

KRBL

Buy | Rs. 24

- KRBL is the largest exporter of branded Basmati Rice in the world, with largest milling and storage capacity. It has 30% market share in branded domestic market and 25% in branded basmati exports from India.
- Flagship brand, 'India Gate' is the market leader, commanding significant premium over other brands in industry and accounts for 63% of total domestic sales.
- KRBL has over 2 million Sq. Ft storage and warehousing capacity for ageing of grain and storage of finished goods. Its rice milling capacity is 195 MT/per hour. Company has a strong R&D system in place, global distribution network and domestic retail through 6,40,000 outlets.
- KRBL is the pioneer and largest in contact farming with 2,40,000 acres under coverage. Initiated over a decade ago its contact farming reaches over 90,000 farmers in UP, Uttarakhand, Punjab and Haryana. This ensures availability and quality of paddy, significant savings in tax and transportation and insulation from paddy price fluctuation.
- KRBL produced 61.85 MW of power during FY-13 through Wind, Solar and Biomass – all renewable energy!
- KRBL is perhaps the only listed company in the industry worth exploring considering the corporate governance, balance sheet quality and management dynamism!
- Company is expected to be debt-free by middle of the FY (as on 30th Sept 13) due to inventory reduction and financial discipline. Being seasonal, debt would be built up during second half to accumulate inventory. Management is confident of making it debt-free in 2-3 years even during peak inventory time.
- KRBL's unbooked profits on the current inventory is more than its market capitalization today!
- Current year revenue and net profits are estimated at Rs.2700 Cr and Rs.200 Cr. Respectively. 3 PE on the expected Rs.8 EPS is too low even for a commodity stock. KRBL is more close to FMCG status due to the mostly branded sales and could fetch 7-8 PE in the near future. We expect the stock to appreciate by over 100% in the next 12 months.

Stock Data

Market Cap (Cr):	570
Year high:	29
Year Low:	20
EPS:	6.21
P/E:	3.86
Book Value	34
P/BV:	0.7

Shareholding Pattern

Promoter:	58%
FII's:	3.5%
NRIs etc.:	17%
Public and Others:	21.5%

Financial Performance

	FY12	FY13
Sales	1631	2080
Net Profit	71	150
EPS	2.87	6.21

Key Financial Data

Debt (Rs Cr)	857
Inventories (Rs Cr)	1260