

July 26, 2023

Q1FY24 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY24E	FY25E	FY24E	FY25E
Rating	BUY		BUY	
Target Price	2,955		2,615	
Sales (Rs. m)	20,74,700	23,08,774	20,71,710	22,99,251
% Chng.	0.1	0.4		
EBITDA (Rs. m)	2,40,111	2,75,171	2,41,211	2,74,333
% Chng.	(0.5)	0.3		
EPS (Rs.)	88.1	104.7	88.6	104.2
% Chng.	(0.6)	0.5		

Key Financials - Consolidated

Y/e Mar	FY22	FY23	FY24E	FY25E
Sales (Rs. bn)	1,565	1,833	2,075	2,309
EBITDA (Rs. bn)	182	208	240	275
Margin (%)	11.6	11.3	11.6	11.9
PAT (Rs. bn)	86	104	124	147
EPS (Rs.)	61.2	73.8	88.1	104.7
Gr. (%)	63.5	20.6	19.3	18.9
DPS (Rs.)	22.0	24.0	23.8	30.4
Yield (%)	0.9	0.9	0.9	1.2
RoE (%)	10.9	12.1	13.0	13.7
RoCE (%)	7.4	8.3	9.4	10.2
EV/Sales (x)	2.8	2.3	2.0	1.8
EV/EBITDA (x)	23.8	20.2	17.4	15.0
PE (x)	41.8	34.7	29.1	24.4
P/BV (x)	4.4	4.0	3.6	3.2

Key Data

LART.BO | LT IN

52-W High / Low	Rs.2,638 / Rs.1,742
Sensex / Nifty	66,342 / 19,672
Market Cap	Rs.3,598bn/ \$ 43,954m
Shares Outstanding	1,406m
3M Avg. Daily Value	Rs.4710.07m

Shareholding Pattern (%)

Promoter's	-
Foreign	24.48
Domestic Institution	38.77
Public & Others	36.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	7.1	17.7	43.6
Relative	1.7	6.8	20.7

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Healthy performance, strong order prospects

Quick Pointers:

- 9MFY24 tender prospects stands strong at ~Rs10.1trn (up 34% YoY).
- Board approved share buyback amounting to Rs100bn (2.4% of equity share capital) at an offer price upto Rs3,000/shares.

Larsen & Toubro (LT) reported healthy set of quarterly performance with consolidated revenue growth of ~34% YoY, while margins contracted 86bps YoY, due to business mix and legacy project reaching completion. Margins are likely to improve from H2FY24, with legacy orders likely to be completed by Q2/Q3FY24 and new projects reaching margin recognition threshold. NWC to sales improved to 17% in Q1FY24 vs 20.6% in Q1FY23, owing to strong cash collections with FY24 guidance maintained at 16-18%. Tender prospects from infrastructure stands at Rs5.85trn, Hydrocarbon-Rs3.47trn, Power-Rs0.45trn and Hi-Tech-Rs0.29trn. Management is confident to achieve its ROE target of 18%+ by FY26, driven by strong business outlook, prudent balance sheet management and returning surplus cash to shareholders (announced Rs100bn buyback & special dividend).

We believe L&T is well-placed to benefit in long run with 1) strong tender prospects, 2) better order conversion in domestic market, 3) significant traction in hydrocarbon and 4) renewable energy orders from international markets like Saudi Arabia and expected uptick in private capex in domestic market. The stock is currently trading at PE of 29.1x/24.4x FY24/25E. Maintain 'BUY' rating with revised SoTP of Rs2,955 (Rs2,615 earlier), valuing core business at PE of 22x FY25E, (21x earlier), given strong revenue visibility, prudent NWC management and improving Hyderabad Metro operational performance.

Robust execution drives revenue growth of ~34% YoY: Consolidated sales reported strong growth of 33.6% YoY to ~Rs478.8bn (PLe ~Rs403bn), driven by growth across segment expect Development projects. EBITDA came in at ~Rs48.7bn (up 23.2% YoY) (PLe ~Rs45.6bn), while EBITDA margins declined 86bps YoY to 10.2%, partly aided by better absorption of fixed overheads. Gross margins declined to 38.8% in Q1FY24 vs 45.5% in Q1FY23. Adj. PAT grew ~46.5% YoY to Rs24.9bn (PLe Rs21.3bn), driven by higher other income (up ~64.9% YoY to Rs11.5bn). While on standalone basis revenues grew 33.2% YoY to Rs269bn. EBITDA grew 21.2% YoY to Rs18.7bn, while margins declined by 69bps YoY to 7%, impacted due to business mix. Adj. PAT grew 53% YoY to Rs13.9bn, aided by higher other income (up ~51% YoY to Rs8.6bn).

Strong order book position of Rs4.1trn: Order inflows came at Rs655.2bn in Q1FY24 up 56.7% YoY, driven by order wins in Infrastructure (up118% YoY to Rs400bn), Energy (up 67% YoY to ~Rs72bn). Hi-tech segment order inflow were down 70% YoY to Rs10.5bn, owing to high base across diverse segments like Rail, Renewables, Rural Water Supply, T&D, IT & Office Space and Onshore & Offshore verticals of the Hydrocarbon business. Order book stands strong at ~Rs4.1trn (2.1x TTM revenue), up 13.5% YoY as on 1QFY23.

Exhibit 1: Robust execution and higher other income drives PAT growth of ~47% YoY

Y/e March (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY gr. (%)	QoQ gr. (%)	FY23	FY22	YoY gr. (%)
Revenue	358,532	427,626	463,897	583,352	478,824	33.6	(17.9)	1,833,407	1,565,212	17.1
Total Revenues	358,532	427,626	463,897	583,352	478,824	33.6	(17.9)	1,833,407	1,565,212	17.1
Expenditure	318,998	378,688	413,167	515,022	430,137	34.8	(16.5)	1,625,874	1,383,039	17.6
<i>as % of sales</i>	<i>89.0</i>	<i>88.6</i>	<i>89.1</i>	<i>88.3</i>	<i>89.8</i>			<i>88.7</i>	<i>88.4</i>	
Consumption of RM	195,308	252,850	278,072	379,659	293,157	50.1	(22.8)	1,105,888	937,860	17.9
<i>as % of sales</i>	<i>54.5</i>	<i>59.1</i>	<i>59.9</i>	<i>65.1</i>	<i>61.2</i>			<i>60.3</i>	<i>59.9</i>	
Employee Cost	85,461	91,544	95,325	99,811	98,894	15.7	(0.9)	372,141	297,335	25.2
<i>as % of sales</i>	<i>23.8</i>	<i>21.4</i>	<i>20.5</i>	<i>17.1</i>	<i>20.7</i>			<i>20.3</i>	<i>19.0</i>	
Other expenditure	38,229	34,294	39,770	35,552	38,087	(0.4)	7.1	147,845	147,844	0.0
<i>as % of sales</i>	<i>10.7</i>	<i>8.0</i>	<i>8.6</i>	<i>6.1</i>	<i>8.0</i>			<i>8.1</i>	<i>9.4</i>	
EBITDA	39,534	48,938	50,730	68,330	48,686	23.2	(28.7)	207,533	182,173	13.9
Depreciation	9,634	8,602	8,252	8,535	8,305	(13.8)	(2.7)	35,023	29,480	18.8
EBIT	29,900	40,337	42,479	59,795	40,382	35.1	(32.5)	172,510	152,694	13.0
Other Income	6,947	7,385	7,550	7,409	11,456	64.9	54.6	29,292	22,671	29.2
Interest	7,561	8,357	8,025	8,130	8,514	12.6	4.7	32,072	31,257	2.6
Exceptional Items	-	-	(1,360)	-	-			(1,360)	(969)	
PBT	29,287	39,366	43,364	59,074	43,324	47.9	(26.7)	171,090	145,077	17.9
Total Tax	6,357	11,174	12,705	14,606	12,163	91.3	(16.7)	44,842	42,166	6.3
PAT before Minority interest	22,930	28,192	30,659	44,467	31,161	35.9	(29.9)	126,249	102,911	22.7
Minority Interest	(5,263)	(5,563)	(5,055)	(4,718)	(6,026)	-	-	(20,599)	(17,499)	-
PAT after MI	17,668	22,629	25,604	39,749	25,135	42.3	(36.8)	105,650	85,411	23.7
Share in profit/(loss) after tax of joint ventures/associates (net)	(647)	(339)	(75)	118	(205)			(943)	1,282	
PAT From Continued Operation	17,021	22,290	25,529	39,868	24,930	46.5	(37.5)	104,707	86,693	20.8
Adjusted PAT from continued operation	17,021	22,290	24,568	39,868	24,930	46.5	(37.5)	103,704	86,006	20.6
Adjusted EPS	12.1	15.9	17.5	28.4	17.8	46.5	(37.5)	73.9	61.3	20.6
Margins (%)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	bps	bps	FY23	FY22	bps
EBIDTA	11.0	11.4	10.9	11.7	10.2	(86)	(155)	11.3	11.6	(32)
EBIT	8.3	9.4	9.2	10.3	8.4	9	(182)	9.4	9.8	(35)
EBT	8.2	9.2	9.3	10.1	9.0	88	(108)	9.3	9.3	6
PAT	4.7	5.2	5.5	6.8	5.2	46	(163)	5.7	5.5	17
Effective Tax rate	21.7	28.4	29.3	24.7	28.1	637	335	26.2	29.1	(286)

Source: Company, PL

Exhibit 2: Strong growth across segment except for Development Projects

Y/e March (Rs mn)	Q1FY23	Q2FY23	Q3FY23	Q4FY23	Q1FY24	YoY gr. (%)	QoQ gr. (%)	FY23	FY22	YoY gr. (%)
Segment Revenue										
Infrastructure Projects	144,005	196,682	222,057	315,488	223,956	55.5	(29.0)	878,232	735,601	19.4
Energy Projects	50,875	55,934	63,462	79,292	66,904	31.5	(15.6)	249,563	237,134	5.2
Hi-Tech Manufacturing	13,881	15,889	18,631	23,208	19,683	41.8	(15.2)	71,609	62,645	14.3
IT & Technology Services	95,923	101,839	106,051	110,143	109,607	14.3	(0.5)	409,885	324,553	26.3
Financial Services	29,581	31,519	33,486	31,163	30,196	2.1	(3.1)	125,749	119,711	5.0
Development Projects	13,454	13,446	11,067	12,321	12,964	(3.6)	5.2	50,288	43,675	15.1
Others	14,999	17,432	15,360	18,855	23,472	56.5	24.5	70,715	62,619	12.9
Total	362,718	432,741	470,112	590,470	486,782	34.2	(17.6)	1,856,040	1,585,938	17.0
Less: Inter-segment revenue	4,185	5,115	6,214	7,118	7,959	90.2	11.8	22,633	20,726	9.2
Net segment revenue	358,532	427,626	463,897	583,352	478,824	33.6	(17.9)	1,833,407	1,565,212	17.1
Segment EBIT										
Infrastructure Projects	6,862	10,668	13,042	20,830	8,502	23.9	(59.2)	51,402	51,824	-0.8
Energy Projects	3,797	4,192	4,966	7,712	5,571	46.7	(27.8)	20,667	16,401	26.0
Hi-Tech Manufacturing	1,503	2,216	2,480	3,753	2,544	69.3	(32.2)	9,952	10,039	-0.9
IT & Technology Services	17,728	18,872	17,053	18,391	19,174	8.2	4.3	71,717	63,205	13.5
Financial Services	3,556	6,132	6,304	6,596	7,140	100.8	8.3	22,588	14,698	53.7
Development Projects	(211)	(115)	(56)	4,300	1,230	NA	(71.4)	3,918	(2,306)	NA
Others	2,504	2,427	2,645	3,562	3,826	52.8	7.4	11,464	10,158	12.9
Total	35,738	44,393	46,434	65,143	47,988	34.3	(26.3)	191,740	164,020	16.9
Segment EBIT margins.										
Infrastructure Projects	4.8	5.4	5.9	6.6	3.8			5.9	7.0	
Energy Projects	7.5	7.5	7.8	9.7	8.3			8.3	6.9	
Hi-Tech Manufacturing	10.8	13.9	13.3	16.2	12.9			13.9	16.0	
IT & Technology Services	18.5	18.5	16.1	16.7	17.5			17.5	19.5	
Financial Services	12.0	19.5	18.8	21.2	23.6			18.0	12.3	
Development Projects	-1.6	-0.9	-0.5	34.9	9.5			7.8	-5.3	
Others	16.7	13.9	17.2	18.9	16.3			16.2	16.2	

Source: Company, PL

Exhibit 3: SoTP valuation – Core business is 64% of SOTP, IT Services 25% of SoTP

	Earnings / Book (Rs mn)	Valuation basis	Target multiple (X)	Stake (%)	Value (Rs bn)	Fair Value (Rs)	Basis
L&T Core Business	120,065	P/E	22	100	2,641,427	1,880	22x FY25 EPS
L&T Power development	22,897	P/B	1	100	22,897	16	1x equity investment
L&T Hyderabad Metro	37,590	P/B	1.5	100	56,385	40	1.5x equity investment
Other Business	15,133	P/B	1.5	100	22,700	16	1.5x equity investment
Total						1,953	
Subsidiaries							
L&T Finance Holdings	341,145	Target Mcap		66	225,667	161	Target MKt cap
LTI Mindtree	1,524,119	Target Mcap		69	1,047,070	745	Target MKt cap
L&T Technology Services	389,174	Target Mcap		75	291,764	208	Target MKt cap
Total Subsidiaries				10% holding co. disc.	1,329,826	1,002	
Grand total						2,955	

Source: Company, PL

Note: Target Mcap for subsidiaries are Bloomberg estimates

Conference Call Highlights

- Tender prospects for 9MFY24 stand at Rs10.07trn vs Rs7.52trn in Q1FY23, comprising of infrastructure (Rs5.85trn vs Rs5.47trn in Q1FY23), Hydrocarbon (Rs3.47trn vs Rs1.02trn in Q1FY23), Power (Rs0.45trn vs Rs0.6trn in Q1FY23) and others (Rs0.29trn).
- Tender Prospects is higher compared to full year prospect guided earlier (in Q4FY23 concall) of Rs9.73trn mainly due to increased prospects from hydrocarbon business (Rs3.47trn guided in Q1FY24 vs Rs2.44trn in Q4FY23) mainly from Middle East market.
- **Guidance:** Maintained FY24 order inflow guidance of 10-12% YoY growth, revenue growth of 12-15% and core margins at ~9%. NWC to sales to be 16-18% for FY24.
- NWC to sales ratio saw a ~360bps YoY improvement at 17%, led by better customer collections. Cash collection in Q1FY24 stood at Rs4.4bn vs Rs3.4bn in Q1FY23.
- Margins during the quarter were impacted due to job mix and legacy projects coming near completion. With completion of legacy projects in Q2FY24 or Q3FY24, EBITDA margins are expected to improve from H2FY24.
- **Order book (OB):** OB as on Q1FY24 stands at Rs4.1trn is at a record high out of which domestic accounts for 71% and international 29%. 23% of the order book is funded by bilateral and multilateral institutions.
 - International comprised of Middle East (87%), Africa (5%) and RoW. The company sees healthy opportunities in Middle East from hydrocarbon and thrust on green energy.
 - Domestic order book is comprised of Central Govt (12%), State Govts (29%), State PSU (39%) and private players (20%).
- **Project and Manufacturing segment:** Order inflow grew 79% YoY to Rs504bn, mainly from infrastructure and Hydrocarbon segment. International inflows accounted for 35% vs 33% in Q1FY23. Off the domestic private share accounted for 24% vs 32% in Q1FY23.
- **Investment:** Plan to invest ~Rs5bn in its subsidiary L&T Energy Green Tech Ltd towards an electrolyzer capacity that will cater up to 4MW. This facility will be commissioned in 9 months in Hazira.
- **Share Buyback:** The board approved a buyback of 2.4% of the fully paid-up equity share capital at an offer price upto Rs3,000/share amounting to Rs100bn. It also announced a special dividend of Rs6/share subject to shareholder approval.
- **Infrastructure:** Secured orders worth Rs400bn (up 117% YoY), driven by traction in renewables, water & effluent treatment, power T&D, Minerals and Metals commercial and residential real estate. Tender prospects stands at Rs5.85trn comprising of Transportation infrastructure (23%), B&F (21%), Water (18%), Power T&D including renewables (15%), Minerals & Metals (6%).

EBITDA Margins were impacted (5.1% vs 6.5% in Q1FY23) due to Job mix and legacy order near completion.

- **Energy Projects (Hydrocarbon and Power):** Revenue at Rs66.8bn grew by 32% YoY led by execution momentum in Hydrocarbons, while lower execution in Power segment is reflective of depleting OB. Order inflow came in at Rs72.5bn up 66% YoY, driven by multiple international orders in Hydrocarbon, while it was muted in Power business. Order prospects for 9MFY24 stands at Rs3.92trn comprising of Hydrocarbon Rs3.47trn (Offshore ~ Rs1trn and Onshore Rs2.5trn). Opportunity size is very robust in GCC and ample for all players to benefit. EBITDA margins improved to 9.1% vs 8.5% YoY, due to execution of cost saving power and hydrocarbon projects.
- **Hi-Tech Manufacturing (Heavy Engineering and Defence Engineering):** Order inflow came in at Rs10.5bn (down 70% YoY on high base) and deferrals in Heavy Engineering & Defence orders. Revenue grew ~40% driven by healthy execution in Defence as well as Heavy Engineering segment. Margins expanded by ~170bps YoY due to cost savings measures.
- **Development Projects:** Revenue de-grew by 4% YoY at Rs12.9bn owing to lower power demand due to moderate summer impacting Nabha Power revenue. Margins were higher due to consolidation of Nabha profits led by increase in benchmark valuations.

 - **Hyderabad Metro:** Average ridership in Q1FY24 stood at 4,22,000 vs 2,85,000 in Q1FY23. Received assistance from state government till date of Rs5.5bn (Rs10bn each year to be received as assistance in FY24 and FY25).

Financials

Income Statement (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Net Revenues	15,65,212	18,33,407	20,74,700	23,08,774
YoY gr. (%)	15.1	17.1	13.2	11.3
Cost of Goods Sold	5,26,910	6,49,436	6,46,269	7,20,338
Gross Profit	10,38,302	11,83,971	14,28,431	15,88,437
Margin (%)	66.3	64.6	68.9	68.8
Employee Cost	2,97,335	3,72,141	4,33,544	4,85,570
Other Expenses	1,63,226	2,00,208	2,26,142	2,42,421
EBITDA	1,82,173	2,07,533	2,40,111	2,75,171
YoY gr. (%)	16.6	13.9	15.7	14.6
Margin (%)	11.6	11.3	11.6	11.9
Depreciation and Amortization	29,480	35,023	38,285	41,835
EBIT	1,52,694	1,72,510	2,01,826	2,33,336
Margin (%)	9.8	9.4	9.7	10.1
Net Interest	31,257	32,072	31,684	32,809
Other Income	22,671	29,292	28,216	31,168
Profit Before Tax	1,45,077	1,71,090	1,98,358	2,31,696
Margin (%)	9.3	9.3	9.6	10.0
Total Tax	42,166	44,842	51,970	60,704
Effective tax rate (%)	29.1	26.2	26.2	26.2
Profit after tax	1,02,911	1,26,249	1,46,388	1,70,992
Minority interest	17,499	20,599	21,629	22,710
Share Profit from Associate	(1,282)	943	1,037	1,140
Adjusted PAT	86,006	1,03,704	1,23,722	1,47,141
YoY gr. (%)	63.6	20.6	19.3	18.9
Margin (%)	5.5	5.7	6.0	6.4
Extra Ord. Income / (Exp)	688	1,003	-	-
Reported PAT	86,693	1,04,707	1,23,722	1,47,141
YoY gr. (%)	159.2	20.8	18.2	18.9
Margin (%)	5.5	5.7	6.0	6.4
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	86,693	1,04,707	1,23,722	1,47,141
Equity Shares O/s (m)	1,405	1,405	1,405	1,405
EPS (Rs)	61.2	73.8	88.1	104.7

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
Non-Current Assets				
Gross Block	4,84,760	5,05,162	5,30,162	5,55,162
Tangibles	2,02,018	2,24,552	2,49,552	2,74,552
Intangibles	2,82,742	2,80,610	2,80,610	2,80,610
Acc: Dep / Amortization	96,229	1,11,189	1,49,475	1,91,310
Tangibles	96,229	1,11,189	1,49,475	1,91,310
Intangibles	-	-	-	-
Net fixed assets	3,88,531	3,93,973	3,80,687	3,63,852
Tangibles	1,05,789	1,13,363	1,00,078	83,242
Intangibles	2,82,742	2,80,610	2,80,610	2,80,610
Capital Work In Progress	11,703	29,491	29,491	29,491
Goodwill	-	-	-	-
Non-Current Investments	6,29,266	5,58,278	7,14,894	8,55,621
Net Deferred tax assets	18,008	33,544	33,544	33,544
Other Non-Current Assets	60,776	59,890	62,241	69,263
Current Assets				
Investments	2,97,925	3,55,734	3,85,734	3,95,734
Inventories	59,433	68,288	79,578	88,556
Trade receivables	4,61,389	4,47,315	4,94,518	5,50,311
Cash & Bank Balance	1,89,532	2,25,196	2,41,199	2,79,433
Other Current Assets	6,09,637	6,69,092	6,63,904	6,97,250
Total Assets	31,72,088	32,63,675	35,16,979	38,00,501
Equity				
Equity Share Capital	2,810	2,810	2,810	2,810
Other Equity	8,21,267	8,90,449	10,03,432	11,31,752
Total Network	8,24,077	8,93,259	10,06,242	11,34,563
Non-Current Liabilities				
Long Term borrowings	9,29,913	8,76,171	8,76,171	8,76,171
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	3,04,770	3,08,963	3,23,963	3,38,963
Trade payables	5,11,442	4,97,841	5,62,727	6,26,216
Other current liabilities	4,90,234	5,78,572	6,39,008	7,15,720
Total Equity & Liabilities	31,72,088	32,63,675	35,16,979	38,00,501

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY22	FY23	FY24E	FY25E
PBT	1,44,107	1,69,730	1,98,358	2,31,696
Add. Depreciation	29,480	35,023	38,285	41,835
Add. Interest	31,257	32,072	31,684	32,809
Less Financial Other Income	22,671	29,292	28,216	31,168
Add. Other	(15,253)	(11,575)	-	-
Op. profit before WC changes	1,89,591	2,25,250	2,68,327	3,06,340
Net Changes-WC	47,566	53,791	51,867	27,431
Direct tax	(45,521)	(51,272)	(51,970)	(60,704)
Net cash from Op. activities	1,91,636	2,27,770	2,68,224	2,73,067
Capital expenditures	(51,961)	(68,298)	(2,02,132)	(1,74,354)
Interest / Dividend Income	11,295	17,664	-	-
Others	3,989	(32,484)	-	-
Net Cash from Inv. activities	(36,677)	(83,117)	(2,02,132)	(1,74,354)
Issue of share cap. / premium	110	103	-	-
Debt changes	(84,132)	(44,967)	15,000	15,000
Dividend paid	(25,284)	(30,914)	(33,405)	(42,671)
Interest paid	(4,072)	(4,233)	(31,684)	(32,809)
Others	(37,614)	(33,077)	-	-
Net cash from Fin. activities	(1,50,992)	(1,13,088)	(50,089)	(60,479)
Net change in cash	3,967	31,565	16,003	38,234
Free Cash Flow	1,60,530	1,86,332	2,43,224	2,48,067

Source: Company Data, PL Research

Key Financial Metrics

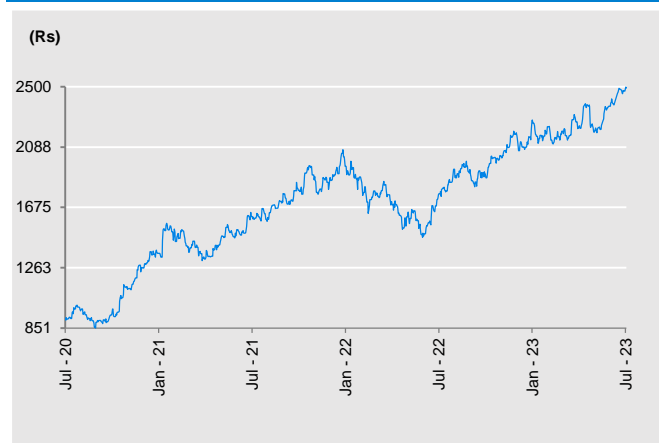
Y/e Mar	FY22	FY23	FY24E	FY25E
Per Share(Rs)				
EPS	61.2	73.8	88.1	104.7
CEPS	82.2	98.7	115.3	134.5
BVPS	586.5	635.7	716.2	807.5
FCF	114.3	132.6	173.1	176.6
DPS	22.0	24.0	23.8	30.4
Return Ratio(%)				
RoCE	7.4	8.3	9.4	10.2
ROIC	6.8	8.6	9.8	10.7
RoE	10.9	12.1	13.0	13.7
Balance Sheet				
Net Debt : Equity (x)	0.9	0.7	0.6	0.5
Net Working Capital (Days)	2	4	2	2
Valuation(x)				
PER	41.8	34.7	29.1	24.4
P/B	4.4	4.0	3.6	3.2
P/CEPS	82.2	98.7	115.3	134.5
EV/EBITDA	23.8	20.2	17.4	15.0
EV/Sales	2.8	2.3	2.0	1.8
Dividend Yield (%)	0.9	0.9	0.9	1.2

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q2FY23	Q3FY23	Q4FY23	Q1FY24
Net Revenue	4,27,626	4,63,897	5,83,352	4,78,824
YoY gr. (%)	23.0	17.3	10.4	33.6
Raw Material Expenses	2,52,850	2,78,072	3,79,659	2,93,157
Gross Profit	1,74,777	1,85,826	2,03,693	1,85,667
Margin (%)	40.9	40.1	34.9	38.8
EBITDA	48,938	50,730	68,329	48,686
YoY gr. (%)	22.5	12.0	4.9	23.2
Margin (%)	11.4	10.9	11.7	10.2
Depreciation / Depletion	8,602	8,252	8,535	8,305
EBIT	40,337	42,479	59,794	40,382
Margin (%)	9.4	9.2	10.3	8.4
Net Interest	8,357	8,025	8,130	8,514
Other Income	7,385	7,550	7,409	11,456
Profit before Tax	39,366	43,364	59,074	43,324
Margin (%)	9.2	9.3	10.1	9.0
Total Tax	11,174	12,705	14,606	12,163
Effective tax rate (%)	28.4	29.3	24.7	28.1
Profit after Tax	28,192	30,659	44,467	31,161
Minority interest	5,563	5,055	4,718	6,026
Share Profit from Associates	(339)	(75)	118	(205)
Adjusted PAT	22,290	24,568	39,868	24,930
YoY gr. (%)	27.4	19.6	10.1	46.5
Margin (%)	5.2	5.3	6.8	5.2
Extra Ord. Income / (Exp)	-	961	-	-
Reported PAT	22,290	25,529	39,868	24,930
YoY gr. (%)	22.5	24.2	10.1	46.5
Margin (%)	5.2	5.5	6.8	5.2
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	22,290	25,529	39,868	24,930
Avg. Shares O/s (m)	1,404	1,404	1,404	1,404
EPS (Rs)	15.9	17.5	28.4	17.8

Source: Company Data, PL Research

Price Chart
Recommendation History


No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	06-Jul-23	BUY	2,615	2,489
2	11-May-23	BUY	2,615	2,364
3	11-Apr-23	BUY	2,479	2,310
4	31-Jan-23	BUY	2,481	2,113
5	04-Jan-23	BUY	2,384	2,089
6	01-Nov-22	BUY	2,384	2,023
7	04-Oct-22	BUY	2,030	1,873
8	27-Jul-22	BUY	2,030	1,751

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	4,119	4,400
2	Apar Industries	BUY	3,725	3,493
3	Bharat Electronics	BUY	125	125
4	BHEL	Reduce	67	93
5	Carborundum Universal	BUY	1,501	1,203
6	Cummins India	Accumulate	1,750	1,916
7	Engineers India	Accumulate	116	120
8	GE T&D India	Hold	184	216
9	Grindwell Norton	BUY	2,604	2,191
10	Harsha Engineers International	Accumulate	475	469
11	Kalpataru Projects International	BUY	625	555
12	KEC International	Accumulate	578	598
13	Larsen & Toubro	BUY	2,615	2,489
14	Praj Industries	BUY	475	371
15	Siemens	Accumulate	4,018	3,731
16	Thermax	BUY	2,613	2,240
17	Triveni Turbine	Accumulate	416	396
18	Voltamp Transformers	Hold	3,961	4,069

PL's Recommendation Nomenclature (Absolute Performance)

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

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