

BONANZA WEALTH MANAGEMENT RESEARCH



28th March 2025

Kiri Industries – BUY

CMP : Rs. 633
Target Price : Rs. 782
Upside : ~23.04%
Stop Loss : Rs. 550 (Closing basis)

Investment Thesis

- Post the legal win against Senda, KIRI has been awarded a litigation claim ~Rs. 60bn that will be received in June 2025. This includes principal repayment of ~54bn and remaining amount as interest. KIRI used to pay litigation expenses of Rs. 0.4bn-0.6bn per for the past 10 years placing a huge dent in the topline, resulting in negative EBITDA. Following the end of the legal battle, KIRI no longer has to bear the legal expenses, resulting in positive EBITDA, strengthening the top-line.
- KIRI is foraying into copper manufacturing as well as fertilizer production through a planned capex worth ~Rs. 90bn, to be fully operational by FY29. This provides KIRI with the next leg of growth, with total domestic copper consumption pegged at 2.8mtpa by 2030. KIRI management guides for a Rs. 50bn EBITDA from this venture, **signalling 2x the current levels of EBITDA**. Current consumption is at 1.5mn MTPA against production of only 0.4MTPA that is setup purely by Birla Copper, rest is imported. This showcases huge dependability on copper imports. However, with indigenisation and make in India being pushed, copper production is being planned locally. This provides a huge opportunity for KIRI to establish and capture market share by 2030 with their own copper capacity of 0.5MTPA. KIRI alongwith other players will have a collective capacity of 2.3MTPA, thus reducing imports.
- KIRI to establish copper facility in two phases. Phase 1 will see capacity of 0.2MTPA that can become operational by end of 2026. Phase 2 will see the remaining capacity of 0.3MTPA capacity. Meaningful revenue will start to come from FY29.
- KIRI to continue with the Dye business, stating the dye business to remain as a stable business with new growth coming from the copper and fertilizer business.

Financials

- Q3 FY25 standalone revenue from operations stood at ₹156 crores, representing an 11% year-on-year growth and an 8% quarter-on-quarter growth.

Consol. (Rs. Mn)	FY22	FY23	FY24	FY25E	FY26E
Revenue	14,970	9,450	9,490	8,910	12,030
EBITDA	1,212.9	-374.8	-121.5	-534.7	601.6
EBITDA Margin (%)	8.10%	-3.97%	-1.28%	-6.00%	5.00%
PAT	3,887	1,066	1,330	2,936	2,174
EPS (Rs.)	69.92	19.18	23.92	52.82	39.12
P/E (x)	9.00	32.80	26.30	11.91	16.09
RoE (%)	15.11%	3.98%	4.73%	9.46%	6.55%

Stock Data

Market Cap (Rs. Mn)	35,280
Market Cap (\$ Mn)	413
Shares O/S (in Mn)	55.6
Avg. Volume (3 month)	5,24,306
52-Week Range (Rs.)	700 / 280

Shareholding Pattern

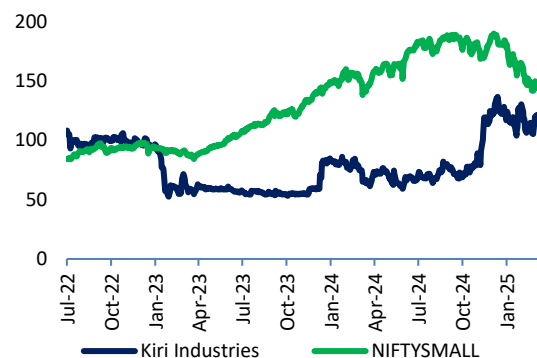
Promoters	31.72%
FII's	25.98%
Institutions	1.22%
Others (incl. body corporate)	41.08%

Key Ratios

Div Yield	0.00%
TTM PE	10.8x
ROE	4.84%
TTM EPS (Rs.)	60.5

Stock Performance

Performance (%)	1M	6M	1Yr
ABSOLUTE	10.7%	84.0%	98.2%
NIFTY 500	4.6%	(16.3%)	6.6%



- For 9M FY25, standalone revenue reached ₹469 crores, with an 8% year-on-year growth; net profit was ₹3 crores
- On a consolidated basis, Q3 FY25 revenue from operations was ₹179 crores, reflecting a 12% year-on-year growth and a 3% quarter-on-quarter growth; net loss was ₹14 crores before other comprehensive income (OCI) and share of profits from associates and joint ventures
- The court granted a discretionary enhancement to the amount payable to Kiri from the en bloc sale proceeds at a rate of 5.33% per annum. This will see no litigation expenses, further translating to positive EBITDA going forward.
- Net profit for Q3 FY25 was ₹25 crores, attributed to higher other income, particularly dividend income from Lonsen-Kiri Chemical Industries Limited.

Key Business Highlights

- Kiri Industries Limited (KIL) is engaged in the business of manufacturing and exporting a wide range of Dyes, Dye Intermediates, and Basic Chemicals from India.
- Dye Intermediates (52% in H1 FY25 vs 63% in FY22): The company supplies intermediates such as H-acid, Vinyl Sulphone, Naphthalene, Aniline, etc to manufacturers of reactive dyes..
- Dyes (43% in H1 FY25 vs 32% in FY22): It produces Reactive Dyes, Acid Dyes, Direct Dyes, and Disperse Dyes, which are used in textile production, leather manufacturing, dyeing, finishing, and more.
- Basic Chemicals (5% in H1 FY25 vs 5% in FY22): It manufactures Sulphuric Acid, Oleum 65% & 23%, Thionyl Chloride, Chloro Sulphonic Acid, etc for chemicals, pharmaceuticals, fertilizers, automobile batteries, paper bleaching, etc.
- Domestic: 56% in H1 FY25 vs 58% in FY22
- Exports: 44% in H1 FY25 vs 42% in FY22
- The company has a presence in 50+ countries including Canada, USA, Brazil, Peru, Chile, China, UK, Australia, Spain, etc across 7 continents.

Valuation

- Kiri Industries (KIRI)** is foraying into copper manufacturing with a capacity of 0.5L ton. This is a huge step for KIRI to move towards reducing cyclicality and tap into a 2.8MTPA TAM. This project is deemed to generate ~Rs. 50bn in EBITDA providing huge value unlocking potential
- Owing to the huge prospects that lie ahead for KIRI, we ascribe a **BUY** rating for KIRI valuing it at 20x FY26E EPS with a **target price of Rs. 782** signalling an **UPSIDE of 23.04%**

Risk & Concern

- Raw material fluctuations could affect costing
- Exports can be hampered owing to geopolitical crisis

Graphs & Charts

Figure 1: Net Sales Trend

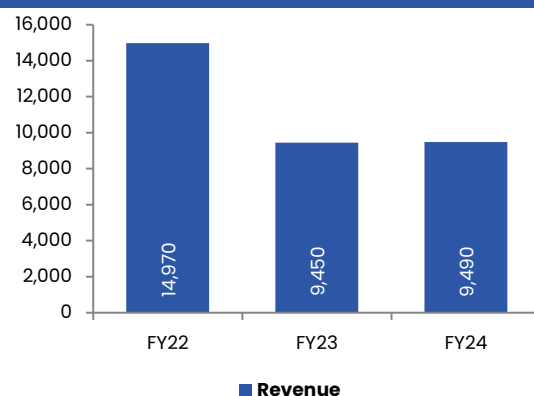


Figure 2: EBITDA & EBITDA Margin Trend

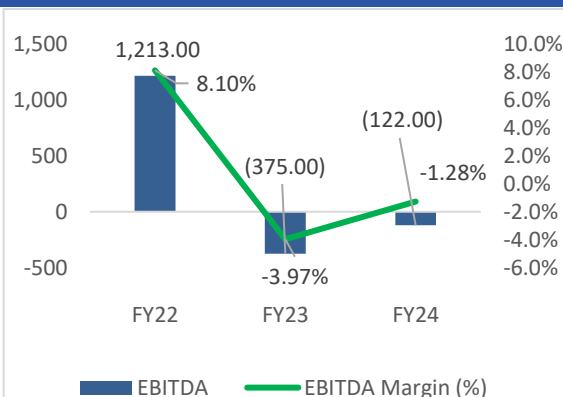


Figure 3: Revenue breakup (Standalone)

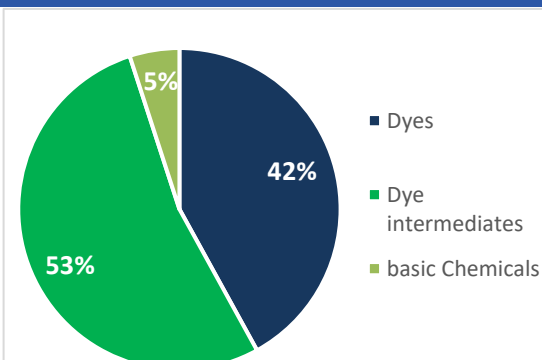
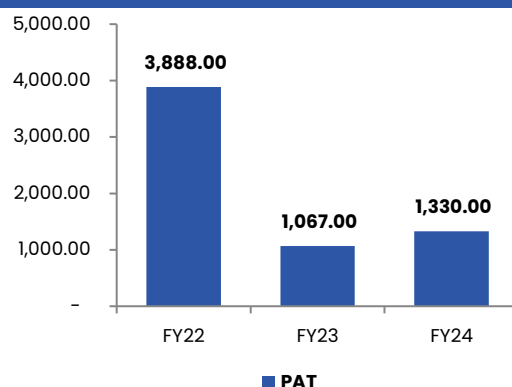


Figure 4: PAT



Name	Designation
Jainam Doshi	Research Analyst

Disclosure: M/s. Bonanza Portfolio Ltd here by declares that views expressed in this report accurately reflect view point with subject to companies/securities. M/s. Bonanza Portfolio Ltd has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations. The Analysts engaged in preparation of this Report or his/her relative: - (a) do not have any financial interests in the subject company mentioned in this Report; (b) do not own 1% or more of the equity securities of the subject company mentioned in the report as of the last day of the month preceding the publication of the research report; (c) do not have any material conflict of interest at the time of publication of the Report. The Analysts engaged in preparation of this Report:- (a) have not received any compensation from the subject company in the past twelve months; (b) have not managed or co-managed public offering of securities for the subject company in the past twelve months; (c) have not received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (d) have not received any compensation for products or services other than investment banking or merchant banking or brokerage services from the subject company in the past twelve months; (e) has not received any compensation or other benefits from the subject company or third party in connection with the Report; (f) has not served as an officer, director or employee of the subject company; (g) is not engaged in market making activity for the subject company.

M/s. Bonanza Portfolio Ltd is a registered Research Analyst under the regulation of SEBI, the year 2014. The Regn No. INH100001666 and research analyst engaged in preparing reports is qualified as per the regulation's provision.

Disclaimer: This research report has been published by M/s. Bonanza portfolio Ltd and is meant solely for use by the recipient and is not for circulation. This document is for information purposes only and information / opinions / views are not meant to serve as a professional investment guide for the readers. Reasonable care has been taken to ensure that information given at the time believed to be fair and correct and opinions based thereupon are reasonable, due to the nature of research it cannot be warranted or represented that it is accurate or complete and it should not be relied upon as such. If this report is inadvertently sent or has reached to any individual, same may be ignored and brought to the attention of the sender. Preparation of this research report does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Past performance is not a guide for future performance. This Report has been prepared on the basis of publicly available information, internally developed data and other sources believed by Bonanza portfolio Ltd to be reliable. This report should not be taken as the only base for any market transaction; however this data is representation of one of the support document among other market risk criterion. The market participant can have an idea of risk involved to use this information as the only source for any market related activity. The distribution of this report in definite jurisdictions may be restricted by law, and persons in whose custody this report comes, should observe, any such restrictions. The revelation of interest statements integrated in this analysis are provided exclusively to improve & enhance the transparency and should not be treated as endorsement of the views expressed in the analysis. The price and value of the investments referred to in this report and the income from them may go down as well as up. Bonanza portfolio Ltd or its directors, employees, affiliates or representatives do not assume any responsibility for, or warrant the accuracy, completeness, adequacy and reliability of such information / opinions / views. While due care has been taken to ensure that the disclosures and opinions given are fair and reasonable, none of the directors, employees, affiliates or representatives of M/s. Bonanza portfolio Ltd shall be liable. Research report may differ between M/s. Bonanza portfolio Ltd RAs and other companies on account of differences in, personal judgment and difference in time horizons for which recommendations are made. Research entity has not been engaged in market making activity for the subject company. Research analyst has not served as an officer, director or employee of the subject company. Research analyst have not received any compensation/benefits from the Subject Company or third party in connection with the research report.

M/s. Bonanza Portfolio Ltd at Bonanza House, Plot No. M-2, Cama Industrial Estate. Walbhat Road, Goregaon (E), Mumbai – 400063

Web site: <https://www.bonanzaonline.com>

Research Analyst Regn No. INH100001666

SEBI Regn. No.: INZ000212137

BSE /NSE/MCX : |CASH| DERIVATIVE| CURRENCY DERIVATIVE | COMMODITY SEGMENT|

| CDSL: | 120 33500 | NSDL: | IN 301477 || PMS: INP 000000985 | AMFI: ARN -0186