K.P.R. Mill Limited

October 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	755.00 (Reduced from 780.00)	CARE AA+; Stable	Reaffirmed
Short-term bank facilities	472.82	CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of K.P.R. Mill Limited (KPR) continue to derive strength from its promoters' vast experience of over four decades in the textile business and steady growth in its scale of operations over past many years. KPR also benefits from its integrated business model spanning the entire textile value chain, which enables it to sustain healthy profitability margins vis-à-vis industry peers. Ratings further reflect its long track record of operations, diversified revenue profile, and established relationships with reputed global apparel brands. Strong net worth and minimal dependence on external borrowings, resulting in a comfortable capital structure and debt coverage indicators, along with superior liquidity, also underpin ratings.

However, long-term rating continues to be constrained due to profitability susceptible to volatile raw material prices and foreign exchange rates, inherent cyclicality of the textile and sugar industry, risk associated with compliance of stringent pollution control norms and its exposure to subsidiaries.

CARE Ratings Limited (CareEdge Ratings) also takes cognisance of imposition of additional/ secondary 25% tariffs on Indian goods including textile products by the US Government. KPR has limited presence in the US market as it derives nearly 8-10% of consolidated revenue from US market and hence no material impact is expected. Additionally, its diversified revenue profile having presence in textile and sugar also supports the revenue stability.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations through geographical diversification of client base along with sustained improvement in its profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 25%.
- Substantial improvement in its financial risk profile on a sustained basis.

Negative factors

- In case of any large debt-funded capex undertaken by KPR leading to moderation in net debt to PBILDT beyond 1x on a sustained basis.
- Prolonged down trend in the sugar industry impacting the revenue and profitability leading to stretched liquidity.

Analytical approach: Consolidated.

CareEdge Ratings has considered the consolidated financials of KPR for its analytical purpose, which includes the financials of its subsidiaries on the back of operational and managerial linkages with them. List of consolidated entities is given in Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that KPR shall sustain its strong financial risk profile backed by its established presence in textile business, diversified revenue stream, and superior liquidity.

Detailed description of key rating drivers:

Key strengths

Vertically integrated textile mill

KPR is one of the largest vertically integrated companies with presence across the textile value chain from manufacturing cotton yarn to processed fabric to garments, which provides strong operational flexibility. The product range comprises readymade knitted apparel, fabrics, compact, mélange, carded, polyester, and combed yarn. KPR manufactures knitted garments for men, women, and children, including casual wear t-shirts, nightwear, and others. The spinning division has 370,000 spindles with a production capacity of 100,000 metric tonne per annum (MTPA) as on March 31, 2025, which produces combed, grey mélange, carded, and compact yarn (count range ~10s-40s). The fabric division is equipped with high-speed automatic circular knitting

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

machines with capacity of 40,000 MTPA of various kinds of fabric. Under the garmenting division, KPR had an installed capacity of 125 million pieces p.a. on a standalone basis, and 177 million pieces per annum on a consolidated basis as on March 31, 2025.

Experienced promoters and established track record of operations

KPR is promoted by three brothers, K.P. Ramasamy, K.P.D. Sigamani, and P. Nataraj. The promoters have over four decades of experience in the textile sector, including hosiery, apparel, fabric, and yarn export business. K.P Ramasamy ventured into the business as a small power loom cloth manufacturer in 1971 and with the assistance of his brothers, expanded consistently over the years. At present, the KPR Group has presence in textile, sugar, power, automobiles, and also runs an Engineering College & Arts and Science College under the Trust 'KPR Charities'. KPR is one of the leading players supplying yarn to Tirupur market, which is a major centre in the country for export of cotton textiles.

Diversified revenue profile

KPR's revenue profile is well diversified, both in terms of business segments and geographic presence. In FY25 (FY refers to period April 01 to March 31), the garment segment continued to be the highest contributor to consolidated total operating income (TOI), contributing 44% (FY24: 41%), followed by the yarn and fabric segment contributing 32% (FY24: 32%). Balance was contributed by sugar, ethanol, and power division. In terms of geography, KPR derived 42% of its total revenue from export market. Exports primarily constitute of garments where KPR has reputed customers in the US, UK, Australia, and other European countries. CareEdge Ratings expects that KPR's revenue will continue to remain diversified, although the contribution from garment segment is expected to gradually increase to 50% in the medium term.

Benefits derived from captive source of power

KPR has 61.92 mega-watt (MW) of windmill capacity in Tamil Nadu (Tirunelveli, Tenkasi, Theni, and Coimbatore districts), which meets ~40% of its textile power requirement. KPR also has 40-MW rooftop solar power capacity, further strengthening its renewable power sources. KPR meets remaining power requirement from the state government (Tamil Nadu Generation and Distribution Corporation [TANGEDCO]) and third parties. Through its subsidiaries, K.P.R Sugar Mill Limited (KPRS, rated 'CARE AA; Stable') and KPR Sugar and Apparels Limited (KPRSAL, rated 'CARE AA+ (CE); Stable, CARE AA-; Stable/ CARE A1+'), KPR has set up co-generation (co-gen) plants with a total 90-MW capacity (KPRS: 40 MW and KPRSAL: 50 MW) in Karnataka. The power produced from these units is first used for captive consumption and the surplus is sold to Indian energy exchange and/ or Karnataka state discoms.

Stable revenue and profitability despite global headwinds

KPR's consolidated TOI grew by ~5% in FY25 to ₹6,401 crore (FY24: ₹6,084 crore) largely backed by growth in the revenue from textile segment. Increase in the revenue from textile segment was partially offset by decline in revenue from sugar segment. In FY25, revenue from textile segment increased to ₹5,130 crore (FY24: ₹4,665 crore), while it was partially offset by decline in revenue from sugar segment to ₹1,112 crore (FY24: ₹1,220 crore). Revenue and profitability from Sugar segment impacted by Government of India's (GoI's) partial restrictions on feedstock diversion in Ethanol Supply Year (ESY) 2023-2024 (from November 2023 to October 2024) leading to limited distillery operations in off-season, low cane availability and low recovery rate in FY25. Increase in fair remunerative prices (FRP) of sugarcane without corresponding increase in sugar and ethanol prices further impacted profitability of sugar segment. Consolidated PBILDT margin stood at 19.71% in FY25 (FY24: 20.76%) due to decline in profitability in the sugar segment which was largely offset by improved profitability in the textile segment.

In Q1FY26, TOI grew by 10% to ₹1,766 crore (Q1FY25: ₹1,610 crore) with some moderation in operating profitability mainly due to comparatively lower yarn spreads during the period. CareEdge Ratings expects marginal growth in KPR's TOI in FY26 with PBILDT margin of ~19-20%. Even if the ongoing 50% tariff situation persists for India, CareEdge Ratings expects KPR to maintain operating profitability in FY26, supported by established and integrated operations and diversified geographical presence. Additionally, any moderation in textile segment shall be largely compensated by the sugar segment.

Comfortable capital structure and debt protection metrics

KPR's capital structure continues to remain comfortable marked by overall gearing of 0.12x as on March 31, 2025 (0.28x as on March 31, 2024) supported by its large net worth base of ₹5,000 as on even date. Apart from scheduled repayment, KPR prepaid part of term debt in KPRSAL to the tune of ₹183 crore in FY25 through unsecured loans and healthy cash accruals. KPR's total gross debt to gross cash accruals (TD/ GCA) and PBILDT interest coverage also improved to 0.56x (FY24: 1.22x) and 26.24x (FY24: 17.22x), respectively, in FY25. CareEdge Ratings expects KPR's capital structure and debt protection metrics to remain comfortable in the medium term in absence of major debt-funded capex plans.

Liquidity: Superior

KPR's liquidity remains superior marked by robust cash accruals against minimal debt repayment obligations at consolidated level (KPR is a term debt free entity on a standalone basis). KPR had free cash and liquid investments of ₹579 crore as on March 31, 2025. The average utilisation of its fund-based limits stood low at ~10% for the 12 months ended June 2025, which provides additional cushion. KPR has routine and modernisation capex plans of ₹150-200 crore p.a. in the medium term to be funded through internal accruals or available liquidity. Additionally, KPR is also considering expansion of its garment capacity, which shall be funded through internal accruals and available liquidity. Going forward, despite the planned capex, KPR's liquidity is expected to remain strong in the medium term supported by expected strong cash flow from operations.

KPR's gross operating cycle improved from 189 days in FY24 to 176 days in FY25 backed by lower inventory holding at year end and some improvement in collection period.

Key weaknesses

Exposure to subsidiaries

KPR has total six subsidiaries, out of which three are major subsidiaries. On a standalone basis, KPR has demonstrated continued operational and financial support in the form of investments and corporate guarantee to its subsidiaries, KPRS, KPRSAL, and Jahnvi Motor Private Limited (JMPL; rated 'CARE A+; Stable/ CARE A1+'). As on March 31, 2025, KPR had aggregate equity and preference shares investments, and unsecured loans of ₹991 crore, which reduced to ~₹728 crore as on June 30, 2025. CareEdge Ratings observes, with expectation of continued healthy cash accruals in subsidiaries, the exposure is expected to reduce going forward.

Operating margin susceptible to volatility in cotton prices

Profitability of spinning mills largely depends on the cotton and cotton yarn prices which are governed by factors such as area under cultivation, monsoon, and international demand-supply situation, among others. After recording a peak of around ₹1 lakh per candy in FY23, domestic cotton prices corrected with the arrival of the new crop and are currently hovering between around ₹54,000-56,000 per candy. Furthermore, removal of import duty on cotton by GoI till December 31, 2025, is expected to ease raw material costs amidst elevated US tariffs. Cotton being the major raw material of spinning mills, movement in cotton prices without parallel movement in yarn prices impacts profitability. Volatile cotton prices often translate into risk of inventory losses for the industry players, though at times, it also leads to inventory gains. Despite wide fluctuation in cotton prices over the years, prudent and pragmatic cotton procurement strategies and presence of dedicated personnel in the cotton-growing areas, have enabled KPR access to quality cotton at a competitive price, protecting its margins. CareEdge Ratings notes that KPR having an integrated operation, the impact of higher cost of raw material on its performance is minimal as the additional cost is shouldered by the resultant products.

Presence in cyclical and competitive textile and sugar industry

The Indian textile industry is inherently cyclical in nature. Any adverse changes in global economic outlook and demand-supply scenario in the domestic market directly impacts demand of players. Textile industry remains vulnerable to factors such as input price fluctuations, mobilisation of adequate workforce, and changes in government policies for its overall development. Its highly fragmented structure results in high level of competition and intense pricing pressures. However, the risk is partly mitigated, as KPR has diversified operations and an established presence.

With the imposition of additional secondary/reciprocal tariff by the US on Indian goods, Indian textile exporters face a significant cost disadvantage in the US compared to peers. This is expected to shift some orders towards other competing nations facing relatively lower tariffs. While exports from India may not materially decline in CY25 as certain US buyers have advanced shipments ahead of the tariff hike, CareEdge Ratings expects India's overall textile exports to decline by 9-10% in CY26 to US$30 billion, considering the significant decline in exports to the US if elevated tariffs persist. The volume loss is expected to be partially offset by the anticipated increase in exports to the European Union, United Kingdom, and Middle East.

Sugar industry is cyclical and is vulnerable to government policies as it classifies as an essential commodity. Government, on its part, resorts to regulations such as fixing raw material prices in the form of state advised prices (SAP) and fair and remunerative prices (FRP). All these factors impact cultivation patterns of sugarcane in the country and thus affect the profitability of sugar companies. However, the forward integrated company's operations with ethanol and co-gen power divisions mitigates the industry cyclicality to an extent. GoI imposed restrictions on diverting sugar for ethanol production to increase sugar output after cane crop was hit by below-average monsoon rains in FY24. However, GoI removed cap on August 29, 2024 w.e.f. November 01, 2024 (Ethanol Supply Year 2024-25) and permitted the ethanol production from sugarcane juice/ B-heavy molasses with an aim to boost the ethanol output. Change in the government regulations with respect to sugar and ethanol manufacturing remains key monitorable.

Risk associated with compliance of stringent pollution control norms

Being present in the textile industry, KPR's operations are subject to stringent environment-related regulatory compliances. Also, pollution-related norms are evolving regularly in India. Accordingly, continuous adherence to defined pollution control norms is mandatory for seamless operations. KPR regularly incurs capex for compliance with these normed and has not encountered any major adverse observations or closure notices from pollution control departments over a long period. Majority of KPR's plants are well-equipped for effective treatment and discharge of effluents, such as waste-water and hazardous and non-hazardous waste. All the manufacturing facilities of KPR are equipped with fully zero liquid discharge (ZLD). KPR has emphasised continuous adherence to these norms, which shall remain a key monitorable.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and actions by KPR
Environmental	For the textile industry the main factor of ESG affecting the sector is the environmental aspect and optimum utilisation of natural resources and promotion of fair labour practices. KPR practices zero discharge of hazardous chemicals. For conserving the usage of water, the company has fully automated controlling systems and has also installed effluent treatment plant (ETP) and sewage treatment plant (STP) plant for recycling of water. KPR also focuses upon generating green renewable energy through wind, solar power and co-generation to minimise environmental pollution. Apart from this, KPR invests in new advanced technology machinery and equipment that are more energy efficient.
Social	KPR has a well-designed safety management policy that eliminates/ reduces the risk of workplace incidents, injuries and fatalities through adoption of well-defined safety measures and devices. KPR is primarily involved in 'Promotion of Education' under its Corporate Social Responsibility (CSR) activities along-with women empowerment and rural development.
Governance	50% of the KPR's board comprises independent directors. KPR assures separate meetings for independent and non-independent directors and regular internal risk management committees to address the risks and measures to mitigate them. KPR also has a dedicated investor grievance redressal mechanism in place.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Sugar Sector
Financial Ratios – Non financial Sector
Cotton Textile
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer discretionary	Textiles	Textiles and apparels	Other textile products

KPR is promoted by three brothers, K.P. Ramasamy, K.P.D. Sigamani, and P. Nataraj. The promoters, assisted by a team of professionals, run the day-to-day operations of the company. KPR is an integrated player with 15 manufacturing units (including its subsidiaries), having capacity to produce 100,000 MT of cotton yarn, 10,000 MT of viscose yarn, 40,000 MT of cotton knitted fabrics p.a., and 177 million pieces of garments p.a. from its facilities in the Tirupur-Coimbatore region. With a capacity of 370,000 spindles, KPR is one of the leading players supplying yarn. KPRS, KPRSAL, and JMPL are major subsidiaries of KPR.

KPRS, a wholly owned subsidiary of KPR, owns and operates a sugar mill with a capacity of 10,000 TCD (tonnes of canes crushed per day), an ethanol unit of 250 kilolitres per day (KLPD), and a 40-MW multi-fuel cogeneration power plant in Karnataka.

KPRSAL, a wholly owned subsidiary of KPR, was incorporated in October 2020 to establish an integrated sugar plant in Afzalpur, Karnataka, and garmenting facility in Tirupur, Tamil Nadu. KPRSAL is equipped with a sugar mill having a capacity of 10,000 TCD, an ethanol unit of 230 KLPD, a 50-MW multi-fuel cogeneration power plant in Karnataka, and a garmenting facility of 52 million pieces p.a. in Tirupur.

JMPL, a wholly owned subsidiary of KPR, is engaged in the dealership of Audi cars with presence in Madurai and Coimbatore.

Brief Financials – Consolidated (₹ crore)	FY24 (A)	FY25 (A)	Q1FY26 (UA)
Total operating income	6,084	6,401	1,766
PBILDT	1,263	1,261	310
PAT	805	815	213
Overall gearing (times)	0.29	0.12	NA
Interest coverage (times)	17.22	26.24	22.32

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	755.00	CARE AA+; Stable
Fund-based - ST-EPC/PSC	-	-	-	-	300.00	CARE A1+
Non-fund-based - ST-Bank Guarantee	-	-	-	-	2.82	CARE A1+
Non-fund-based - ST-Letter of credit	-	-	-	-	170.00	CARE A1+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Cash Credit	LT	755.00	CARE AA+; Stable	-	1)CARE AA+; Stable (10-Oct-24)	1)CARE AA+; Stable (09-Oct-23)	1)CARE AA+; Stable (27-Sep-22)
2	Non-fund-based - ST-Letter of credit	ST	170.00	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (27-Sep-22)
3	Non-fund-based - ST-Bank Guarantee	ST	2.82	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (27-Sep-22)
4	Fund-based - ST-EPC/PSC	ST	300.00	CARE A1+	-	1)CARE A1+ (10-Oct-24)	1)CARE A1+ (09-Oct-23)	1)CARE A1+ (27-Sep-22)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - ST-EPC/PSC	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated as on March 31, 2025

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	K.P.R Sugar Mill Limited	Full	Subsidiary
2	KPR Sugar and Apparels Limited		
3	Jahnvi Motor Private Limited		
4	Quantum Knits PVT Limited		
5	Galaxy Knits Limited		
6	KPR Exports PLC, Ethiopia		

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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