

20th February 2025

LTP* – ₹831/-

View – **Hold**

Q3FY25 Performance

- Revenue grew 23.5% YoY to ₹1467.4crs led by strong growth in the textile and sugar segment. The textile and sugar segment posted revenue growth of 22% & 33% YoY respectively to ₹1221.6crs and ₹283crs.
- On a YoY basis, gross margins contracted ~547bps to 41.32%. EBITDA grew 11.3% YoY to ₹302crs while the margin declined 230bps to 20.6%
- Other income declined 42% YoY to ₹16crs. Finance costs decreased 37% YoY. Reported profit after tax grew 8% YoY to ₹202crs and PAT margin stood at ~13.8% vs 15.7% in Q3FY24.

Important Statics

Nifty	22,932.90
Sensex	75,939.18
LTP* (₹)	831
Mcap (₹ cr)	₹28,404.74
52 Week H/L (₹)	1193/700
NSE Code	KPR MILL
BSE Code	532889
Bloomberg Code	KPR:IN

LTP* as on 19th Feb 2025

Shareholding pattern (%) Dec'24

Promoter Holding	70.68
FII	06.14
DII	16.70
Public & Others	06.47

Key Highlights

- Textile business revenue grew ~22% YoY to ₹1221.6crs. Garment sales volume jumped 22% YoY and 14% QoQ to 41mn piece while net sales realization (NSR) increased 4% YoY. Yarn & fabric sales volume rose 15% YoY. Textiles EBIT grew 36% YoY (down by 8% QoQ) ₹229.7crs. EBIT margin expanded by a healthy 190 bps YoY but contracted 180bps QoQ to 18.8%.
- The sugar & ethanol division records a healthy topline. Revenue grew 33% YoY and 14% QoQ to ₹283crs in Q3FY25. Ethanol revenue fell by 31% YoY to ₹95crs, as volumes tumbled 34% YoY to 14.4mn litres, partly offset by a 5% YoY increase in average realization. Segment EBIT declined 64% YoY to ₹18.8crs.
- The textile segments' PBIT Margins were 15.5% vs 13.1% in Q4FY23 while the sugar segment's margins were at 24.6% vs 17% in Q4FY23.
- In 9MFY25, garment volumes grew 17.1% y-o-y to 120.6mn pieces and fabrics & yarn volumes increased 8.5% y-o-y to 56,434 MT. In 9MFY25, sugar volumes increased by 28% y-o-y to 1,50,624 MT, while ethanol volumes fell sharply by 52.8% y-o-y to 361 lakh litres.
- **Region-wise mix for 9MFY25:** Europe – 56%, North America – 22.1%, Australia – 15.9%, and Asia – 4.4%.
- The company has added a few customers in the US and there are few customers in the pipeline.
- KPR's current order book for garments is ~₹1000crs. The outlook for garments has improved over the last few months and expect the momentum to continue in the coming quarters.

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)	34.9	35.2

Source: Company, Way2Wealth

Relative Performance

Absolute Return (%)	1 Yr	3Yr	5 Yr
KPR Mill	15	36	603
Nifty 50	3	38	100
Sensex	4	36	98

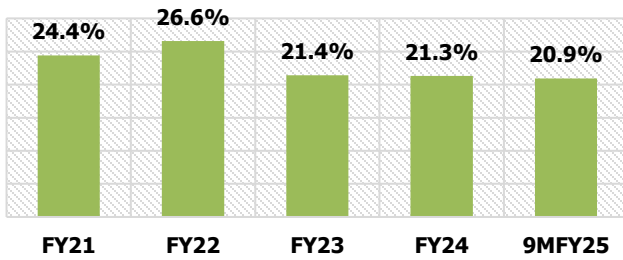
Source: Company, Way2Wealth

Ashwini Sonawane

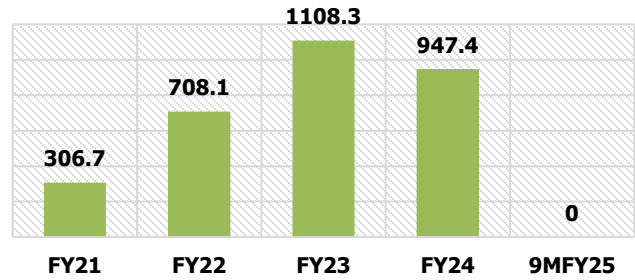
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Story in Charts

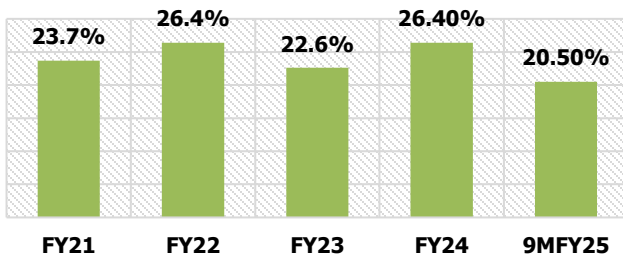
EBITDA Margin



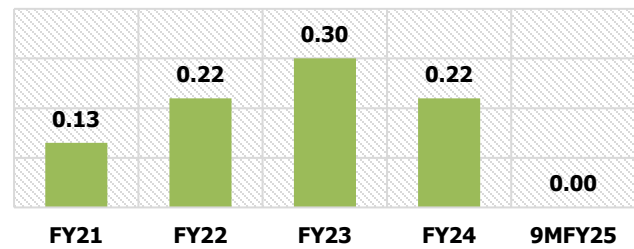
Net Debt (Cr)



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 with significant markets like UAE, and Australia and prospects for FTA with the UK & Canada are likely to create market opportunities for the entire textile value chain. The government is also focusing on policies to make the industry globally competitive.

Demand ahead of the spring-summer season in the West is likely to boost the off-take of garments from India, thereby supporting the growth of the entire value chain. 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 an 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 boost our confidence.

At CMP, the stock is trading at ~34.4x P/E on TTM EPS of ₹24.1. we recommend investors hold the stock.

Consolidated Financial Highlights

(₹ Cr)

Particulars	Q3FY25	Q3FY24	VAR [%]	Q2FY25	VAR [%]	9MFY25	9MFY24	VAR [%]
Net Sales	1,467.4	1,188.2	23.5%	1,427.7	2.8%	4,434.8	4,197.8	5.6%
Other Operating Income	61.8	53.12		52.33		184.1	165.1	
Total Operating Income	1,529.2	1,241.3	23.2%	1,480.0	3.3%	4,618.9	4,363.0	5.9%
Other Income	16.0	28.0	-42.8%	39.4	-59.4%	63.2	55.4	14.2%
TOTAL INCOME	1,545.2	1,269.3	21.7%	1,519.5	1.7%	4,682.1	4,418.3	6.0%
Total Expenditure	897.3	660.5	35.8%	914.1		2,799.0	2,569.5	8.9%
Raw Material Consumed	1,061.0	984.7	7.7%	743.5	42.7%	2,554.9	2,375.2	7.6%
Purchase of stock in trade	14.7	21.3	-31.1%	7.4	97.2%	40.1	68.6	-41.6%
Stock Adjustment	(178.3)	(345.5)	-48.4%	163.2	-209.3%	204.1	125.8	62.3%
<i>RMC as a %age of sales</i>	<i>61%</i>	<i>56%</i>		<i>64%</i>		<i>63%</i>	<i>61%</i>	
Employee Expenses	173.3	153.6	12.8%	142.1	21.9%	488.2	448.3	8.9%
<i>EPC as a %age of sales</i>	<i>11.7%</i>	<i>12.6%</i>		<i>9.7%</i>		<i>10.9%</i>	<i>10.5%</i>	
Advertisement & Publicity			-		-	0.0	0.0	-
<i>Advertisement as a %age of sales</i>	<i>0.0%</i>	<i>0.0%</i>		<i>0.0%</i>		<i>0.0%</i>	<i>0.0%</i>	
Other Expenses	156.4	155.6	0.5%	127.4	22.8%	418.3	443.5	-5.7%
<i>Other Expenses as a %age of sales</i>	<i>10.5%</i>	<i>12.8%</i>		<i>8.7%</i>		<i>9.3%</i>	<i>10.4%</i>	
TOTAL EXPENDITURE	1,227.0	969.8	26.5%	1,183.6	3.7%	3,705.5	3,461.3	7.1%
EBIDTA	302.2	271.6	11.3%	296.4	2.0%	913.4	901.6	1.3%
<i>EBITDA Margins %</i>	<i>20.6%</i>	<i>22.9%</i>		<i>20.8%</i>		<i>20.6%</i>	<i>21.5%</i>	
Interest	9.4	14.9	-37.3%	13.0	-28.1%	38.7	54.7	-29.2%
PBDT	308.9	284.6	8.5%	322.8	-4.3%	937.8	902.3	3.9%
Depreciation	53.0	48.6	9.0%	51.8	2.4%	155.8	139.8	11.4%
PBT	255.9	236.0	8.4%	271.1	-5.6%	782.1	762.5	2.6%
Tax	53.6	49.0	9.4%	65.5	-18.3%	170.9	170.7	0.1%
<i>Tax Rate</i>	<i>20.9%</i>	<i>20.7%</i>		<i>24.2%</i>		<i>21.8%</i>	<i>22.4%</i>	
Reported Profit After Tax	202.3	187.1	8.2%	205.5	-1.6%	611.2	591.7	3.3%
<i>PATM %</i>	<i>13.8%</i>	<i>15.7%</i>		<i>14.4%</i>		<i>13.8%</i>	<i>14.1%</i>	
EPS	5.92	5.47	8.2%	6.01		17.88	17.31	3.3%
Equity	34.2	34.2		34.2		34.2	34.2	
Face Value	1.0	1.0		1.0		1.0	1.0	

Source: Company, Way2wealth Research

20th February 2025

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View - Hold

Segmental Performance

(₹ Cr)

Particulars	Q3FY25	Q3FY24	VAR	Q2FY25	VAR	9MFY25	9MFY24	VAR
REVENUES								
Revenue from Operations	1,529.2	1,241.4	23.2%	1,480.0	3.3%	4,619.1	4,363.3	5.9%
Textile	1,221.6	999.9	22.2%	1,215.4	0.5%	3,758.2	3,319.8	13.2%
<i>% Mix</i>	<i>79.9%</i>	<i>80.5%</i>		<i>82.1%</i>		<i>81.4%</i>	<i>76.1%</i>	
Sugar	282.5	211.7	33.4%	248.6	13.7%	797.1	946.8	-15.8%
<i>% Mix</i>	<i>18.5%</i>	<i>17.1%</i>		<i>16.8%</i>		<i>17.3%</i>	<i>21.7%</i>	
Others	25.2	29.8	-15.4%	16.0	57.1%	63.8	96.8	-34.0%
<i>% Mix</i>	<i>1.6%</i>	<i>2.4%</i>		<i>1.1%</i>		<i>1.4%</i>	<i>2.2%</i>	
Less: Inter Segment Revenues	0.0	0.1	-88.9%		-	0.2	0.3	-35.3%
Total Segment Revenue	1,529.2	1,241.3	23.2%	1,480.0		4,618.9	4,363.0	5.9%
Add: Other Unallocable Income	-	-		-		-	-	
Net Revenue from Operations	1,529.2	1,241.3	23.2%	1,480.0	3.3%	4,618.9	4,363.0	5.9%
PROFIT								
Profit/Loss Before Interest and Tax	249.2	222.9	11.8%	244.6	1.9%	757.6	761.8	-0.6%
<i>Margin %</i>	<i>16.3%</i>	<i>18.0%</i>		<i>16.5%</i>		<i>16.4%</i>	<i>17.5%</i>	
Textile	229.7	169.3	35.6%	250.9	-8.5%	739.0	536.8	37.7%
<i>Margin %</i>	<i>18.8%</i>	<i>16.9%</i>		<i>20.6%</i>		<i>19.7%</i>	<i>16.2%</i>	
Sugar	18.8	52.8	-64.4%	(6.4)	-393.1%	17.1	222.2	-92.3%
<i>Margin %</i>	<i>6.7%</i>	<i>25.0%</i>		<i>-2.6%</i>		<i>2.1%</i>	<i>23.5%</i>	
Others	0.7	0.8	-5.1%	0.1	572.7%	1.5	2.8	-46.3%
<i>Margin %</i>	<i>2.9%</i>	<i>2.6%</i>		<i>0.7%</i>		<i>2.4%</i>	<i>2.9%</i>	
Less: Interest	9.4	14.9	-37.3%	13.0	-28.1%	38.7	54.7	-29.2%
Add: Other Income	16.0	28.0	-42.8%	39.4	-59.4%	63.2	55.4	14.2%
Net Profit/Loss Before Tax	255.9	236.0	8.4%	271.1	-5.6%	782.1	762.5	2.6%

Source: Company, Way2wealth Research

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Disclosure of Interest Statement KPR Mill Ltd. as on February 20th, 2025

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
Way2Wealth ownership of any stock related to the information contained	NIL
Broking relationship with company covered	NIL
Investment Banking relationship with company covered	NIL

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