

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs617	107.4	Hold	Rs1000	62%

*as on 28th Feb, 2025

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, waste water treatment, agriculture, construction, etc.

Results: Quick Glance:

- The total revenue for the quarter came in at Rs7,264mn as compared to Rs6,026mn in the same quarter last year; growth of 20.5%
- The Ebitda margins stood at 13.5% in comparison to 13.4% in the corresponding quarter
- The net profit reported at Rs699mn as against Rs528mn in the comparative quarter; growth of 32.4%
- The EPS stands at Rs4.01
- On the segmental front, the Pumps and Valves segment grew by 18.5% and 31.7% respectively
- The Board has recommended dividend of Rs4 per share (FV of Rs2 each) for the year ended Dec, 2024

Financials:

Performance (Q4&CY24)									
Q4&CY24 Result (Rs mn)	Dec-24	Dec-23	y-o-y	Sept-24	q-o-q	CY24	CY23	y-o-y	CY25E
Total Revenue	7264	6026	20.5%	6165	17.8%	25331	22472	12.7%	28386
EBITDA	984	809	21.6%	876	12.3%	3375	2936	15.0%	3861
Other Income	102	65	56.9%	66	54.5%	415	363	14.3%	465
Interest	4	16	(75.0%)	6	(33.3%)	27	53	(49.1%)	27
Depreciation	144	137	5.1%	137	5.1%	543	497	9.3%	564
Exceptional Items	0	0	-	0	-	0	0	-	0
Tax	239	193	23.8%	206	16.0%	811	703	15.4%	934
Net Profit	699	528	32.4%	593	17.9%	2409	2046	17.7%	2801

Outlook and Recommendations:

The company has reported good set of numbers for the quarter as well as wrapped the year on a decent note. For Q4CY24, the revenue reported growth of 20.5% y-o-y with margins at 13.5%; translating into profit growth of 32.4% y-o-y. For the full year as well, revenues grew by 12.7% y-o-y while the company clocked growth of 17.7% y-o-y on the profitability levels. On the segmental for Q4CY24, the pumps division reported growth of 18.5% y-o-y while Valves grew by 31.7% y-o-y. With regard to the Orders On Hand (OOH), the total including domestic and exports stood at Rs22,503mn of which nuclear stood at Rs12,828mn. There has been a gradual uptick in the order intake from the **nuclear** segment with a 5 year CAGR at 19% with Rs2,700mn received in 2024. The **aftermarket** segment had an order intake of Rs235mn for the year. On the **standard business** which grew 20% in 2024; the bifurcation stood at 51% from standard products, 19% Valves, 16% Engineered products and 14% Supreme Serv. In the **solar business**, the sales stood at Rs1,831mn for 2024 while the order intake was Rs1,989mn. The company has successfully developed DC motors and received MNRE approvals for its solar products. It has also qualified for MNRE tender under the PM Kusum scheme. The division has received 7000+ system orders across different states with almost 5000+ systems installed so far. In the **SupremeServ** segment, the sales stood at Rs2,331mn for 2024. The **valves** business reported 5 year CAGR of 21% with revenues of Rs4,277mn for 2024.

Outlook and Recommendations (contd.):

The **mechanical seal** segment reported an order intake of Rs223mn in 2024 (Rs167mn in 2023). The production stood at 8560 units in 2024 with 92% of the components being localized. For the **firefighting pump**, the order intake YTD was Rs388mn. The Bharat Pumps and Compressors Ltd received orders worth Rs162mn in 2024 (Rs42mn in 2023). With regard to business developments; the company has taken various sustainable initiatives in the field of solar, green, hydrogen, life sciences and water/waste management; these are the new areas of focus. KSB has all of the capacity, capability and brand recall to garner a decent share of these prospects going forward. In the longer run there should be increased services across themes like waste water management, agriculture, smart cities to mention a few. The company continues consistently on the dividend paying history alongwith strong market positioning and operational efficiency. We continue to remain positive on the prospects through the domestic capex plans and the opportunities that KSB can capitalize on. We maintain a hold on the stock with a target of Rs1000.

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Registered Office Address:

Progressive Share Brokers Pvt. Ltd,
122-124, Laxmi Plaza, Laxmi Indl Estate,
New Link Rd, Andheri West,
Mumbai—400053, Maharashtra
www.progressiveshares.com | Contact No.:022-40777500.

Compliance Officer:

Ms. Neha Oza,
Email: compliance@progressiveshares.com,
Contact No.:022-40777500.

Grievance Officer:

Email: grievancecell@progressiveshares.com