

06th August 2024

CMP – ₹825/-

View – **Accumulate**

Q1FY25 Performance

- Revenue marginally declined 0.7% Y-o-Y to ₹1539.7crs. The sugar division (17% of revenues) declined by 27% YoY and Textile segment posted revenue growth of 9.3% YoY to ₹1321crs.
- On a YoY basis, gross margins contracted ~42bps to 38.6%. EBITDA declined 5% YoY to ₹315crs Q1FY25. EBITDA margins was at 20.4% v/s 21.4% in Q1FY24.
- PAT was flattish at ₹203.3CrS and PAT margin stood at ~ 13.2% vs 13.1% in Q1FY24.

Important Statics

Nifty	24,056
Sensex	78,759
Mcap (₹ cr)	₹29,464
52 Week H/L (₹)	927/536
NSE Code	KPR MILL
BSE Code	532889
Bloomberg Code	KPR:IN

Shareholding pattern (%) Jun'24

Promoter Holding	73.75
FII	05.00
DII	14.90
Public & Others	06.32

Key Highlights

- Cotton yarn prices, have been declining since Jun'22 amid softening cotton fibre prices and slowing demand from the downstream segments. The domestic cotton spinning sector is anticipated to rebound in FY25, expanding by 6–8% with the help of modest realisation increases and a 4-6% increase in volume.
- Textile business revenue grew ~9.3% YoY to ₹1321crs. Garment revenues grew 14% YoY to ₹794crs, while fabric and yarn revenue and volume grew ~4% each YoY to ₹479crs in Q1FY25.
- For FY24 Garments Production grew by 9.54% to 145.94 Mn garments compared to 133.23 Mn Garments FY23.
- Garment volumes for Q1FY25 grew by 16% YoY to ~43.75mn pieces
- Textile segment's PBIT Margins were 19.6% vs 15.6% in Q1FY24 while Sugar segment's margins were at 2% vs 27% in Q1FY24 and ~25% in Q4FY24
- Sugar business sales declined 27% YoY to ₹266crs. Ethanol segment revenue fell ~60% YoY to ₹70crs. Ethanol sales volume declined ~60% to 115 lakh litres. Total sugar volume grew ~17% to 53028mt and realization grew ~8% YoY
- The company has added few customers in the US and there are few customers are in pipeline.
- Institutional holdings has increased to 19.9% in June'24 from 19.4% in Mar'24

Financials

Particulars	₹ Cr	
	FY23	FY24
Revenues	6186	6060
EBITDA	1274	1237
EBITDA Margin	21%	20%
Net Profit	814	805
EPS (₹)	23.8	23.6
RoCE (%)	22.6	26.4
P/E (x)	34.7	34.9

Source: Company, Way2Wealth

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
	KPR Mill	29	127
Nifty 50	23	45	116
Sensex	19	42	109

Source: Company, Way2Wealth

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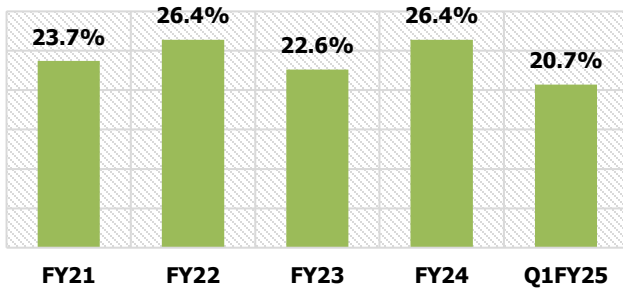
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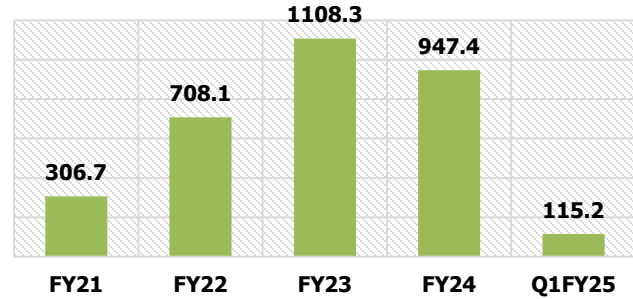
View – **Accumulate**

Story in Charts

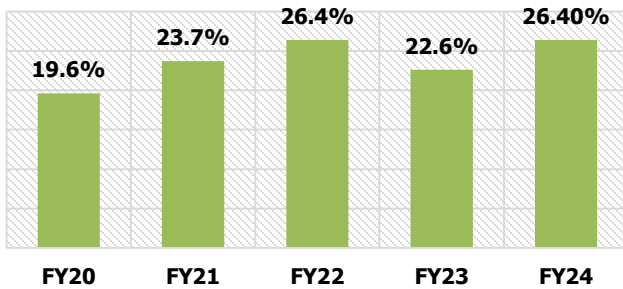
EBITDA Margin



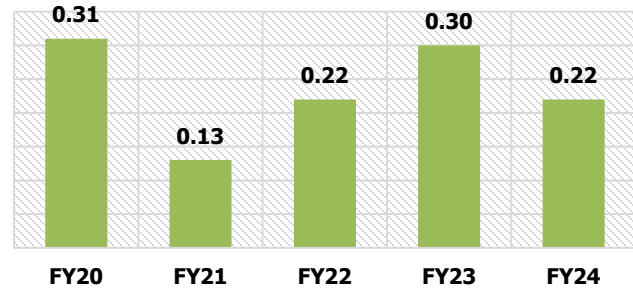
Net Debt (Cr)



Return on Capital Employed



Net Debt / Equity



Key Risks

- Slower than expected demand recovery in its key markets
- Delay in capex implementation could impact financials of company

View

FTA's with significant markets like UAE, Australia and prospects for FTA with UK & Canada are likely to create market opportunities for entire Textile value chain. The government is also focusing on policies to make industry globally competitive. With better consumer demand big retailers in the overseas markets will have to restock inventory, improving order flow from Indian exporters.

Backed up by consistent capacity expansion over the years along with integrated business model, KPR's financial performance has been rock solid in a highly cyclical industry. Its revenue and operating profit grew 12% & 19% in five years.

KPR's strong fundamentals such as 20%+ operating margins, superior return ratio profile, and healthy balance sheet boosts our confidence. **At CMP of ₹825, stock is trading at ~34.9x P/E on FY24 EPS of ₹23.6. We continue to maintain our positive view on stock and recommend investors to ACCUMULATE the stock.**

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Consolidated Financial Highlights

(₹ Cr)

Particulars	Q1FY25	Q1FY24	VAR	Q4FY24	VAR	FY24
Net Sales	1,539.7	1,550.7	-0.7%	1,626.1	-5.3%	5,824.9
Other Operating Income	69.99	59.99		70.66		235.8
	1,609.7	1,610.7	-0.1%	1,696.7	-5.1%	6,060.7
Other Income	7.8	5.3	47.3%	11.9	-34.8%	67.3
TOTAL INCOME	1,617.4	1,616.0	0.1%	1,708.6	-5.3%	6,127.9
Total Expenditure	987.6	981.5	0.6%	1,037.7		
Raw Material Consumed	750.4	741.3	1.2%	1,103.0	-32.0%	3,478.2
Purchase of stock in trade	17.9	26.8	-33.0%	10.3	73.7%	78.9
Stock Adjustment	219.3	213.4	2.8%	(75.6)	-390.0%	50.2
	<i>RMC as a %age of sales</i>	<i>64%</i>	<i>63%</i>	<i>64%</i>		<i>62%</i>
Employee Expenses	172.8	146.7	17.8%	152.2	13.5%	600.6
	<i>EPC as a %age of sales</i>	<i>11.2%</i>	<i>9.4%</i>	<i>9.3%</i>		<i>10.2%</i>
Other Expenses	134.5	150.4	-10.6%	171.7	-21.7%	615.2
	<i>Other Expenses as a %age of sales</i>	<i>8.7%</i>	<i>9.7%</i>	<i>10.5%</i>		<i>10.4%</i>
TOTAL EXPENDITURE	1,294.9	1,278.7	1.3%	1,361.7	-4.9%	4,823.0
EBIDTA	314.7	332.1	-5.2%	335.1	-6.1%	1,237.7
	<i>EBITDA Margins %</i>	<i>20.4%</i>	<i>21.4%</i>	<i>20.6%</i>		<i>21.2%</i>
Interest	16.4	21.7	-24.4%	19.7	-16.8%	74.4
PBDT	306.1	315.7	-3.0%	327.3	-6.5%	1,230.6
Depreciation	51.0	45.2	12.8%	49.4	3.3%	189.2
PBT	255.1	270.5	-5.7%	277.9	-8.2%	1,041.4
Tax	51.8	67.6	-23.4%	64.3	-19.5%	224.2
	<i>Tax Rate</i>	<i>20.3%</i>	<i>25.0%</i>	<i>23.1%</i>		<i>22.6%</i>
Reported Profit After Tax	203.3	202.8	0.2%	213.6	-4.8%	806.3
	<i>PATM %</i>	<i>13.2%</i>	<i>13.1%</i>	<i>13.1%</i>		<i>13.8%</i>
EPS	5.95	5.93	0.2%	6.25		23.59
Equity	34.2	34.2		34.2		34.2
Face Value	1.0	1.0		1.0		1.0

Source: Company, Way2wealth Research

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Segmental Performance

(₹ Cr)

Particulars	Q1FY25	Q1FY24	VAR	Q4FY24	VAR	FY24
REVENUES						
Revenue from Operations	1,609.9	1,610.8	-0.1%	1,696.8	-5.1%	6,060.1
Textile	1,321.2	1,208.5	9.3%	1,394.0	-5.2%	4,713.8
% Mix	82.1%	75.0%		82.2%		77.8%
Sugar	266.1	365.9	-27.3%	279.4	-4.8%	1,226.2
% Mix	16.5%	22.7%		16.5%		20.2%
Others	22.6	36.4	-37.8%	23.4	-3.3%	120.1
% Mix	1.4%	2.3%		1.4%		2.0%
Less : Inter Segment Revenues	0.2	0.1	162.5%	0.1	75.0%	0.5
Total Segment Revenue	1,609.7	1,610.7	-0.1%	1,696.7		6,059.7
Profit/Loss Before Interest and Tax						
	263.7	286.9	-8.1%	285.7	-7.7%	1,047.5
Margin %	16.4%	17.8%		16.8%		17.3%
Textile	258.4	188.5	37.1%	216.0	19.6%	752.8
Margin %	19.6%	15.6%		15.5%		16.0%
Sugar	4.7	97.2	-95.2%	68.7	-93.2%	290.8
Margin %	1.8%	26.6%		24.6%		23.7%
Others	0.7	1.2	-42.7%	1.0	-34.3%	3.8
Margin %	3.0%	3.2%		4.4%		3.2%
Less : Interest	16.4	21.7	-24.4%	19.7	-16.8%	74.4
Add: Other Income	7.8	5.3	47.3%	11.9	-34.8%	67.3
Net Profit/Loss Before Tax	255.1	270.5	-5.7%	277.9	-8.2%	1,040.4

Source: Company, Way2wealth Research

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Name of the Security	KPR Mill Ltd.
Name of the analyst	Ashwini Sonawane
Analysts' ownership of any stock related to the information contained	NIL
Financial Interest	
Analyst :	No
Analyst's Relative : Yes / No	No
Analyst's Associate/Firm : Yes/No	No
Conflict of Interest	No
Receipt of Compensation	No
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