Prabhudas Lilladher
POWERING YOUR FINANCIAL GROWTH

Grindwell Norton (GWN IN)

Rating: ACCUMULATE | CMP: Rs2,576 | TP: Rs2,749

June 3, 2024

Analyst Meet Update

☑ Change in Estimates | ☑ Target | ■ Reco

Change in Estimates

	Current		Previous	
	FY25E	FY26E	FY25E	FY26E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	2,749		2,512	
Sales (Rs. m)	30,798	36,475	31,542	37,213
% Chng.	*(2.4)*	*(2.0)*		
EBITDA (Rs. m)	6,123	7,496	6,397	7,725
% Chng.	*(4.3)*	*(3.0)*		
EPS (Rs.)	40.8	50.0	42.4	51.5
% Chng.	*(3.8)*	*(3.0)*		

Key Financials - Consolidated

Y/e Mar	FY23	FY24	FY25E	FY26E
Sales (Rs. m)	25,413	27,049	30,798	36,475
EBITDA (Rs. m)	4,996	5,376	6,123	7,496
Margin (%)	*19.7*	*19.9*	*19.9*	*20.6*
PAT (Rs. m)	3,619	4,020	4,518	5,534
EPS (Rs.)	32.7	36.3	40.8	50.0
Gr. (%)	*22.4*	*11.1*	*12.4*	*22.5*
DPS (Rs.)	14.5	17.0	20.4	25.0
Yield (%)	*0.6*	*0.7*	*0.8*	*1.0*
RoE (%)	*21.5*	*20.8*	*20.7*	*22.3*
RoCE (%)	*25.5*	*23.4*	*23.6*	*25.8*
EV/Sales (x)	11.0	10.3	9.0	7.6
EV/EBITDA (x)	56.0	52.0	45.5	37.0
PE (x)	78.8	70.9	63.1	51.5
P/BV (x)	15.8	13.9	12.3	10.8

Key Data	GRNN.BO | GWN IN
52-W High / Low	Rs.2,777 / Rs.1,850
Sensex / Nifty	76,469 / 23,264
Market Cap	Rs.285bn/ $ 3,430m
Shares Outstanding	111m
3M Avg. Daily Value	Rs.229.71m

Shareholding Pattern (%)

Promoter's	58.04
Foreign	8.31
Domestic Institution	15.90
Public & Others	17.75
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	21.8	22.1	23.3
Relative	17.7	7.8	0.8

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Prepared for a multi-pronged growth cycle

Quick Pointers:

- Abrasives segment expected to witness high single-digit volume growth and 14-15% revenue growth over the next few years
- Muted exports in FY24 owing to inventory destocking in US pharma and soft abrasives & ceramics demand in Europe; likely to turnaround from Q4FY25

We attended the annual investor call of Grindwell Norton (GWN) in which management highlighted its strategy to capture opportunities in domestic & international markets across its business segments. The company has plenty of opportunities to double its revenue in the next 4-5 years. It has made significant investments (~Rs6bn) in the past 3 years towards capacity expansion, acquisitions, R&D, and product innovation in order to be future ready. Once the investments begin to yield results, GWN should see healthy growth & margin improvement. The company is also leveraging its relationship with Saint-Gobain (SG) for transfer of capabilities, navigating new market segments, and support in product localization. Abrasives growth is expected to be driven by solar glass edge grinding, demand for high productivity solutions in construction & steel sectors, non-woven products in new market segments across the Middle East, ASEAN, Africa, and Europe, and backward integration in Sealants. Ceramics business has significant opportunities in armor, and the steel sector (blast furnaces, torpedo ladles, taphole clay). Performance Plastics is set to benefit from growing opportunities in Auto led by the transition to EVs, synergies in Tapes business from PRS Permacel, & strong domestic market position of SG Glass, and domestic demand for Life Sciences products.

We believe GWN will likely see long-term profitable growth on the back of its 1) focus on technologically advanced niche/high-performance products in Performance Plastics, 2) penetration in newer high-growth markets, 3) focus on tapping new verticals in Ceramics & Refractories, 4) capacity expansion in Coated Abrasives, Engineered Ceramics and Performance Plastics, and 5) strong balance sheet, operating cash flows, and return ratios (23.4% ROCE). We revise our EPS estimates by -3.8%/-3.0% factoring in the soft near-term demand in exports. The stock is trading at a P/E of 63.1x/51.5x on FY25/26E earnings. We roll forward to FY26E and maintain 'Accumulate' rating with a revised TP of Rs2,749 (Rs2,512 earlier), valuing the stock at a P/E of 55x FY26E (51x Dec-25E earlier) given the large investments made by the company to capitalize on a multitude of opportunities.

Segments Update

Abrasives: Investments & new markets to drive volumes

Abrasives revenue was up 6.5% YoY to Rs13.6bn in FY24 driven by healthy domestic volume growth, partially offset by weaker export demand in Europe, the US, and Latin America. Segment EBIT grew 5.5% YoY to Rs1.9bn, while EBIT margin declined 14bps YoY to 13.9%.

GWN has made large investments in Abrasives for the future

- It has added new lines for 1) non-woven products (particularly for consumer pads), which will be fully commissioned in a few weeks, 2) coated paper products to reduce reliance on imports, and 3) coated, bonded, and thin-wheel abrasives. It has also invested in SG factories in Nagpur and Mora.
- These investments have led to higher fixed costs in the near term, but should yield strong results in the coming years, which will help improve margins.

The company continues to roll out innovative Abrasives solutions

- It has introduced 1) a rice processing solution with 2.5-3x performance improvement, 2) a new foundry product with ~4x performance improvement, 3) solar glass edge grinding, and 4) conventional wood sanding sheets (which are seeing good demand).
- Its co-development programs with customers have also yielded an Industrial Internet of Things (IIOT) platform for adaptive grinding, which has helped global customers achieve 10-30% improvement in grinding performance.

Exhibit 1: New solutions introduced by GWN in Abrasives

Source: Company, PL

Solar PV glass edge grinding is a nascent but growing opportunity

- Edge grinding is a medium-value but highly critical process performed before the glass is sold to module makers. GWN offers super abrasives for this application to Tier 1 customers such as First Solar.

- The market is highly competitive as China accounts for 90-95% of global solar glass manufacturing, but with the government exploring anti-dumping duties, this could become a very large opportunity.
- The company will leverage the strong position of SG Glass in domestic glass processing (60-70% market share) to deliver the right solutions and better understand the route to market.

Cycle of construction and its ancillary products is picking up in India

- This is driven by strong public capex on infrastructure
- GWN faces significant competition from low-cost standard-quality Chinese products. However, the company has been improving its competitive manufacturing position and leveraging its strong distribution network and parental support to regain market share.
- Furthermore, demand is shifting away from low-cost products towards more efficient and productivity-focused solutions. So the opportunity size in the construction sector is big and is growing very fast.

Near-term softness in exports, but significant opportunities identified

- Exports continue to remain soft, particularly in Europe and to some extent in the US, and Latin America. However, the company has identified significant medium- to long-term opportunities in several new segments in the Middle East, ASEAN, Africa, and some European countries.
- There are significant opportunities in areas where the company has invested recently, such as non-woven products, paper-based products, coated products, and thin wheels.
- Consumer pads are a key growth area in non-wovens. GWN previously supplied these only in India (it is the leading scrubber pad maker by volume in India), but has recently added a new production line to cater to global demand.
- These markets have opened up for GWN as it now able to offer a full range of solutions. The company is leveraging its strong global database to target products and markets where opportunities are lucrative.

Abrasives volume to record high-single-digit growth over next 3 years

- This will be driven by recent capacity investments, solar glass edge grinding opportunity, demand for more productive solutions in construction and steel, unconventional areas such as rice polishing and food processing, and newly identified export market segments.
- Volume grew ~10% in the first 4 months of the current year led by demand from construction, steel, and automotive components.

Services to act as an additional growth avenue in Abrasives

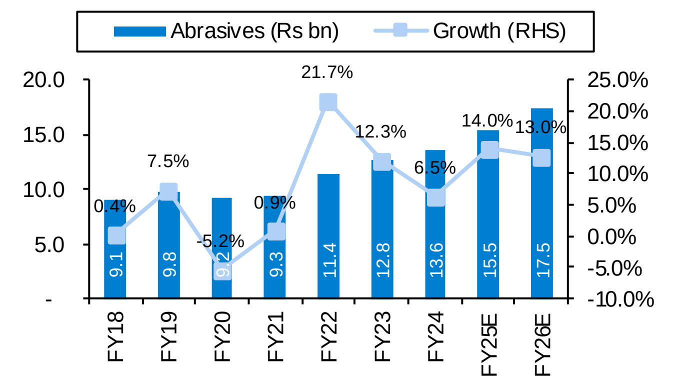
- GWN's IIOT solution – Grind Smart – is a hardware-cum-software cloud-based analytics platform that can be used to improve the performance of any grinding machine by 10-30% through adaptive grinding.

- Sensorization solutions provide information on where the grinding wheel isn't working, which also accelerates product development by identifying areas to target for improvement.

GWN's Sealants & Adhesives revenue can double in next 4-5 years

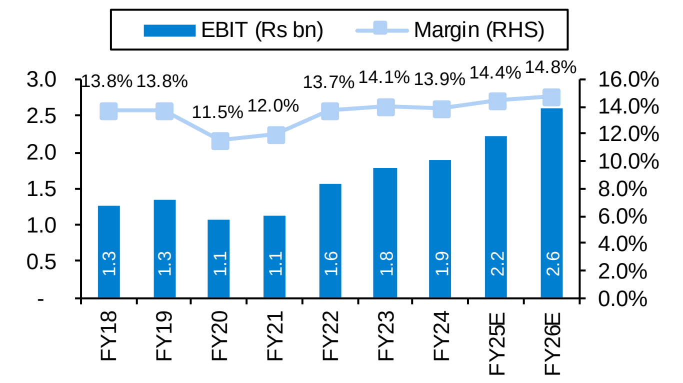
- The company is setting up a new backward integrated plant that is expected to be ready by Q4FY25.
- Margins will not be dilutive as the company is focused on differentiated solutions, rather than commodity-like products (such as white adhesives) where other strong brands already exist.

Exhibit 2: Abrasives to grow at 13.5% CAGR over FY24-26E



Source: Company, PL

Exhibit 3: Abrasives EBIT margin to reach 14.8% by FY26E



Source: Company, PL

Ceramics & Plastics: Strong traction in domestic market

Ceramics and Plastics revenue was up 3.9% YoY to Rs9.4bn in FY24, while EBIT declined 10.9% YoY to Rs1.8bn. EBIT margin declined 328bps YoY to 19.6%. While the domestic market grew well, exports fell due to inventory destocking in US life sciences and slowdown in European ceramics & sanitaryware, which also negatively impacted margins.

Ceramics & Refractories: Opportunities in armor and steel

GWN's Ceramics revenue has the potential to double in the next 4-5 years on the back of a huge opportunity size in both domestic and global markets. While a global slowdown is impacting business in the short term, the long-term opportunity is being driven by transfer of capabilities from other parts of the world to India, which is opening up new markets for the company.

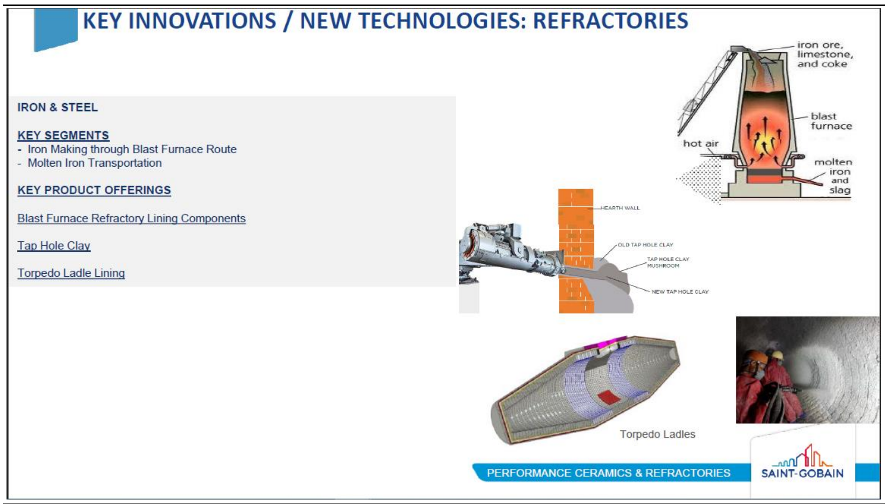
The company has invested ~Rs1.4bn to expand its ceramics capacity with a highly modern & future ready factory at Halol

- First phase of the expansion is complete and several lines have been commissioned. The first set of products are expected to be rolled out next month and production to be ramped up gradually.
- The second phase is expected to be completed in the next 18-20 months.

Steel industry is a rapidly growing market segment for GWN

- The company is offering new ceramic solutions in blast furnaces, torpedo ladles and taphole clay.
- GWN had a joint venture with Shinagawa Refractories for taphole clay, which it has now taken over completely. However, the company continues to have strong technology arrangements with Shinagawa, which will enable it to expand the taphole clay business significantly. GWN has already made investments to double revenue and capacity for this business.
- The company is also actively exploring adjacent opportunities for the steel industry, such as insulation services, sensorization (to identify replacement needs), and installation of mechanical tools, thereby enhancing its competitive advantage in the market.

Exhibit 4: New innovations introduced by GWN in Ceramics & Refractories



Source: Company, PL

Co-developing products with large steel majors

- GWN has been working with steel majors to co-develop solutions such as sensorization and digital twins for furnaces, which enables customers to monitor in real-time, optimize, and determine when to repair/replace the furnace.
- There is a big shift taking place in the steel industry with manufacturers willing to pay a premium for energy-efficient and long-lasting complete solutions that include tools, sensorization, etc.
- GWN is well placed to capitalize on this shift, with large teams at SG Research India working on conceiving sensorization and IIOT solutions.

Armor is a huge potential opportunity in Ceramics globally

- Personal armor for police, defense and other forces is a fast growing segment driven by the current geo-political tensions and heightened terrorism activity.
- The global market is massive, and GWN needs to execute well in terms of route to market, certifications, and traceability in order to tap into it.

- Indian market is in early days, but is ripe for expansion.
- India is anticipated to be a center of excellence for armor manufacturing given the ability of companies to manufacture at lower costs. A rapid shift of production to India is expected in the next 3 years.
- The company has an edge in silicon carbide based ceramics in terms of product quality and cost given its deep backward integration in raw materials such as silicon carbide and aluminum oxide grains. Also, it has several patents on lightweight armor.
- There are multiple avenues to enter the global armor market, with ceramics being the fastest growing one. Right route to the market is crucial and takes time to develop due to the long cycle of getting product approvals. GWN has been working on this segment for the past 3 years and has only recently seen breakthroughs with a few key customers.
- GWN is a Tier 3 player in this market and sells to integrators, rather than the final customer. It currently exports to South Korea, Europe, and the US.
- It recently received a multimillion dollar order from a US customer for ultra-lightweight personal armor completely developed out of India. GWN has also been working closely with a major Indian defense player.

GWN acquired Advanced Synthetic Minerals for backward integration

- GWN acquired ~49% stake in Advanced Synthetic Minerals for ~Rs1.35bn in Dec-23 with the objective of backward integration of key ceramic raw materials.
- The company has made significant improvement in processes, efficiency, and performance in this unit in the last 6 months with support from its JV partner.

GWN's Ceramics margins are healthy

- The company is positioned in medium to high end differentiated solutions in steel (blast furnaces, taphole clay, torpedo ladles), cement, and sanitaryware.
- It strategically does not operate in commodity ceramics such as ceramic rollers for the tile industry, as these are undifferentiated and margin dilutive.

Performance Plastics: Opportunities in EVs and tapes

Automotive market presents plenty of opportunities

- Automotive industry is seeing an increase in the 1) volume of automobiles, 2) number of components per automobile, and 3) average automobile prices.
- There is demand for seat adjusters, soft closing doors, linear sliders, etc., for which GWN has special products offerings.
- The company is also seeing accelerated opportunities in EV batteries, including thermal runway protection, battery pack seals, and EV gaskets.
- Strong position of SG in automotive glazing offers synergistic opportunities to develop combined solutions such as fire retardant tapes.

Tapes business is anticipated to experience significant growth

- GWN can capitalize on synergistic opportunities in its tapes business given its parent group company, SG Glass, has ~70% market share in India in advanced glazing solutions for buildings. Each glazing solution is taped onto the aluminum structure, where GWN's best-in-class tapes are used.
- SG is strongly supporting localization of tape manufacturing in India. PRS Permacel acquisition will also aid in localization of structural tapes.

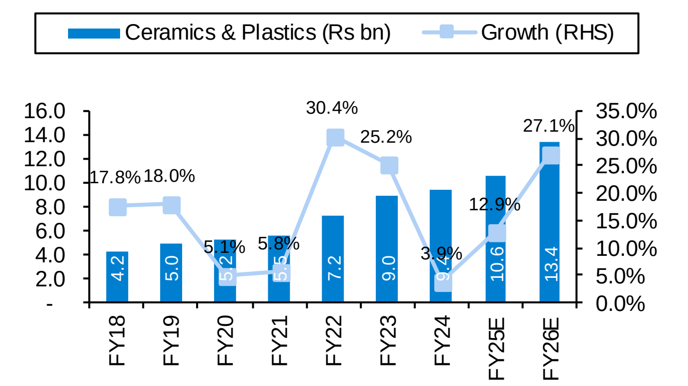
PRS Permacel's market has expanded beyond ~Rs11bn led by EVs

- Major automotive OEMs such as Mahindra have begun assembling EV batteries in India, leading to demand for EV gaskets and thermal insulation.
- These are mission critical products. Hence, approval from large Tier 1 players takes time, but once approved, there is potential for long-term business.

Life Sciences growth to now come from domestic markets

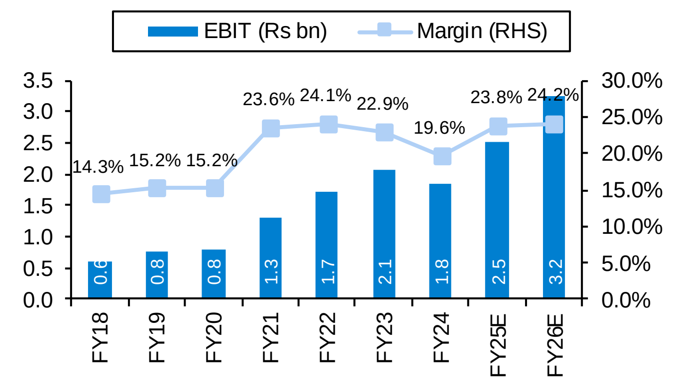
- GWN has a strong market position in performance plastics for Life Sciences. It is backward integrated in raw material and forward integrated in fabrication.
- The company has introduced new technologies in the segment, such as single-use bags and a 3D method for customers to design solutions, which the company can then manufacture directly at its factories.
- Business has been soft due to high exports to the US, where pharma companies have been undertaking massive inventory destocking after the vaccination drive. Export sales worth Rs800-900mn almost entirely came to a halt, and the market is unlikely to recover in the near future as the vaccine boom has ended.
- Going forward, GWN will focus on the domestic life sciences market. The company enjoys a strong competitive position in many lines. It recently expanded its Indian portfolio to include bags & filters. Its exposure to the domestic market in plastics & biosciences is now close to 80-85%.

Exhibit 5: C&P to grow at 19.8% CAGR over FY24-26E



Source: Company, PL

Exhibit 6: C&P EBIT margin to reach 24.2% in FY26E

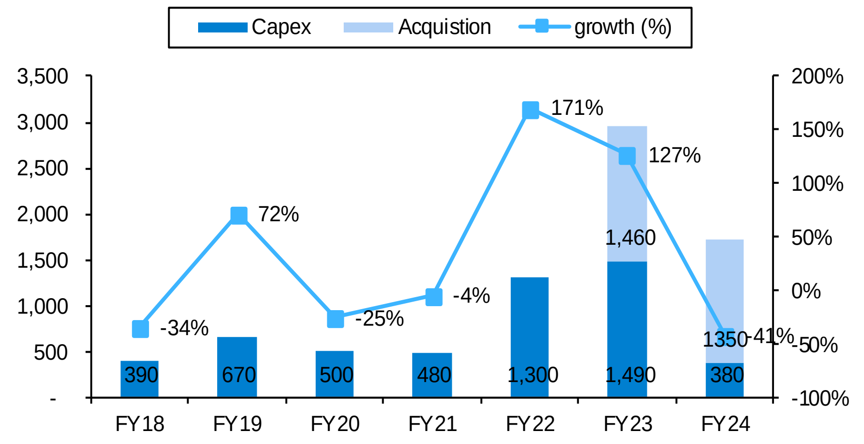


Source: Company, PL

Investing ahead of the curve for future opportunities

- Over FY22-24, GWN invested ~Rs6bn at an average of ~Rs2bn per year (versus an average of Rs0.5bn per year over FY18-20). It ramped up investments ahead of the curve in order to be future ready and grow strongly.
- The Rs6bn investment includes acquisitions of PRS Permacel (~Rs1.4bn) and Advance Synthetic Minerals (~Rs1.35bn). The remaining capex has been invested in Life Sciences, Performance Plastics. and Abrasives. In Abrasives, the company added 2 new lines – a non-woven line & a coated paper maker line – along with several new lines in thin wheels, bonded abrasives, among others.
- The company is also planning to invest in Ceramics business in the coming 2 years to capitalize on the robust growth opportunities in India and globally.
- Overall capex is expected to come down in the next 2-3 years as GWN is not short on capacity in any of its segments.

Exhibit 7: Lower capex growth expected versus a high base in recent years



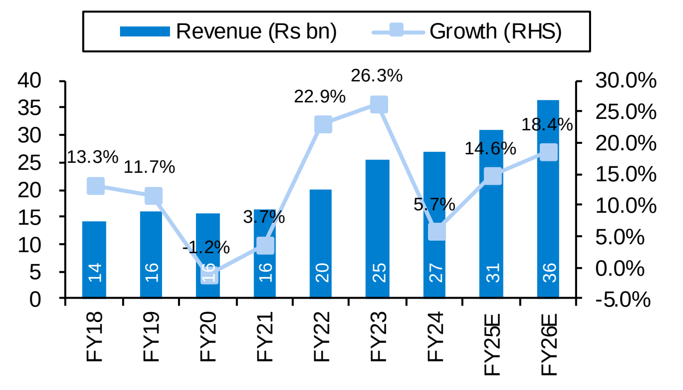
Source: Company, PL

R&D: Investing heavily in India

- GWN and SG have invested heavily in R&D in the past 3-4 years, with a major portion of these investments made in India.
- In the past 3 years, SG has filed many patents globally, out of which 34 are connected to Grindwell Norton across its Abrasives, Life Sciences, Ceramics, and Performance Plastics applications.
- SG has 8 R&D centers across the globe, but India is its principal center of innovation. 11-12% of the total patents are generated out of India.

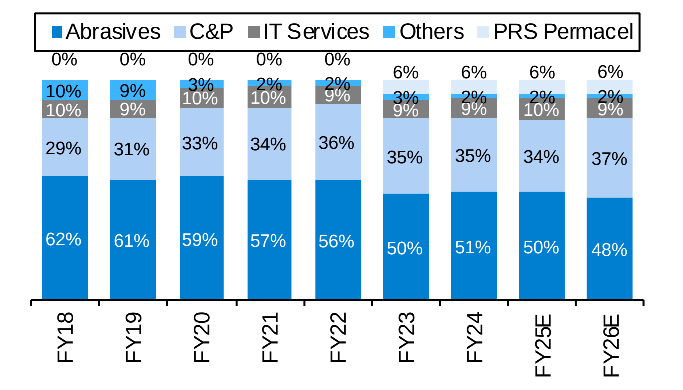
Story in Charts

Exhibit 8: Revenue to report 16.5% CAGR over FY24-26E



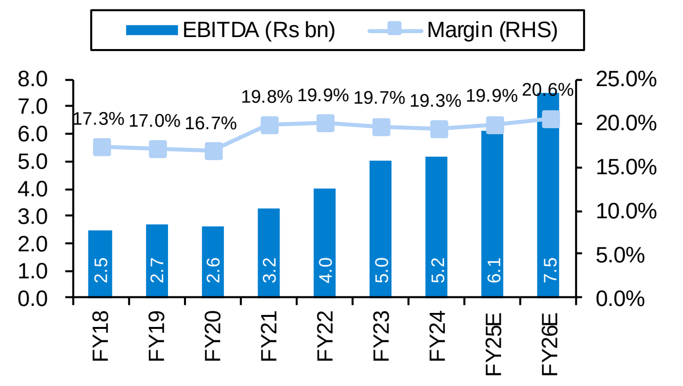
Source: Company, PL

Exhibit 9: Growing share of Ceramics & Plastics in mix



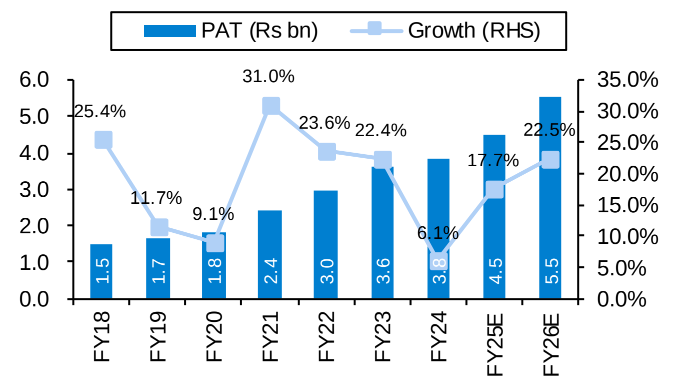
Source: Company, PL

Exhibit 10: EBITDA margin to expand to 20.6% by FY26E



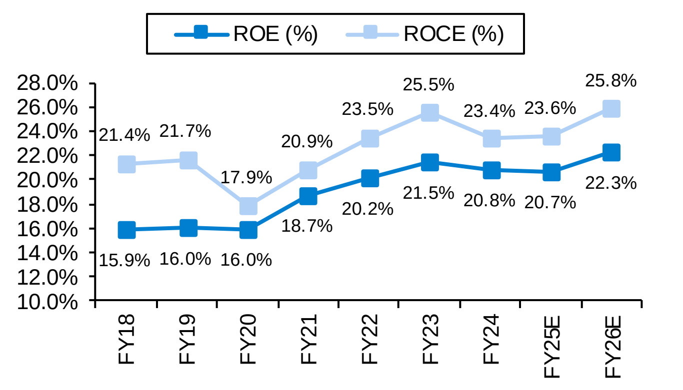
Source: Company, PL

Exhibit 11: PAT to report 20.1% CAGR over FY24-26E



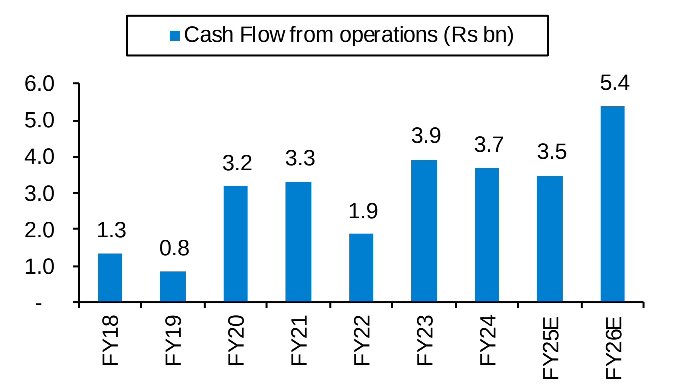
Source: Company, PL

Exhibit 12: Healthy return ratios to continue to expand



Source: Company, PL

Exhibit 13: Consistent healthy operating cash generation



Source: Company, PL

Financials

Income Statement (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Net Revenues	**25,413**	**27,049**	**30,798**	**36,475**
YoY gr. (%)	*26.3*	*6.4*	*13.9*	*18.4*
Cost of Goods Sold	11,617	12,067	13,813	16,159
Gross Profit	13,797	14,983	16,985	20,317
Margin (%)	*54.3*	*55.4*	*55.2*	*55.7*
Employee Cost	2,974	3,258	3,496	3,994
Other Expenses	5,827	6,349	7,367	8,827
EBITDA	**4,996**	**5,376**	**6,123**	**7,496**
YoY gr. (%)	*24.5*	*7.6*	*13.9*	*22.4*
Margin (%)	*19.7*	*19.9*	*19.9*	*20.6*
Depreciation and Amortization	601	709	768	868
EBIT	**4,395**	**4,667**	**5,355**	**6,628**
Margin (%)	*17.3*	*17.3*	*17.4*	*18.2*
Net Interest	78	78	46	40
Other Income	561	683	740	821
Profit Before Tax	**4,878**	**5,269**	**6,048**	**7,408**
Margin (%)	*19.2*	*19.5*	*19.6*	*20.3*
Total Tax	1,244	1,244	1,512	1,852
Effective tax rate (%)	*25.5*	*23.6*	*25.0*	*25.0*
Profit after tax	**3,634**	**4,025**	**4,536**	**5,556**
Minority interest	(4)	3	(5)	(6)
Share Profit from Associate	(19)	(4)	(23)	(28)
Adjusted PAT	**3,619**	**4,020**	**4,518**	**5,534**
YoY gr. (%)	*22.4*	*11.1*	*12.4*	*22.5*
Margin (%)	*14.2*	*14.9*	*14.7*	*15.2*
Extra Ord. Income / (Exp)	-	(3)	-	-
Reported PAT	**3,619**	**4,018**	**4,518**	**5,534**
YoY gr. (%)	*22.4*	*11.0*	*12.4*	*22.5*
Margin (%)	*14.2*	*14.9*	*14.7*	*15.2*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	3,619	4,018	4,518	5,534
Equity Shares O/s (m)	**111**	**111**	**111**	**111**
EPS (Rs)	**32.7**	**36.3**	**40.8**	**50.0**

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
Non-Current Assets				
Gross Block	**8,336**	**10,754**	**11,954**	**13,254**
Tangibles	8,336	10,754	11,954	13,254
Intangibles	-	-	-	-
Acc: Dep / Amortization	**3,423**	**4,132**	**4,900**	**5,768**
Tangibles	3,423	4,132	4,900	5,768
Intangibles	-	-	-	-
Net fixed assets	**4,913**	**6,622**	**7,054**	**7,486**
Tangibles	4,913	6,622	7,054	7,486
Intangibles	-	-	-	-
Capital Work In Progress	2,186	2,213	1,734	1,836
Goodwill	-	-	-	-
Non-Current Investments	2,633	2,790	2,804	3,308
Net Deferred tax assets	(139)	(221)	(221)	(221)
Other Non-Current Assets	582	338	431	511
Current Assets				
Investments	4,352	4,473	5,082	6,018
Inventories	4,639	4,876	5,569	6,496
Trade receivables	2,802	3,575	4,026	4,569
Cash & Bank Balance	1,390	2,130	2,376	2,677
Other Current Assets	498	449	616	730
Total Assets	**24,099**	**27,696**	**29,950**	**33,937**
Equity				
Equity Share Capital	554	554	554	554
Other Equity	17,505	19,999	22,635	25,910
Total Networth	**18,058**	**20,553**	**23,189**	**26,463**
Non-Current Liabilities				
Long Term borrowings	295	605	605	605
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	219	221	221	221
Trade payables	2,792	3,624	3,375	3,797
Other current liabilities	2,486	2,358	2,229	2,524
Total Equity & Liabilities	**24,099**	**27,696**	**29,950**	**33,937**

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY23	FY24	FY25E	FY26E
PBT	4,859	5,083	6,048	7,408
Add. Depreciation	602	709	768	868
Add. Interest	35	11	-	-
Less Financial Other Income	561	683	740	821
Add. Other	(248)	(426)	24	12
Op. profit before WC changes	5,247	5,378	6,840	8,288
Net Changes-WC	(89)	(324)	(1,841)	(1,067)
Direct tax	(1,232)	(1,374)	(1,512)	(1,852)
Net cash from Op. activities	**3,926**	**3,679**	**3,487**	**5,369**
Capital expenditures	(3,216)	(1,724)	(722)	(1,402)
Interest / Dividend Income	1,301	(432)	(592)	(1,367)
Others	(686)	339	-	-
Net Cash from Invt. activities	**(2,601)**	**(1,817)**	**(1,313)**	**(2,769)**
Issue of share cap. / premium	-	-	-	-
Debt changes	118	80	-	-
Dividend paid	(1,329)	(1,605)	(1,882)	(2,259)
Interest paid	(78)	(78)	(46)	(40)
Others	(113)	(146)	-	-
Net cash from Fin. activities	**(1,402)**	**(1,749)**	**(1,928)**	**(2,299)**
Net change in cash	**(77)**	**114**	**245**	**301**
Free Cash Flow	710	1,956	2,765	3,968

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY23	FY24	FY25E	FY26E
Per Share(Rs)				
EPS	32.7	36.3	40.8	50.0
CEPS	38.1	42.7	47.7	57.8
BVPS	163.1	185.6	209.4	239.0
FCF	6.4	17.7	25.0	35.8
DPS	14.5	17.0	20.4	25.0
Return Ratio(%)				
RoCE	25.5	23.4	23.6	25.8
ROIC	28.6	26.7	26.4	29.3
RoE	21.5	20.8	20.7	22.3
Balance Sheet				
Net Debt : Equity (x)	(0.3)	(0.3)	(0.3)	(0.3)
Net Working Capital (Days)	67	65	74	73
Valuation(x)				
PER	78.8	70.9	63.1	51.5
P/B	15.8	13.9	12.3	10.8
P/CEPS	67.6	60.3	54.0	44.6
EV/EBITDA	56.0	52.0	45.5	37.0
EV/Sales	11.0	10.3	9.0	7.6
Dividend Yield (%)	0.6	0.7	0.8	1.0

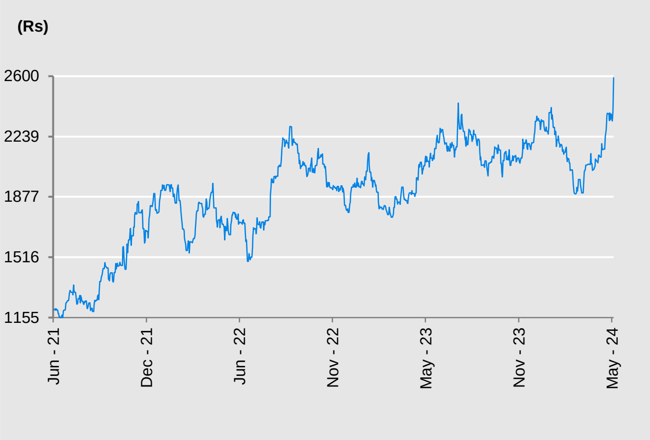
Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY24	Q2FY24	Q3FY24	Q4FY24
Net Revenue	**6,684**	**6,674**	**6,599**	**6,911**
YoY gr. (%)	*4.8*	*5.2*	*9.3*	*4.0*
Raw Material Expenses	3,026	2,990	2,902	3,149
Gross Profit	3,657	3,684	3,698	3,762
Margin (%)	*54.7*	*55.2*	*56.0*	*54.4*
EBITDA	**1,352**	**1,314**	**1,278**	**1,250**
YoY gr. (%)	*4.9*	*7.3*	*7.4*	*(3.3)*
Margin (%)	*20.2*	*19.7*	*19.4*	*18.1*
Depreciation / Depletion	167	169	176	197
EBIT	**1,185**	**1,145**	**1,102**	**1,053**
Margin (%)	*17.7*	*17.2*	*16.7*	*15.2*
Net Interest	22	18	19	19
Other Income	146	226	138	173
Profit before Tax	**1,310**	**1,353**	**1,218**	**1,208**
Margin (%)	*19.6*	*20.3*	*18.5*	*17.5*
Total Tax	334	331	303	276
Effective tax rate (%)	*25.5*	*24.5*	*24.9*	*22.9*
Profit after Tax	**976**	**1,022**	**915**	**932**
Minority interest	(1)	4	(1)	1
Share Profit from Associates	(7)	1	6	(5)
Adjusted PAT	**970**	**1,019**	**925**	**926**
YoY gr. (%)	*4.9*	*13.1*	*15.4*	*(6.7)*
Margin (%)	*14.5*	*15.3*	*14.0*	*13.4*
Extra Ord. Income / (Exp)	-	-	-	-
Reported PAT	**970**	**1,019**	**925**	**926**
YoY gr. (%)	*4.9*	*13.1*	*15.4*	*(6.7)*
Margin (%)	*14.5*	*15.3*	*14.0*	*13.4*
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	**970**	**1,019**	**925**	**926**
Avg. Shares O/s (m)	111	111	111	111
EPS (Rs)	**8.8**	**9.2**	**8.4**	**8.4**

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	07-May-24	Accumulate	2,512	2,196
2	12-Apr-24	Accumulate	2,512	2,075
3	05-Feb-24	Accumulate	2,512	2,243
4	09-Jan-24	BUY	2,604	2,283
5	08-Nov-23	BUY	2,604	2,159
6	05-Oct-23	BUY	2,604	2,092
7	14-Aug-23	BUY	2,604	2,215
8	06-Jul-23	BUY	2,604	2,191
9	26-Jun-23	BUY	2,604	2,200

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	Accumulate	8,400	7,984
2	Apar Industries	Accumulate	8,877	8,340
3	BEML	Hold	4,520	4,549
4	Bharat Electronics	Hold	290	284
5	BHEL	Reduce	264	302
6	Carborundum Universal	Accumulate	1,631	1,516
7	Cummins India	Hold	3,719	3,597
8	Engineers India	Hold	264	251
9	GE T&D India	Reduce	1,100	1,430
10	Grindwell Norton	Accumulate	2,512	2,196
11	Harsha Engineers International	Hold	436	438
12	Hindustan Aeronautics	Hold	4,515	4,715
13	Kalpataru Projects International	Hold	1,211	1,188
14	KEC International	Hold	750	737
15	Larsen & Toubro	BUY	4,047	3,487
16	Praj Industries	BUY	671	522
17	Siemens	Accumulate	7,030	6,660
18	Thermax	Reduce	3,923	4,609
19	Triveni Turbine	Hold	653	631
20	Voltamp Transformers	Hold	10,018	9,985

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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