KPR MILLS LIMITED

EQUITY RESEARCH REPORT

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FIN2RESEARCH
Investment Advisor Pvt. Ltd.

KPR Mill Limited

Rating	
Business	★★★☆☆
Financials	★★★☆☆
Valuation	★★★☆☆
Management	★★★★☆

Company : KPR Mills Limited. Sector : Textile

Buy Range : ₹ 1190-1170 Target- 1 : ₹1265 Target- 2 : ₹1430 Potential Upside: 21.00% Research Report

Stock Info		
Market Cap (₹ in cr)	40332.40	
52-Weeks High/Low	1,395 / 758	
Avg Volume	8,44,583	
No. of eq shares (cr)	34.18	
Face Value	1.00	
Bse Code	532889	
Nse Code	KPRMILL	
Free Float (cr)	20973.22	
Source : NSE/BSE		

Particulars	2024	2025
Gross Margin	38.12%	39.11%
Operating Margin	12.67%	16.25%
Net Margin	13.69%	12.76%
Interest Coverage (Times)	34.99	26.53
Equity/Assets	0.86	0.85
Debt/EBITDA	0.36	0.35
ROE	17.49%	19.46%
ROA	14.25%	16.58%
ROCE	15.87%	24.20%

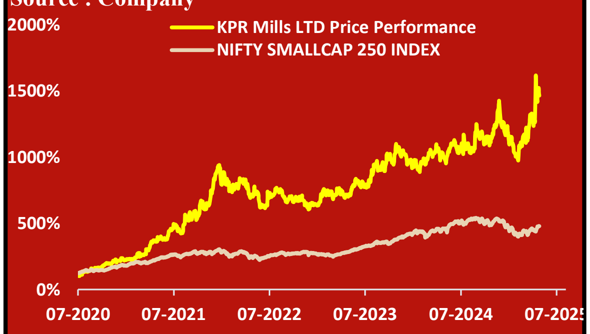
Soruce : Company

Particulars	2024	2025
Promoters	73.76%	70.68%
Mutual Funds/AIF	13.17%	14.98%
Insurance co.	1.62%	1.49%
Other DIIs	-0.01%	0.01%
FII	4.64%	6.25%
Retails and Others	6.82%	6.58%
Total	100.00%	100.00%

Soruce : NSE/BSE

Particulars	TTM
P/E	47.70
P/B	8.06
EV/EBITDA	30.46
P/S	6.31
EPS	23.85

Source : Company



KPR Mills *Limited* : The Company is one of India's largest vertically integrated apparel manufacturing companies. It is primarily engaged in the production of yarn, knitted fabric, readymade garments, and wind power. The company's core product portfolio includes readymade knitted apparel, fabrics, mélange, carded, and combed yarn. Its operations are categorized into three segments: textiles, sugar, and others, with the majority of its revenue generated from the domestic market.

Key Highlights :

- The company's revenue rose 5.4% YoY to ₹6,387.9 Cr in FY25, recovering from a slight dip in FY24 (₹6,059.7 Cr) after FY23's ₹6,185.9 Cr. EBITDA for FY25 stood at ₹1,320.4 Cr with a 20.4% margin, while PAT was ₹815.1 Cr (12.7% margin), marginally up from ₹805.4 Cr in FY24. EPS improved to ₹23.85 in FY25 from ₹23.56. Strong growth was seen between FY21 and FY23, with revenue nearly doubling post-pandemic.
- **Textiles:** 6 state-of-art spinning mills (100,000 MT/yr yarn), 2 knitting/fabric plants (25,000 MT/yr processing, expanding) and 4 garment units (177 million pcs/yr). Dedicated high-resolution printing (15,000 MT/yr). In FY25, garment volumes were ~173.6 million pieces (+14.3% YoY) and yarn+fabric volumes ~77,874 MT (+6%).
- **Sugar & Ethanol:** Karnataka mill (20,000 TCD sugar) with 470 KLPD ethanol plant. FY25 sugar output ~174,514 MT (+25%), but ethanol was down (mix change). Sugar/ethanol contributed ~10–15% of revenues.
- **Power:** Renewable capacity 61.92 MW wind, 90 MW co-gen, 12 MW solar (to be raised to 37 MW with new 25 MW unit). KPR is >40% self-sufficient in power.
- **Markets:** ~90% of textile sales are exports. FY25 geographic mix: Europe ~58%, North America ~21%, Australia ~15%, Asia ~4%. KPR sources high-quality cotton (including proprietary "Shankar-6" variety) for consistent yarn quality.
- **Scale & Expertise:** 1350+ domestic buyers and exports to 60+ countries. Deep experience with international buyers. Rapid capacity (especially garment unit 4,117 machines) aids large orders.
- **Green Operations:** ~40% power from renewables; new 25 MW solar planned. Advanced effluent treatment enables zero-liquid discharge. KPR holds multiple environmental and social certifications (ISO 14001 EMS, GOTS/Oeko-Tex, WRAP, SA8000, ETI, etc.). This appeals to quality-conscious global brands and helps pass audits.
- **Product Mix:** Apart from home brands (FASO innerwear), KPR does large private-label exports (Nike, Adidas, GAP, etc.). This diversification lowers client concentration risk. Their marketing brand is modest, reducing input on branding.
- Mega Projects: PM MITRA parks (state-of-art textile parks; ₹4,445 Cr fund) and FTA negotiations (UK, EU) aim to improve competitiveness. Tech/upgradation subsidies (TUFS, technology fund) continue. "ZED" (zero defect) and skill (SAMARTH) schemes provide training. FY26 Union Budget boosted textiles by 19% to ₹5,272 Cr.
- FTA & Trade: The India–UK FTA (signed May 2025) removes tariffs on ~99% of India's exports, offering "duty-free" access to a £29 bn market. Analysts expect India's apparel exports to UK to roughly double in 5–6 years on this deal. Other trade talks (India–EU, US) could also open new avenues.
- **Growth Opportunities:** Recovery in Western retail (post-COVID inventory rebuild) would lift volumes. "China+1" shifts and the UK FTA should open new export demand. Government schemes (PLI, MITRA) could indirectly benefit by strengthening the entire textile ecosystem. Expansion projects (25,000→37,000 MT fabric processing; +25 MW solar should boost future capacity and "green" credentials. KPR's integrated model means upside if demand returns, since fixed costs (spinning/processing) are largely covered.

Key Risk :

- Global economic slowdown or fashion inventory cuts could weaken demand. Competition from Bangladesh/Vietnam remains fierce (these have existing FTAs with the West). Domestically, volatility in raw material prices (cotton MSP policy, polyester prices, petrochemical costs) is a risk. Currency swings affect margins (INR appreciation hurts exporters). Environmental concerns (water use, carbon tax) are emerging issues in textile hubs.
- The company faces key risks from a demand slowdown in core markets like Europe and the US, volatile input costs impacting margins, and currency or policy-related pressures on exports. Sugar and ethanol remain cyclical, with sugar EBIT falling sharply in Q4 FY25. Execution delays in new projects also pose short-term risks.

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• BUY – We expect the stock to deliver more than 10%-20% returns over the next 9 months.
• ACCUMULATE – We expect the stock to deliver 5% - 12% returns over the next 9 months.
• REDUCE – We expect the stock to deliver 0% - 5% returns over the next 9 months.
• SELL – We expect the stock to deliver negative returns over the next 9 months.
• NR – Not Rated. Fin2Research is not assigning any rating or price target to the stock. The report has been prepared for information purposes only.
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• NM – Not Meaningful. The information is not meaningful and is therefore excluded.
• NOTE – Our target prices are with a 9-month perspective. Returns stated in the rating scale are our internal benchmark.

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