



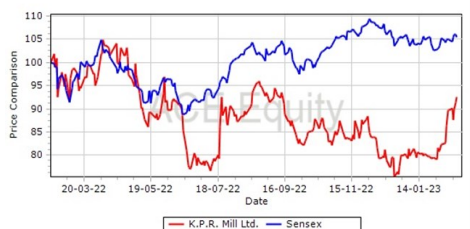
Script Details

BSE Group	A
BSE Code	532889
NSE Code	KPRMILL
Bloomberg Code	KPR IN
Market Cap (INR Cr.)	20,504
Free Float (%)	25.2%
52wk Low/High	704/480
Beta (1yr Nifty 50)	0.69
Face Value (INR)/ D. Yield (%)	1/0
Total paid Up Shares (Mn.)	341.8

Share Holding Pattern (%)

Promoters	Public	Others
74.8%	25.2%	-

Share Price Relative Performance



K.P.R. MILL LTD.

Buy at CMP: Rs 600 | Target: Rs 674 (12%) | SL: Rs 550

Sector

Feb 20, 2023

Textile

KPR Mill is one of the largest vertically integrated Apparel manufacturing companies in India producing Yarn, Knitted Grey & Dyed. The integrated manufacturing operations enable the Company to better customize the products as per Client specifications and provide consistent quality assurance in a cost-effective manner. Inspired by customer delight and the desire to make innovative designs, KPR creates fashion trends for men, women and children.

Investment Rationale

- ◆ **One of The Leading Vertically Integrated Textile Company in India:** KPR Mill has 6 state of the art spinning mills with a capacity to produce 100000 MT of yarn and 4000 MT of vortex viscose yarn. 4 facilities having capacity to produce 157 Mn knitted garments, 2 facilities of the art fabric processing 25000 MT of fabrics along with art fabric printing facility capacity to print 7500 MT of fabrics. This facilities enable company to produce products at large scale enabling the benefit of economies of scale.
- ◆ **Major Capex plans to Increase Capacities:** KPR Mill has been working on a major capex plans across its business verticals. It has announced expansion of ethanol capacity form 130 KLPD to 250 KLPD at cost of Rs 150 Cr. KPR to setup a vortex spinning mill for viscose yarn production with an estimated cost of Rs 100 Cr with a target completion year 2024. The company plans to set up 12MW solar power plant for captive consumption with a total cost of Rs 50Cr. for Printing division, it plans to increased the production capacity by debottlenecking the process to increase production by 20% with a cost of Rs 50 Cr. We expect this capex to keep help company improve sales and efficiencies.
- ◆ **Yarn Margins to Improve as UK region stabilizes:** Cotton yarn margins are stabilizing an company expecting a immediate 10-15% growth in UK geography. Managements expects its consolidated sales to grew by 10% with a stable margins of 14.5% in upcoming year FY24. Its margins have remained firm relatively firm with considering the sharp rise in yarn prices shown its grip on expense account.
- ◆ **Outlook and Valuations:** As Guided, We estimate a 10% CAGR in Topline over FY22-25E, which implies a forward PE(x) of 18.7 for FY 25E earnings. We value it with a earning multiple of 21x to FY25E which results per share value of Rs 674. We recommend BUY on KPRMILL at CMP of Rs. 600 with Target price of Rs. 674 (12%).

Financial Snapshot

Year	Revenue	EBITDA	PAT	PE Ratio (x)	EV/EBITDA (x)
FY22	5,686	1,290	824	24.9	15.8
FY23E	6,255	1,407	907	22.6	14.7
FY24E	6,880	1,548	998	20.6	13.3
FY25E	7,568	1,703	1,097	18.7	12.1

Source: Company Data, Ace Equity, GEPL Research

TECHNICAL VIEW

Observation

- The stock KPRMILL has exhibited a bullish trend since March 2020, and despite a recent correction, it has not dropped below the 38.20% Fibonacci retracement level of the previous upward movement from 63 (March 2020) to 769 (January 2022). This indicates that the prices have a favorable sentiment, and suggests a potential for further upward movement.
- The stock KPRMILL has demonstrated a significant technical development on its weekly timeframe, as it has successfully broken out of a Descending Triangle pattern, indicating continuation of prior uptrend.
- On the daily timeframe, the stock KPRMILL has been persistently trading near the upper Bollinger Band, indicating an increase in volatility for a potential upward movement.
- The RSI on the Weekly timeframe has given a breakout too which shows the strong Bullish Momentum.



TradingView

Inference & Expectations

- The stock looks good to continue its uptrend from the current levels.
- Going ahead we expect the prices to go higher 700 level.
- The stop loss must be 550, strictly on the closing basis.

Source: Tradingview.in, GEPL Research



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