

KSB Limited

COMPANY SNAPSHOT					
CMP	Initiation Price	Target	Potential Upside	Recommendation	MCap (Rsbn)
Rs656	Rs820	Rs1100	68%	BUY	Rs22.8

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. KSB AG (Germany) is one of the largest pump manufacturers with sales in excess of €2.2bn (~USD2.8bn) out of the total pump market, which is pegged at USD47bn as of 2014. 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. It is engaged in the business of manufacture of power driven pumps and industrial valves. 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. KSB's products are used for pumping, transportation and flow control of fluids, which include clean or contaminated water, explosive fluids, corrosive and viscous fluids, slurries and fluid or solid mixtures.

Results Declared:

- The company has reported total revenue of Rs3,466mn as compared to Rs3,282mn, growth of 5.6%.
- The EBITDA margins came in at 13.8% as compared to 12.9%.
- The net profit dropped by 7.7% at Rs253mn as against Rs274mn in the corresponding period of last year.
- The EPS stood at Rs7.3 for the quarter.
- On the segmental front, the revenue from Pumps segment clocked growth of 4% while Valves grew by 15%.
- Board has recommended dividend of Rs6 per share of face value Rs10 each for the year ended 31st December,2018.

Financials (Standalone):

Result Update (Q4CY18)						
Q4CY18 Result (Rs mn)	Dec-18	Dec-17	y-o-y	Sep-18	q-o-q	CY18
Total Revenue	3466	3282	5.6%	2804	23.6%	10931
EBITDA	479	423	13.2%	321	49.2%	1284
Other Income	57	96	(40.6%)	35	62.9%	267
Interest	14	6	133.3%	13	7.7%	37
Depreciation	104	85	22.4%	98	6.1%	397
Exceptional Items	-	-	-	-	-	-
Tax	165	154	7.1%	84	96.4%	377
Net Profit	253	274	(7.7%)	161	57.1%	740

Outlook and Recommendations:

The company reported good set of numbers both for the quarter under review and on yearly basis. Company's revenue has increased drastically on yearly basis, high above our expectation. Overall we feel that the growth momentum is here to stay. We continue with our BUY recommendation on the stock with a target price of Rs1100 over a 12 months perspective.

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