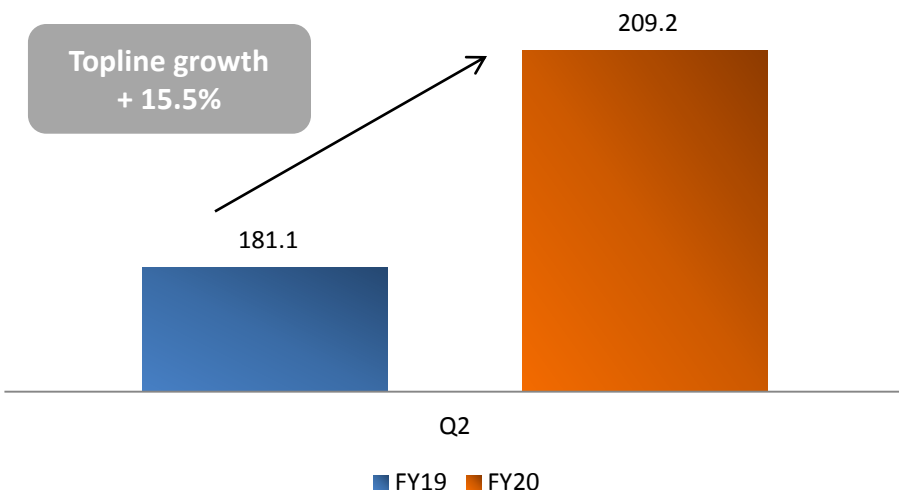
163.7%

46.6%

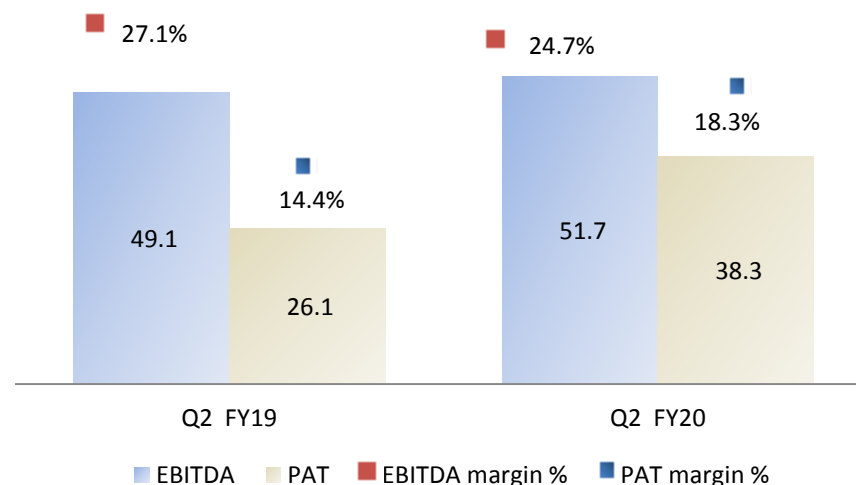
18.2%

Financial Overview – Q2 FY20 Vs. Q2 FY19

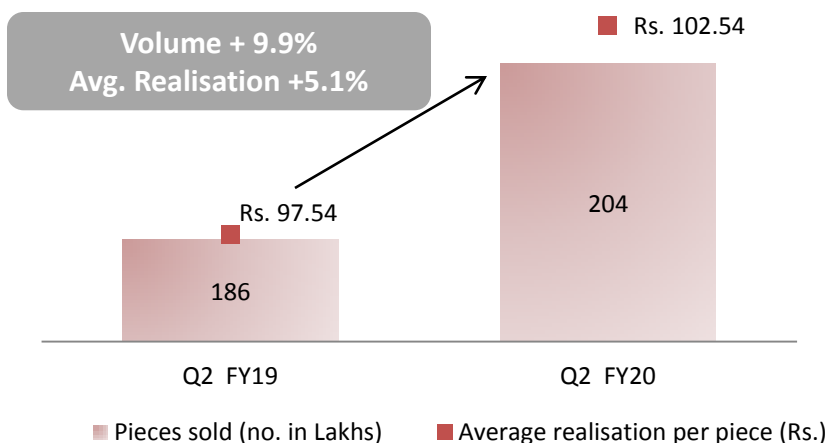
Total Income (Rs. Crore)



EBITDA & PAT (Rs. Crore)



Volume & Realisation

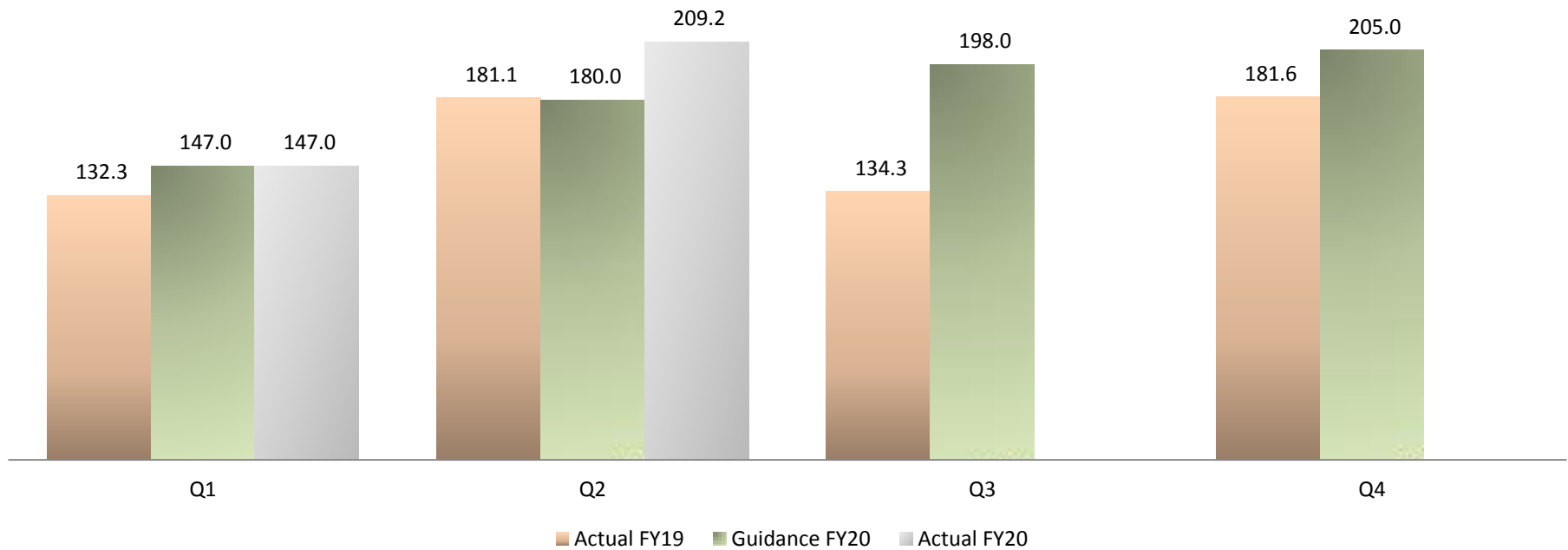


- Revenue for Q2 FY20 grew by 15.5% compared to the same period last year driven by a combination of higher sales volume and better realisation in rupee terms
- EBITDA expanded by ~5.4% in Q2 FY20 compared to the same period the previous year while EBITDA margins were affected on account of comparatively higher job work and freight charges. The Company considers this increase in expenses as a one-off phenomenon which is expected to be reversed in Q3 owing to better utilisation of in-house capacities due to increase in efficiencies on the shop floor
- The reduction in Corporate Income Tax to 22% has had a net positive impact* on Profit After Tax for Q2 FY20 to the tune of ~Rs. 5 Crores

*Tax differential on taxable income

Total Income – Results Vs. Estimates

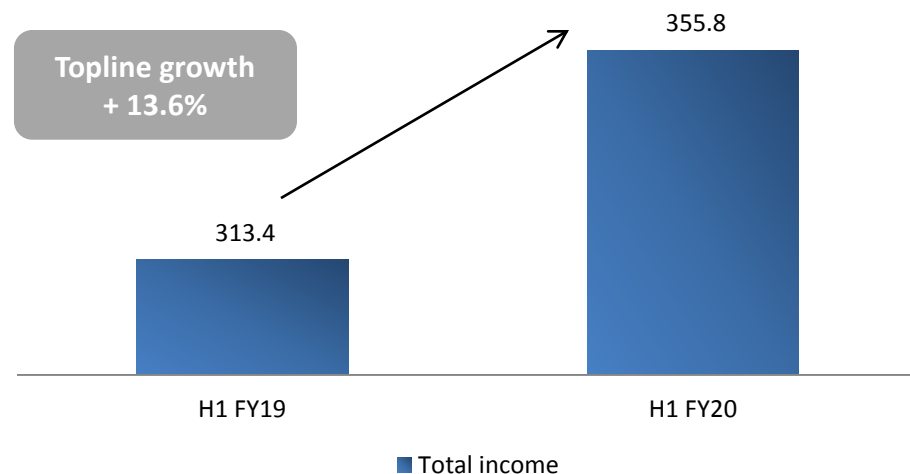
Total Income (Rs. Crore)



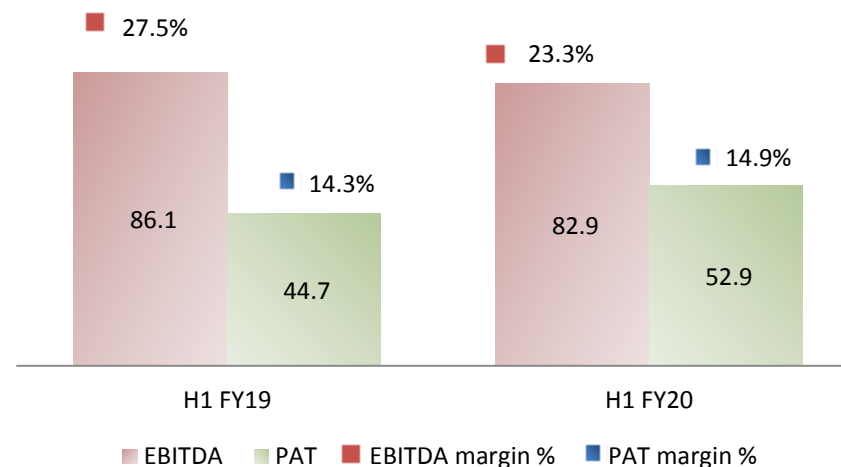
- Total Income for Q2 FY20 was 15.5% higher than Q2 FY19 and 16.2% higher than the Company's guidance for Q2 FY20

Financial Overview – H1 FY20 Vs. H1 FY19

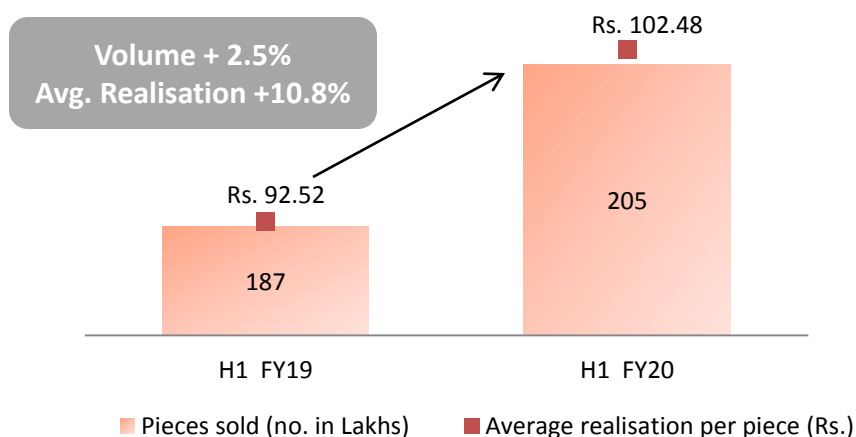
Total Income (Rs. Crore)



EBITDA & PAT (Rs. Crore)



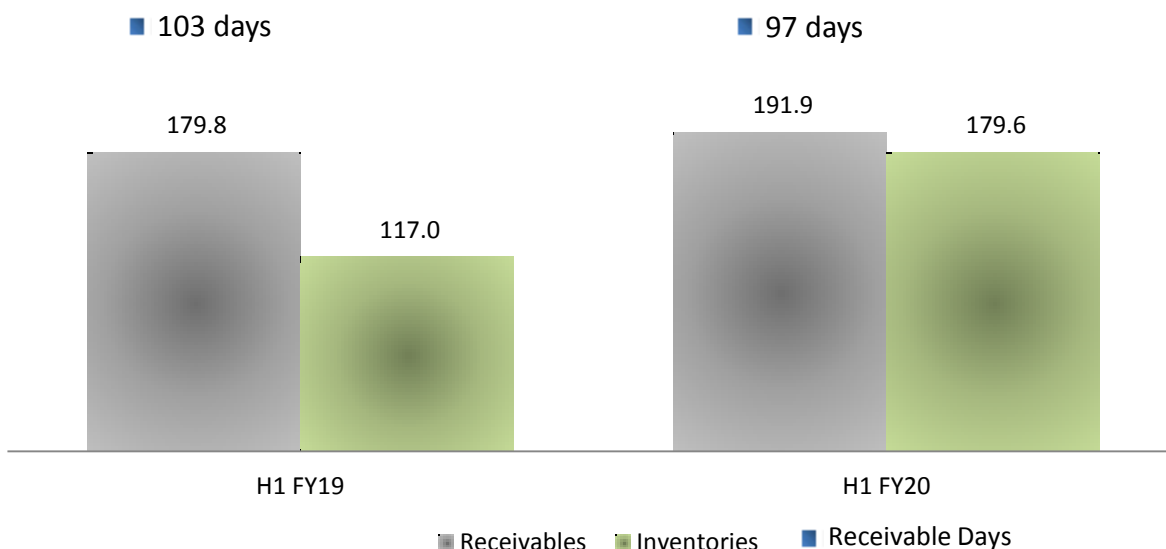
Volume & Realisation



- Total income grew by 13.6% in H1 FY20 compared to the same period last year owing to a combination of higher volumes and better average realisations in rupee terms
- EBITDA margins were impacted on account of comparatively higher job work and freight charges. The Company considers this increase an aberration, These charges are expected to be substantially reduced in H2 FY20 owing to better utilisation of in-house capacities and increase in efficiencies on the shop floor
- A reduction in Corporate Income Tax to 22% has had a net positive impact* on Profit After Tax for H1 FY20 by ~Rs. 7 Crores

*Tax differential on taxable income

Receivable & Inventory (Rs. Crore)



- Receivable days have improved to 97 days in H1 FY20 compared to the same period the previous year
- The Company held ~3 months sales equivalent of inventory as at end of H1 FY20 compared to ~67 days the previous year. This increase is in tandem with the process improvements on the shop floor aimed at improving efficiencies that has resulted in the higher turnover for the current quarter
- The Company considers the elongated working capital cycle (150 days in H1 FY20) a temporary phenomenon necessary for speeding up the production cycle. Layout improvements already executed on the shop floor and infrastructural improvements in the pipeline are expected to further normalise the working capital cycle going forward

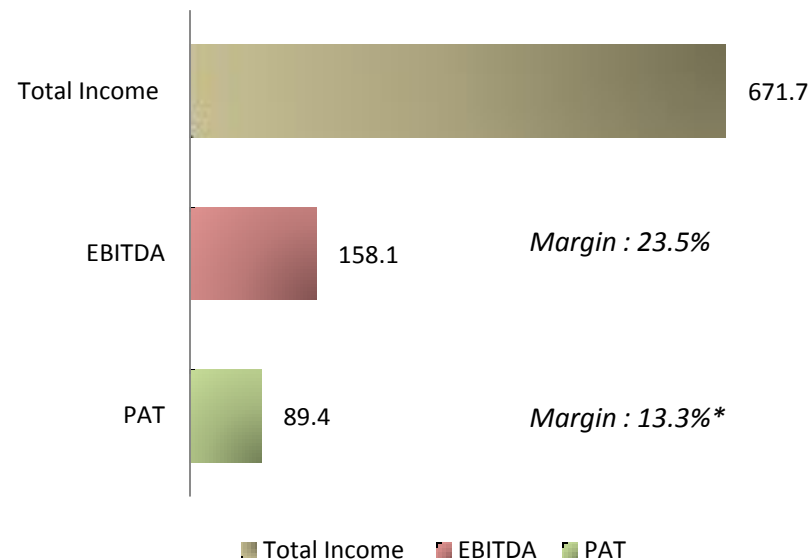
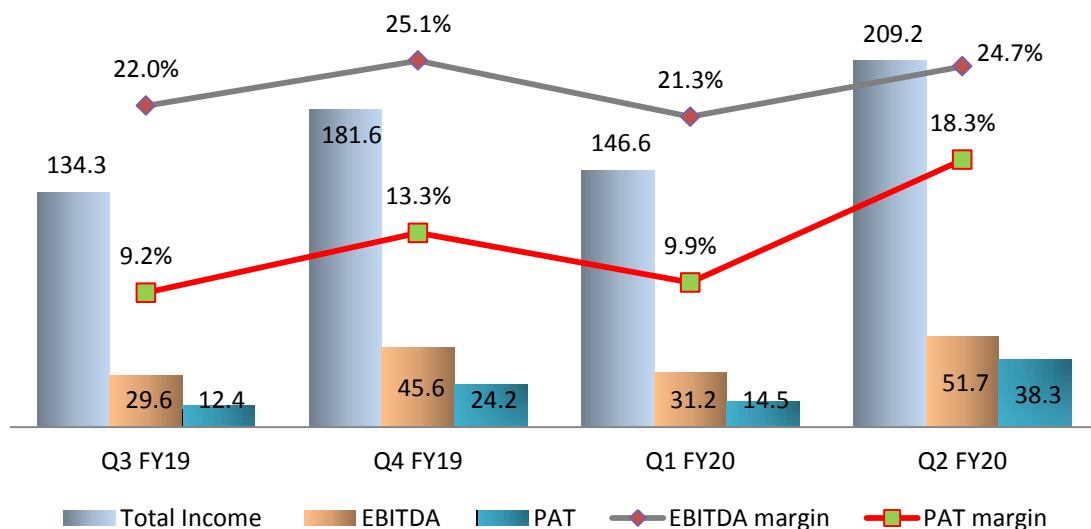


During Q2 FY20, ICRA has reaffirmed the AA- (Stable) and A1+ Credit Rating of the Company (for Term Loans and Working Capital Facilities respectively)

Trailing 12 Months Results

Total Income, EBITDA & PAT - Trailing 12 Months (Rs. Crore)

Avg. Revenue Growth of ~20% per Quarter



- Key metrics are on a positive upward trend over the past 12 months with revenue , EBITDA and PAT growing at an average quarterly rate of 20% ,29% , and 72% respectively.
- EBITDA margins over the previous 4 quarters have averaged at 23.5%
- While average PAT margin was ~8% between Q3 FY19 and Q1 FY20, the reduction in corporate income tax rates has resulted in an *18.3% margin for Q2 FY20.

Kitex Garments Limited (“KGL”, “the Company”) was established in 1992 and supplies to leading global brands like Gerber, Carter’s, Wal-Mart, Amazon, Target, The Children’s Place among others. KGL is among the top three manufacturers of infant wear in the world and has expanded operations into the USA as a licensee for Lamaze Organic brand of kid wear and has also registered its own brand ‘Little Star.’ As part of the expansion, KGL invested in Kitex USA LLC, a venture that has its own in-house design studio and is well-equipped to provide customers with a whole range of value-added services.

The Company enjoys a reputation for having state-of-the-art manufacturing facilities with the latest in automated machineries like automatic mixing and dispensing of dyes, chemicals and printing pastes, cold pad dyeing, fully automated robotised yarn dyeing, digital light exposing – screen engraving system, computerised precision cutting, most modern sewing machines, EDI capabilities, bar coded tracking of garments and biological ETP and waste management.



Gerber

THE CHILDREN'S
PLACE



TARGET

amazon

carter's

Lamaze

Walmart
Save money. Live better.

buybuy
BABY

LITTLE STAR
ORGANIC
BY KITEX

Burlington

Thank You

Contact details:

Boby Michael

Chief Financial Officer

Email: CFO@kitexgarments.com

Surya Narayan

Vice President – Corporate Strategy

Email: vpcs@kitexgarments.com

The logo for KITEX, where each letter is a different color: K (blue), I (green), T (yellow), E (orange), X (red).

Kitex Garments Limited

www.kitexgarments.com