

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs1851	64.4	Accumulate	Rs2250	22%

*as on 23rd Feb, 2023

About the Company:

KSB has three companies in India- KSB Limited, KSB Tech Pvt. Ltd and MIL Controls Ltd. As a global player, KSB provides services and produces complete hydraulic systems for the transport of water and waste water in all industries. Our company of interest, KSB Limited (KSB), is promoted by KSB AG. It was established in 1960 by setting up a pump manufacturing facility in Pimpri, Pune (Maharashtra). The company has been at the forefront of importing technology from its parent for delivering cutting edge, high quality products in the domestic market. In India, KSB supplies pumps and valves to all major industries i.e. energy, oil and gas, water, waste water treatment, agriculture, process industries, construction, etc.

Results: Quick Glance:

- The total revenue for the quarter came in at Rs5,246mn as compared to Rs4,446mn in the same quarter last year; growth of 18.0%
- The Ebitda margin for the quarter under review stood at 14.6% in comparison to 12.7% in the corresponding quarter
- The net profit stood at Rs542mn as against Rs379mn in the comparative quarter; growth of 43%
- The EPS stands at Rs15.6
- On the segmental front, the Pumps and Valves segment grew by 17% and 25% respectively
- The board has recommended dividend of Rs15 per equity share for the financial year ended on 31st December, 2022 and the same shall be payable subject to approval of the shareholders at the ensuing AGM

Financials:

Performance (Q4&CY22)									
Q4&CY22 Result (Rs mn)	Dec-22	Dec-21	y-o-y	Sept-22	q-o-q	CY21	CY22	y-o-y	CY23E
Total Revenue	5246	4446	18.0%	4313	21.6%	18220	14973	21.7%	21608
EBITDA	768	564	36.2%	541	42.0%	2467	2094	17.8%	3133
Other Income	87	82	6.1%	106	(17.9%)	454	364	24.7%	554
Interest	25	19	31.6%	13	92.3%	61	50	22.0%	60
Depreciation	120	110	9.1%	117	2.6%	453	435	4.1%	493
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	168	138	21.7%	139	20.9%	614	507	21.1%	783
Net Profit	542	379	43.0%	378	43.4%	1793	1466	22.3%	2350

Outlook and Recommendations:

It was a mixed year for the company, from coming back to normalcy to gradually inching to its pre-covid runrate. The quarter under reference also indicates the same where there has been a healthy improvement across the P&L. The business segments have also reported decent growth for the quarter. The numbers are pretty much in line with our yearly estimates which is encouraging considering the major slowdown faced by the company. The company has been receiving orders with deliverables spread across 2-3 years in a phased manner. There should be decent projects to come in from petrochemical/chemical segment and water wastewater segment. The company strategies continue to focus on new products, new markets, operational excellence, solar business, export business, digitalisation to mention a few. Pick-up in demand complimented with the execution capabilities should augur well for growth ahead for the company. There should be increased services across themes like waste water management, smart cities, agriculture which would open up opportunities for the company as well. We maintain Accumulate on the stock for a target of Rs2250.

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