

January 31, 2024

## Q3FY24 Result Update

☑ Change in Estimates | ☑ Target | ■ Reco

### Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
<b>Rating</b>	<b>ACCUMULATE</b>		<b>ACCUMULATE</b>	
<b>Target Price</b>	<b>6,890</b>		<b>5,776</b>	
Sales (Rs. m)	1,90,808	2,24,408	1,83,228	2,12,156
% Chng.	4.1	5.8		
EBITDA (Rs. m)	15,729	18,948	14,554	17,277
% Chng.	8.1	9.7		
EPS (Rs.)	201.9	259.4	189.4	236.2
% Chng.	6.6	9.8		

### Key Financials - Consolidated

Y/e Mar	FY23	FY24E	FY25E	FY26E
Sales (Rs. m)	1,43,522	1,61,567	1,90,808	2,24,408
EBITDA (Rs. m)	12,270	15,193	15,729	18,948
Margin (%)	8.5	9.4	8.2	8.4
PAT (Rs. m)	6,377	7,967	8,111	10,419
EPS (Rs.)	166.6	198.3	201.9	259.4
Gr. (%)	148.5	19.0	1.8	28.5
DPS (Rs.)	40.0	59.5	60.6	77.8
Yield (%)	0.7	1.0	1.0	1.3
RoE (%)	32.3	26.4	19.9	22.0
RoCE (%)	49.4	41.8	32.2	34.0
EV/Sales (x)	1.6	1.4	1.2	1.0
EV/EBITDA (x)	18.7	15.3	14.9	12.4
PE (x)	36.4	30.6	30.1	23.4
P/BV (x)	10.4	6.4	5.6	4.8

### Key Data

APAR.BO | APR IN

52-W High / Low	Rs.6,388 / Rs.1,358
Sensex / Nifty	71,140 / 21,522
Market Cap	Rs.244bn/ \$ 2,933m
Shares Outstanding	40m
3M Avg. Daily Value	Rs.709.06m

### Shareholding Pattern (%)

Promoter's	57.77
Foreign	10.97
Domestic Institution	18.62
Public & Others	12.64
Promoter Pledge (Rs bn)	-

### Stock Performance (%)

	1M	6M	12M
Absolute	0.3	57.3	331.7
Relative	1.8	46.3	261.1

**Amit Anwani**

amitanwani@plindia.com | 91-22-66322250

**Shirom Kapur**

shiromkapur@plindia.com | 91-22-66322344

## Apar Industries (APR IN)

**Rating: ACCUMULATE | CMP: Rs6,069 | TP: Rs6,890**

### Decent quarter ex-US with healthy profit growth

#### Quick Pointers:

- Ex-US sales grew 17.2% YoY (28.3%/24.1% YoY in Conductors/Cables).
- Conductors order book stood at Rs60.8bn (domestic Rs28.9bn; exports Rs31.9bn), with premium products contributing 40.1%.

**We revise our FY24/25/26E EPS estimates by 17.6%/6.6%/9.8%, factoring in strong outlook in the Conductors segment. Apar Industries (APR) reported revenue growth of 1.9% YoY, while EBITDA margin expanded by 138bps YoY. Although US demand remained sluggish due to inventory de-stocking, enquiry levels are picking up with improvement expected in FY25. On the other hand, strong domestic demand continues to offset weak US sales. APR stands to benefit from transition from ACSR to AL-59 alloy conductors given better margin profile and higher technology barriers in making AL-59 conductors. Meanwhile, transformer oils will be the main growth driver in Specialty Oil segment owing to strong electricity demand, healthy order books of global transformer OEMs and APR's market leading position. Cables business outlook is also healthy with growing demand for elastomeric cables from wind, solar, railway, defence, mining, etc.**

**We believe APR's focus towards value-added products and strong traction in exports business will continue to drive strong topline & profitability in the long run. The stock is currently trading at a P/E of 30.1x/23.4x FY25/26E. We roll forward to Dec-25 and maintain an 'Accumulate' rating with a revised TP of Rs6,890 (Rs5,630 earlier) valuing Conductors/Cables/Specialty Oil segments at 27x/33x/12x Dec-25E (25x/32x/12x Sep-25E earlier) owing to a robust business outlook across segments.**

**Strong revenue growth ex-US driven by Conductors and Cables:** Consolidated revenue grew 1.9% YoY to Rs40.1bn (PLe: Rs38.5bn) due to inventory de-stocking by US customers. Global sales growth ex-US was 17.2% YoY (28.3%/24.1% YoY in Conductors/Cables). Revenue mix for the quarter stood at Conductors ~47%/Specialty Oil ~30%/Cables ~22%. Gross margin increased by 48bps YoY to 25.9% (PLe: 24.8%). EBITDA grew 18.0% YoY to Rs4.1bn (PLe: Rs.3.4bn). EBITDA margin expanded by 138bps YoY to 10.1% (PLe: 8.9%) led by lower other expenses (down 141bps YoY as a % of sales to 14.0%). PAT jumped 28.1% YoY to Rs2.2bn (PLe: Rs1.7bn) driven by a strong operating performance and higher other income at Rs210mn (vs Rs66mn in Q3FY23), despite higher interest expenses (up 20.1% YoY to Rs1.1bn).

**Conductors EBITDA/MT continues to remain strong:** Conductors revenue grew 4.1% YoY to Rs19.9bn, with 13.8% YoY volume growth and 42.0% contribution from premium products. Specialty Oils revenue was flat at Rs12.4bn with 7.6% volume growth. Cables revenue was also flattish at Rs9.2bn. Conductors EBITDA post forex came in strong at Rs41,530/MT due to premiumisation and higher exports. Specialty Oils EBITDA post forex came in at Rs8,157/KL due to better pricing and lower average inventory cost. Conductors EBIT margin came in at 10.5% (down 82bps YoY); Specialty Oils margin came in at 8.7% (vs a low base of 1.7% in Q3FY23); and Cables margin came in at 10.6% (down 37 bps YoY).

**Exhibit 1: Better operating profitability and higher other income drive PAT growth of 28.1% YoY**

Y/E March	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY gr. (%)	QoQ gr. (%)	9MFY24	9MFY23	YoY gr. (%)
<b>Revenue</b>	<b>39,389</b>	<b>40,886</b>	<b>37,730</b>	<b>39,260</b>	<b>40,132</b>	<b>1.9</b>	<b>2.2</b>	<b>1,17,122</b>	<b>1,02,670</b>	<b>14.1</b>
<b>Total Revenues</b>	<b>39,389</b>	<b>40,886</b>	<b>37,730</b>	<b>39,260</b>	<b>40,132</b>	<b>1.9</b>	<b>2.2</b>	<b>1,17,122</b>	<b>1,02,670</b>	<b>14.1</b>
<b>Expenditure</b>	<b>35,957</b>	<b>36,647</b>	<b>34,269</b>	<b>35,762</b>	<b>36,081</b>	<b>0.3</b>	<b>0.9</b>	<b>1,06,112</b>	<b>94,605</b>	<b>12.2</b>
as % of sales	91.3	89.6	90.8	91.1	89.9			90.6	92.1	
Consumption of RM	29,377	29,820	28,475	29,793	29,738	1.2	(0.2)	88,006	77,268	13.9
as % of sales	74.6	72.9	75.5	75.9	74.1			75.1	75.3	
Employee Cost	515	700	657	724	729	41.5	0.8	2,109	1,505	40.1
as % of sales	1.3	1.7	1.7	1.8	1.8			1.8	1.5	
Other expenditure	6,065	6,127	5,137	5,246	5,614	(7.4)	7.0	15,997	15,832	1.0
as % of sales	15.4	15.0	13.6	13.4	14.0			13.7	15.4	
<b>EBITDA</b>	<b>3,432</b>	<b>4,239</b>	<b>3,462</b>	<b>3,498</b>	<b>4,050</b>	<b>18.0</b>	<b>15.8</b>	<b>11,010</b>	<b>8,065</b>	<b>36.5</b>
Depreciation	261	273	272	282	288	10.6	2.4	842	771	9.3
<b>EBIT</b>	<b>3,171</b>	<b>3,966</b>	<b>3,189</b>	<b>3,216</b>	<b>3,762</b>	<b>18.6</b>	<b>17.0</b>	<b>10,167</b>	<b>7,294</b>	<b>39.4</b>
Other Income	66	107	139	188	210	216.7	11.9	536	233	129.8
Interest	940	791	696	1,031	1,128	20.1	9.4	2,855	2,264	26.1
Extra ordinary items	-	-	-	-	-			-	-	
<b>PBT</b>	<b>2,298</b>	<b>3,282</b>	<b>2,632</b>	<b>2,373</b>	<b>2,844</b>	<b>23.7</b>	<b>19.9</b>	<b>7,848</b>	<b>5,264</b>	<b>49.1</b>
Total Tax	599	855	657	629	667	11.4	6.1	1,953	1,314	48.7
<b>PAT</b>	<b>1,699</b>	<b>2,428</b>	<b>1,975</b>	<b>1,744</b>	<b>2,176</b>	<b>28.1</b>	<b>24.8</b>	<b>5,895</b>	<b>3,950</b>	<b>49.2</b>
(Profit)/loss from JV's/Ass/MI	-	(0.2)	(0.4)	(5.0)	(0.8)			(6.2)	-	-
<b>PAT after JV</b>	<b>1,699</b>	<b>2,427</b>	<b>1,974</b>	<b>1,739</b>	<b>2,176</b>	<b>28.1</b>	<b>25.1</b>	<b>5,889</b>	<b>3,950</b>	<b>49.1</b>
<b>Adjusted PAT</b>	<b>1,699</b>	<b>2,427</b>	<b>1,974</b>	<b>1,739</b>	<b>2,176</b>	<b>28.1</b>	<b>25.1</b>	<b>5,889</b>	<b>3,950</b>	<b>49.1</b>
<b>Adjusted EPS</b>	<b>42.3</b>	<b>60.4</b>	<b>49.2</b>	<b>43.3</b>	<b>54.2</b>	<b>28.1</b>	<b>25.1</b>	<b>146.6</b>	<b>98.3</b>	<b>49.1</b>
<b>Margins (%)</b>	<b>Q3FY23</b>	<b>Q4FY23</b>	<b>Q1FY24</b>	<b>Q2FY24</b>	<b>Q3FY24</b>	<b>bps</b>	<b>bps</b>	<b>9MFY24</b>	<b>9MFY23</b>	<b>bps</b>
Gross	25.4	27.1	24.5	24.1	25.9	48	178	0.0	0.0	(0)
EBITDA	8.7	10.4	9.2	8.9	10.1	138	118	9.4	7.9	154
EBIT	8.1	9.7	8.5	8.2	9.4	132	118	8.7	7.1	158
EBT	5.8	8.0	7.0	6.0	7.1	125	104	6.7	5.1	157
PAT	4.3	5.9	5.2	4.4	5.4	111	99	5.0	3.8	118
Effective Tax rate	26.1	26.0	25.0	26.5	23.5	(260)	(304)	24.9	25.0	(7)

Source: Company, PL

**Exhibit 2: Specialty Oil & Lubricants segment witnessed strong improvement in EBITDA (post forex) to Rs8,157/KL**

Segmental Performance	Q3FY23	Q4FY23	Q1FY24	Q2FY24	Q3FY24	YoY gr. (%)	QoQ gr. (%)	9MFY24	9MFY23	YoY gr. (%)
<b>Conductor</b>										
Volume (MT)	44,538	49,489	45,565	54,074	50,695	13.8	(6.2)	1,50,334	1,10,642	35.9
Revenue	19,120	21,210	17,742	19,433	19,855	3.8	2.2	57,029	48,990	16.4
EBITDA Adj	2,270	2,820	1,770	2,110	2,110	(7.0)	-	5,990	4,350	37.7
EBITDA margin (%)	11.6	13.5	10.0	10.9	10.6	(98)	(23)	10.5	8.9	162
EBITDA Adj. (Rs/MT)	49,942	58,006	38,740	39,007	41,530	(16.8)	6.5	39,966	39,232	1.9
<b>Speciality Oil &amp; Lubricant</b>										
Volume (KL)	1,26,731	1,31,132	1,30,654	1,33,788	1,36,329	7.6	1.9	4,00,771	3,55,450	12.8
Revenue	12,450	11,790	11,980	11,986	12,442	(0.1)	3.8	36,409	34,890	4.4
EBITDA	270	460	780	660	1,140	322.2	72.7	2,580	2,030	27.1
EBITDA margin (%)	2.2	3.9	6.5	5.5	9.2	699	366	7.1	5.8	127
EBITDA Adj. (Rs/KL)	1,645	3,697	6,035	4,562	8,157	395.9	78.8	6,428	5,670	13.4
<b>Cables</b>										
Revenue	9,210	9,430	9,668	8,823	9,240	0.3	4.7	27,731	23,210	19.5
EBITDA Adj.	1,090	1,170	1,100	980	1,067	(2.1)	8.9	3,147	2,280	38.0
EBITDA margin (%) Adj	11.8	12.4	11.4	11.1	11.5	(29)	44	11.3	9.8	153

Source: Company, PL

**Exhibit 3: Cables segment accounts for ~54% of SoTP**

	Segmental PAT (Rs mn)	Valuation basis	Target multiple (X)	Targeted Value (Rs mn)	Value / Share
Conductors Segment	3,654	P/E	27	98,658	2,578
Cables Segment	4,331	P/E	33	142,931	3,735
Speciality Oil Segment	1,842	P/E	12	22,109	578
<b>Total Target (Rs. Mn)</b>				<b>263,698</b>	<b>6,890</b>

Source: Company, PL

**Conference Call Highlights**

- Revenue growth was subdued at 1.8% YoY owing to fall in US sales due to inventory de-stocking by US customers. However, strong domestic demand partly offset the drop in US volumes, with global sales ex-US up 17.2% YoY.
- Enquiry levels are picking up in US – which is the first good sign that FY25 will see improvement.
- Freight costs have gone up due to re-routing of ships in Red Sea, causing 15-day delay in US shipments and even greater impact in Europe and West Africa.
- **Conductors volume grew 13.8% YoY** with good domestic demand for aluminium & HTLS conductors and rods. However, ~11% decline in aluminium prices led to revenue growth of only 3.8% YoY. EBITDA/MT (post forex) was high at Rs41,530 on the back of premiumisation and higher share of exports.
  - Premium products contributed 42% to conductor sales (HEC ~18.4%)
  - Order book stood at Rs60.8bn (40.1% share of premium products) with inflows of Rs19.0bn in Q3. ~25% of order book is executable after FY25.
  - Management expects ~15% volume growth in FY25 and long-term EBITDA/MT of Rs28,500+. Current capacity of ~205k MT will expand to 225-230k MT by FY25-end, in line with expected volume growth.
- **AL-59 alloy conductors have become the standard product** over ACRS, as they reduce cost of ownership of transmission lines owing to their lower weight. APR has less competition in AL-59 due to higher technology barriers.
- **Specialty Oil EBITDA (post forex) grew strongly to Rs8,157/KL** on the back of better pricing and lower weighted average cost of inventory (due to shipment delays) which will rise in Q4. Long-term guidance of Rs5,000-6,000/KL.
  - Global transformer oil volume rose ~16% YoY and should grow in double digits going forward, while overall segment volume will grow at ~5%.
  - Lubricants revenue/volume rose 18%/5% YoY to Rs2.8bn/17,945 KL.
- **Expect Cables segment to grow at ~25% CAGR** over next few years with growing electricity usage. APR is a major player in wind energy, hence it stands to benefit from government scheme to upgrade old wind farms.
- Rs2.25bn out of planned Rs3bn capex in FY24 has been spent. Going forward, expect Rs3bn annual capex with a large portion to be spent on greenfield expansion and de-bottlenecking in Conductors and Cables segments.

## Financials

### Income Statement (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Net Revenues</b>	<b>1,43,522</b>	<b>1,61,567</b>	<b>1,90,808</b>	<b>2,24,408</b>
YoY gr. (%)	54.0	12.6	18.1	17.6
Cost of Goods Sold	1,07,088	1,20,976	1,43,443	1,68,254
Gross Profit	36,434	40,591	47,365	56,154
Margin (%)	25.4	25.1	24.8	25.0
Employee Cost	2,205	2,779	3,015	3,546
Other Expenses	21,960	22,619	28,621	33,661
<b>EBITDA</b>	<b>12,270</b>	<b>15,193</b>	<b>15,729</b>	<b>18,948</b>
YoY gr. (%)	124.0	23.8	3.5	20.5
Margin (%)	8.5	9.4	8.2	8.4
Depreciation and Amortization	1,043	1,245	1,519	1,769
<b>EBIT</b>	<b>11,226</b>	<b>13,947</b>	<b>14,209</b>	<b>17,178</b>
Margin (%)	7.8	8.6	7.4	7.7
Net Interest	3,055	3,910	3,977	3,990
Other Income	375	614	611	741
<b>Profit Before Tax</b>	<b>8,546</b>	<b>10,652</b>	<b>10,844</b>	<b>13,929</b>
Margin (%)	6.0	6.6	5.7	6.2
Total Tax	2,168	2,684	2,733	3,510
Effective tax rate (%)	25.4	25.2	25.2	25.2
<b>Profit after tax</b>	<b>6,377</b>	<b>7,967</b>	<b>8,111</b>	<b>10,419</b>
Minority interest	-	-	-	-
Share Profit from Associate	-	-	-	-
<b>Adjusted PAT</b>	<b>6,377</b>	<b>7,967</b>	<b>8,111</b>	<b>10,419</b>
YoY gr. (%)	148.5	24.9	1.8	28.5
Margin (%)	4.4	4.9	4.3	4.6
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>6,377</b>	<b>7,967</b>	<b>8,111</b>	<b>10,419</b>
YoY gr. (%)	148.5	24.9	1.8	28.5
Margin (%)	4.4	4.9	4.3	4.6
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,377	7,967	8,111	10,419
<b>Equity Shares O/s (m)</b>	<b>38</b>	<b>40</b>	<b>40</b>	<b>40</b>
<b>EPS (Rs)</b>	<b>166.6</b>	<b>198.3</b>	<b>201.9</b>	<b>259.4</b>

Source: Company Data, PL Research

### Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Non-Current Assets</b>				
<b>Gross Block</b>	<b>14,827</b>	<b>18,327</b>	<b>20,827</b>	<b>23,827</b>
Tangibles	14,814	18,314	20,814	23,814
Intangibles	14	14	14	14
<b>Acc: Dep / Amortization</b>	<b>5,320</b>	<b>6,566</b>	<b>8,085</b>	<b>9,854</b>
Tangibles	5,320	6,566	8,085	9,854
Intangibles	-	-	-	-
<b>Net fixed assets</b>	<b>9,507</b>	<b>11,762</b>	<b>12,742</b>	<b>13,973</b>
Tangibles	9,494	11,748	12,729	13,960
Intangibles	14	14	14	14
Capital Work In Progress	991	1,091	1,091	1,091
Goodwill	-	-	-	-
Non-Current Investments	67	42	42	42
Net Deferred tax assets	(217)	(217)	(217)	(217)
Other Non-Current Assets	1,153	1,939	2,480	3,142
<b>Current Assets</b>				
Investments	501	8,501	5,501	3,501
Inventories	25,756	30,100	36,593	43,652
Trade receivables	32,256	37,182	44,957	53,489
Cash & Bank Balance	5,301	6,540	7,379	8,346
Other Current Assets	6,008	6,980	8,777	10,323
<b>Total Assets</b>	<b>82,177</b>	<b>1,04,863</b>	<b>1,20,803</b>	<b>1,39,017</b>
<b>Equity</b>				
Equity Share Capital	383	402	402	402
Other Equity	21,981	37,539	43,217	50,510
<b>Total Network</b>	<b>22,364</b>	<b>37,941</b>	<b>43,619</b>	<b>50,912</b>
<b>Non-Current Liabilities</b>				
Long Term borrowings	1,514	1,814	1,814	1,664
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
<b>Current Liabilities</b>				
ST Debt / Current of LT Debt	1,528	1,528	1,528	1,528
Trade payables	52,066	58,430	68,482	79,311
Other current liabilities	4,488	4,934	5,144	5,385
<b>Total Equity &amp; Liabilities</b>	<b>82,177</b>	<b>1,04,863</b>	<b>1,20,803</b>	<b>1,39,017</b>

Source: Company Data, PL Research



## Cash Flow (Rs m)

Y/e Mar	FY23	FY24E	FY25E	FY26E
PBT	8,546	10,652	10,844	13,929
Add. Depreciation	1,043	1,245	1,519	1,769
Add. Interest	1,553	3,910	3,977	3,990
Less Financial Other Income	375	614	611	741
Add. Other	794	-	-	-
Op. profit before WC changes	11,936	15,807	16,339	19,688
Net Changes-WC	(2,763)	(4,284)	(6,858)	(6,946)
Direct tax	2,190	2,684	2,733	3,510
<b>Net cash from Op. activities</b>	<b>6,983</b>	<b>8,839</b>	<b>6,749</b>	<b>9,232</b>
Capital expenditures	(2,467)	(3,600)	(2,500)	(3,000)
Interest / Dividend Income	-	-	-	-
Others	(222)	(8,000)	3,000	2,000
<b>Net Cash from Invt. activities</b>	<b>(2,689)</b>	<b>(11,600)</b>	<b>500</b>	<b>(1,000)</b>
Issue of share cap. / premium	-	-	-	-
Debt changes	(67)	300	-	(150)
Dividend paid	(574)	(2,390)	(2,433)	(3,126)
Interest paid	(1,200)	(3,910)	(3,977)	(3,990)
Others	-	10,000	-	-
<b>Net cash from Fin. activities</b>	<b>(1,841)</b>	<b>4,000</b>	<b>(6,410)</b>	<b>(7,265)</b>
<b>Net change in cash</b>	<b>2,453</b>	<b>1,239</b>	<b>839</b>	<b>967</b>
Free Cash Flow	4,505	5,239	4,249	6,232

Source: Company Data, PL Research

## Key Financial Metrics

Y/e Mar	FY23	FY24E	FY25E	FY26E
<b>Per Share(Rs)</b>				
EPS	166.6	198.3	201.9	259.4
CEPS	193.9	229.3	239.7	303.4
BVPS	584.4	944.5	1,085.9	1,267.4
FCF	117.7	130.4	105.8	155.1
DPS	40.0	59.5	60.6	77.8
<b>Return Ratio(%)</b>				
RoCE	49.4	41.8	32.2	34.0
ROIC	49.5	57.0	34.0	33.2
RoE	32.3	26.4	19.9	22.0
<b>Balance Sheet</b>				
Net Debt : Equity (x)	(0.1)	(0.3)	(0.2)	(0.2)
Net Working Capital (Days)	15	20	25	29
<b>Valuation(x)</b>				
PER	36.4	30.6	30.1	23.4
P/B	10.4	6.4	5.6	4.8
P/CEPS	31.3	26.5	25.3	20.0
EV/EBITDA	18.7	15.3	14.9	12.4
EV/Sales	1.6	1.4	1.2	1.0
Dividend Yield (%)	0.7	1.0	1.0	1.3

Source: Company Data, PL Research

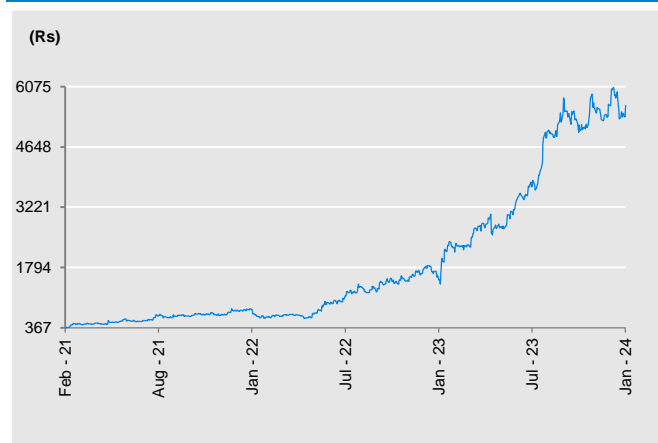
## Quarterly Financials (Rs m)

Y/e Mar	Q4FY23	Q1FY24	Q2FY24	Q3FY24
<b>Net Revenue</b>	<b>40,886</b>	<b>37,730</b>	<b>39,260</b>	<b>40,132</b>
YoY gr. (%)	35.7	22.0	21.4	1.9
Raw Material Expenses	29,820	28,475	29,793	29,738
Gross Profit	11,066	9,255	9,467	10,393
Margin (%)	27.1	24.5	24.1	25.9
<b>EBITDA</b>	<b>4,239</b>	<b>3,462</b>	<b>3,498</b>	<b>4,050</b>
YoY gr. (%)	144.3	45.8	54.8	18.0
Margin (%)	10.4	9.2	8.9	10.1
Depreciation / Depletion	273	272	282	288
<b>EBIT</b>	<b>3,966</b>	<b>3,189</b>	<b>3,216</b>	<b>3,762</b>
Margin (%)	9.7	8.5	8.2	9.4
Net Interest	791	696	1,031	1,128
Other Income	107	139	188	210
<b>Profit before Tax</b>	<b>3,282</b>	<b>2,632</b>	<b>2,373</b>	<b>2,844</b>
Margin (%)	8.0	7.0	6.0	7.1
Total Tax	855	657	629	667
Effective tax rate (%)	26.0	25.0	26.5	23.5
<b>Profit after Tax</b>	<b>2,428</b>	<b>1,975</b>	<b>1,744</b>	<b>2,176</b>
Minority interest	-	-	-	-
Share Profit from Associates	-	-	(5)	(1)
<b>Adjusted PAT</b>	<b>2,427</b>	<b>1,974</b>	<b>1,739</b>	<b>2,176</b>
YoY gr. (%)	193.8	61.2	69.4	28.1
Margin (%)	5.9	5.2	4.4	5.4
Extra Ord. Income / (Exp)	-	-	-	-
<b>Reported PAT</b>	<b>2,427</b>	<b>1,974</b>	<b>1,739</b>	<b>2,176</b>
YoY gr. (%)	193.8	61.2	69.4	28.1
Margin (%)	5.9	5.2	4.4	5.4
Other Comprehensive Income	-	-	-	-
<b>Total Comprehensive Income</b>	<b>2,427</b>	<b>1,974</b>	<b>1,739</b>	<b>2,176</b>
Avg. Shares O/s (m)	38	38	38	40
<b>EPS (Rs)</b>	<b>63.4</b>	<b>51.6</b>	<b>45.4</b>	<b>54.2</b>

Source: Company Data, PL Research

## Price Chart

## Recommendation History



No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Jan-24	Accumulate	5,776	5,950
2	26-Oct-23	Accumulate	5,630	5,165
3	05-Oct-23	Accumulate	5,499	5,393
4	28-Sep-23	Accumulate	5,418	5,486
5	29-Aug-23	Accumulate	5,418	5,047
6	01-Aug-23	Accumulate	4,100	3,782
7	06-Jul-23	BUY	3,725	3,493
8	14-Jun-23	BUY	3,725	2,993
9	09-May-23	BUY	3,832	3,056
10	11-Apr-23	UR	-	2,695

## Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	4,984	4,753
2	Apar Industries	Accumulate	5,776	5,950
3	Bharat Electronics	Accumulate	143	184
4	BHEL	UR	-	195
5	Carborundum Universal	BUY	1,408	1,132
6	Cummins India	Hold	1,811	2,005
7	Engineers India	BUY	166	199
8	GE T&D India	UR	-	585
9	Grindwell Norton	BUY	2,604	2,283
10	Harsha Engineers International	Accumulate	415	395
11	Hindustan Aeronautics	BUY	2,266	2,996
12	Kalpataru Projects International	BUY	740	737
13	KEC International	Hold	645	612
14	Larsen & Toubro	BUY	3,437	3,501
15	Praj Industries	Accumulate	611	540
16	Siemens	Accumulate	4,359	4,020
17	Thermax	Hold	2,771	3,200
18	Triveni Turbine	Accumulate	450	407
19	Voltamp Transformers	Hold	7,619	7,910

## PL's Recommendation Nomenclature (Absolute Performance)

<b>Buy</b>	: > 15%
<b>Accumulate</b>	: 5% to 15%
<b>Hold</b>	: +5% to -5%
<b>Reduce</b>	: -5% to -15%
<b>Sell</b>	: < -15%
<b>Not Rated (NR)</b>	: No specific call on the stock
<b>Under Review (UR)</b>	: Rating likely to change shortly





## ANALYST CERTIFICATION

### (Indian Clients)

We/I, Mr. Amit Anwani- MBA (Finance), Mr. Shirom Kapur- BSc, Passed CFA Level III Research Analysts, authors and the names subscribed to this report, hereby certify that all of the views expressed in this research report accurately reflect our views about the subject issuer(s) or securities. We also certify that no part of our compensation was, is, or will be directly or indirectly related to the specific recommendation(s) or view(s) in this report.

### (US Clients)

The research analysts, with respect to each issuer and its securities covered by them in this research report, certify that: All of the views expressed in this research report accurately reflect his or her or their personal views about all of the issuers and their securities; and No part of his or her or their compensation was, is or will be directly related to the specific recommendation or views expressed in this research report.

## DISCLAIMER

### Indian Clients

Prabhudas Lilladher Pvt. Ltd, Mumbai, India (hereinafter referred to as "PL") is engaged in the business of Stock Broking, Portfolio Manager, Depository Participant and distribution for third party financial products. PL is a subsidiary of Prabhudas Lilladher Advisory Services Pvt Ltd. which has its various subsidiaries engaged in business of commodity broking, investment banking, financial services (margin funding) and distribution of third party financial/other products, details in respect of which are available at [www.plindia.com](http://www.plindia.com).

This document has been prepared by the Research Division of PL and is meant for use by the recipient only as information and is not for circulation. This document is not to be reported or copied or made available to others without prior permission of PL. It should not be considered or taken as an offer to sell or a solicitation to buy or sell any security.

The information contained in this report has been obtained from sources that are considered to be reliable. However, PL has not independently verified the accuracy or completeness of the same. Neither PL nor any of its affiliates, its directors or its employees accepts any responsibility of whatsoever nature for the information, statements and opinion given, made available or expressed herein or for any omission therein.

Recipients of this report should be aware that past performance is not necessarily a guide to future performance and value of investments can go down as well. The suitability or otherwise of any investments will depend upon the recipient's particular circumstances and, in case of doubt, advice should be sought from an independent expert/advisor.

Either PL or its affiliates or its directors or its employees or its representatives or its clients or their relatives may have position(s), make market, act as principal or engage in transactions of securities of companies referred to in this report and they may have used the research material prior to publication.

PL may from time to time solicit or perform investment banking or other services for any company mentioned in this document.

PL is a registered with SEBI under the SEBI (Research Analysts) Regulation, 2014 and having registration number INH000000271.

PL submits that no material disciplinary action has been taken on us by any Regulatory Authority impacting Equity Research Analysis activities.

PL or its research analysts or its associates or his relatives do not have any financial interest in the subject company.

PL or its research analysts or its associates or his relatives do not have actual/beneficial ownership of one per cent or more securities of the subject company at the end of the month immediately preceding the date of publication of the research report.

PL or its research analysts or its associates or his relatives do not have any material conflict of interest at the time of publication of the research report.

PL or its associates might have received compensation from the subject company in the past twelve months.

PL or its associates might have managed or co-managed public offering of securities for the subject company in the past twelve months or mandated by the subject company for any other assignment in the past twelve months.

PL or its associates might have received any compensation for investment banking or merchant banking or brokerage services from the subject company in the past twelve months.

PL or its associates might have 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

PL or its associates might have received any compensation or other benefits from the subject company or third party in connection with the research report.

PL encourages independence in research report preparation and strives to minimize conflict in preparation of research report. PL or its analysts did not receive any compensation or other benefits from the subject Company or third party in connection with the preparation of the research report. PL or its Research Analysts do not have any material conflict of interest at the time of publication of this report.

It is confirmed that Mr. Amit Anwani- MBA (Finance), Mr. Shirom Kapur- BSc, Passed CFA Level III Research Analysts of this report have not received any compensation from the companies mentioned in the report in the preceding twelve months

Compensation of our Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions.

The Research analysts for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

The research analysts for this report has not served as an officer, director or employee of the subject company PL or its research analysts have not engaged in market making activity for the subject company

Our sales people, traders, and other professionals or affiliates may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest.

PL and its associates, their directors and employees may (a) from time to time, have a long or short position in, and buy or sell the securities of the subject company or (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the subject company or act as an advisor or lender/borrower to the subject company or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.

### US Clients

This research report is a product of Prabhudas Lilladher Pvt. Ltd., which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by Prabhudas Lilladher Pvt. Ltd. only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, Prabhudas Lilladher Pvt. Ltd. has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo").

Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

**Prabhudas Lilladher Pvt. Ltd.**

3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

[www.plindia.com](http://www.plindia.com)