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Infra, Capital Goods & Industrials

Larsen and Toubro	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	58,335	52,851	46,390	10%	26%	1,83,341	1,56,521	17%
Gross Profit	20,369	18,048	18,583	13%	10%	72,752	62,623	16%
Gross Margin(%)	35%	34%	40%			40%	40%	
EBITDA	9,095	8,475	7,544	7%	21%	29,845	26,691	12%
EBITDA Margin (%)	16%	16%	16%			16%	17%	
PBT	5,907	5,558	4,336	6%	36%	17,109	14,508	18%
PBT Margin (%)	10%	11%	9%			9%	9%	
PAT	4,459	4,138	3,058	8%	46%	12,531	10,419	20%
PAT Margin(%)	8%	8%	7%			7%	7%	

Order inflow for FY23 at 2.3 lakh Cr, international order inflow share at 36%
Order inflow Spilt: Infrastructure:services:Energy:Hi-tech: others are 51%:25%:12%:7%:4%.
Order book stands at 3.99 lakh Cr, international share of 28%. Strong orders were witnessed from India and GCC in Q4
Order book spilt Infrastructure:Energy:Hi-tech: others are 71%:18%:7%:4%.
Infra EBITDA margins lower by 170 bps due to cost pressures in some projects, the order book for ~3 years
Prospects pipeline at high of 9.73 lakh Cr; Infra - 6.5 lakh Cr, Hydro - 2.44 lakh Cr, Power 50k Cr and hi-tech - 29k Cr
Guidance: Order inflows growth ~10-12%, revenue growth ~12-15%, margins ~9%, and working capital ~16-18% of sales
Company commissioned a pilot green hydrogen plant marking its entry into the Green Hydrogen business
Power Transmission & Distribution business continues to benefit from GW scale renewable opportunities in GCC area
Clear target to reduce capital intensity given that margins are lower at 9% from 12% earlier, improve cash generation and return ratios to the shareholders. Last 3 years have been very challenging for EPC businesses on margin front
Some amount of caution warranted as India heads to 2024 election, Govt spending may rationalize closer to 2024. Guidance is conservative due to this aspect, else order book is at the highest level
Most state govt, central govt and PSU tenders are on the L1 model, technical capabilities matter but don't supersede this. EPC companies can claim cost escalation clauses but one has to complete project first and collect with a lag

APL Apollo	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	4,431	4,215	4,327	5%	2%	16,166	13,063	24%
Gross Profit	649	532	558	22%	16%	2,148	1,840	17%
Gross Margin(%)	15%	13%	13%			13%	14%	
EBITDA	341	277	282	23%	21%	1,069	986	8%
EBITDA Margin (%)	7.7%	6.6%	6.5%			7%	8%	
PBT	269	239	229	13%	17%	863	832	4%
PBT Margin (%)	6.1%	5.7%	5.3%			5%	6%	
PAT	202	177	169	14%	20%	642	619	4%
PAT Margin(%)	4.6%	4.2%	3.9%			4%	5%	

Q4 volume at 650k MT, FY23 at 22.80 lakh MT higher by 30% YoY, FY24 guidance at 30 lakh MT. Capacity at 3.6 Mn MT, will move to 5 Mn MT by FY25 once all of Raipur plant and Dubai expansion are commissioned
EBTIDA per MT for FY23 at INR 4,481, Q4 number rose to INR 4,970. FY24 EBITDA guidance at 5,000 per MT
Net working capital cycle at 5 days vs 7 days YoY
Introduced new products like colour-coated products, FY23 focus was on creating a market for newer products. Company has direct orders for steel tubes to be used in modular construction, large water tanks, railways stations and hopsitals. This entire market is being created by APL Apollo
Product application Mix - Housing: Commercial buildings:Infra: Others at 50%:25%:20%:5%
Aspires to reach ROCE of 35%, value-added products proportion to 75% by FY25. Q4 proportion was 60% while FY23 was at 56%
Capex over 18 months will be 500-600 Cr, sweating Raipur plant assets will be priority in FY24. Net debt at 240 Cr
Focus on structural tubes for construction segment continues, ongoing enquiries for 220k MT as of date
Other players now have DFT installed and have shown excellent growth in volumes and EBIDTA/MT in FY23 (Surya Roshni, Hi Tech Pipes) indicating that the entire industry is now moving towards better unit economics & ROCE
Volume offtake from Shankara post the 10% stake buy has risen by 180% YoY, foray into channel is paying off already
First signs of large competition getting serious - Tata Steel presentation indicates increasing tubes capacity by 4x from 1Mn MT to 4 Mn MT by FY30. JSW Steel is planning to increase downstream capacity too. However they are big players in the primary market where EBITDA per MT is 4x of what the steel tube segment offers
Raipur plant is dedicated for high value products where the EBITDA per MT range is 6,000 - 9,000. Full contribution of plant to company level EBITDA will be visible only in FY25 once the utilization crosses 60%

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AIA Engineering	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	1,274	1,093	1,227	17%	4%	4,909	3,567	38%
Gross Profit	696	619	783	12%	-11%	2,843	2,095	36%
Gross Margin(%)	55%	57%	64%			58%	59%	
EBITDA	380	265	484	43%	-21%	1,476	877	68%
EBITDA Margin (%)	30%	24%	39%			30%	25%	
PBT	346	244	454	42%	-24%	1,362	781	74%
PBT Margin (%)	27%	22%	37%			28%	22%	
PAT	268	194	352	38%	-24%	1,056	620	70%
PAT Margin(%)	21%	18%	29%			22%	17%	

Volumes for Q4FY23 and FY23 at 73,505 MT and 291,342 MT resp from 72,976 MT and 260,469 MT YoY
200 Cr capex for brownfield expansion of 80,000 MT capacity of grinding mediato be commissioned in FY24, additional non-grinding media (mill liner) capacity of 20k MT by Q3 FY24
Capex for FY24 and FY25 to be 400 Cr of which 50 Cr will be spent on renewable energy to increase energy to 40%
Guided operating EBITDA margin of 20-22% on a sustainable basis, Q3 and Q4 margin was abnormal for many reasons
Current realisation at 170 per Kg due to better product mix, per the current raw material cost expected to be in the range of 160-170
Mining sales for FY23 at 192,352 MT from 170,842 MT YoY, other segment sales at 98,990 MT from 89,627 MT YoY
Order book as of 31st March is at 770 Cr
Volume growth of 10-12% p.a. expected over the next 2-3 years, freight & container costs have come down over the past 12 months making it easier for export sales to happen. Freight outward fell to ~7% of revenue in Q4 from 13% YoY
Net cash of ~2,500 Cr will shore up other income over the next 2 years, though might be ROE dilutive

Ratnamani Metals	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	1,499	974	1,099	54%	36%	4,474	3,139	43%
Gross Profit	534	328	393	63%	36%	1,528	1,035	48%
Gross Margin(%)	36%	34%	36%			34%	33%	
EBITDA	308	179	206	72%	50%	808	533	52%
EBITDA Margin (%)	21%	18%	19%			18%	17%	
PBT	268	149	178	80%	51%	694	431	61%
PBT Margin (%)	18%	15%	16%			16%	14%	
PAT	193	112	134	72%	44%	512	323	59%
PAT Margin(%)	13%	11%	12%			11%	10%	

Q4 volume was 16,000 MT across all products, FY23 volume was 291,000 MT. Liner volume was 25,000 MT for FY23
Utilization - 65% in stainless steel welded, 35% in SS seamless, all other products at optimum capacity
Margin improvement due to a better product mix and stable prices, expect margins to remain in the same range for FY24
Demand outlook is robust in the water segment, oil & gas demand will remain subdued in FY24 since bulk of orders were done in FY23. Stainless Steel pipes & tubes demand expected to be robust
Expects a topline of 5,000 crs on a standalone basis, order book of 2,600 Cr to be executed in ~6 months. Incremental order book expected from non oil & gas applications, water segment is seeing a lot of traction
Exports for FY23 at 20%, current export order book at 22%, has keenly focused on exports due to higher realisations
Capacity utilisation at 60-80%, new plant capacity at 30% which should climb to 60% in FY24. Debt on books is mostly PCFC, only optimizes the treasury output since the rate of borrowing in foreign currency is low
350 Cr capex in FY23 of which 180 Cr was for stainless steel pipes to be operational by Dec 23, 170 Cr capex for carbon steelto be streamlined in Q1 FY24. Capex guidance for next 18 months at ~400 Cr including captive power capacity enhancement
Ravi Technoforge Pvt Ltd revenue was 245 Cr at EBITDA margin of ~11% for FY23, peak revenue can be ~500 Cr here. 20% growth expected in FY24 at EBITDA margin in the range of 12%, portfolio is mostly carbon steel pipes

Apar Industries	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	4,089	3,012	3,942	36%	4%	14,352	9,320	54%
Gross Profit	1,107	668	1,004	66%	10%	3,616	2,112	71%
Gross Margin(%)	27%	22%	25%			25%	23%	
EBITDA	435	183	350	138%	24%	1,264	611	107%
EBITDA Margin (%)	11%	6%	9%			9%	7%	
PBT	328	112	230	193%	43%	855	342	150%
PBT Margin (%)	8%	4%	6%			6%	4%	
PAT	243	83	170	193%	43%	638	257	148%
PAT Margin(%)	6%	3%	4%			4%	3%	

Conductor business revenue at 2,121 crs with the highest ever EBITDA/MT realisation of 58,006, higher realisations were due to higher exports and higher contributions from premium products. This realization is unlikely to sustain beyond 1-2 Q's, expected to stabilize at 25,000 - 30,000 per MT over time. Unlikely that realization will fall drastically in H1 FY24

New order inflow and order book at all-time high of 2,301 Cr and 5,124 Cr resp, execution timeline is usually 6-7 months. High value conductors are primarily sold in domestic market with conventional conductors being exported, demand from US continues to be strong due to replacement cycle but Chinese competition is starting to come back circumventing the duty imposed in that region

Speciality oil revenue for Q4FY23 at 1,179 Cr with EBITDA realisation of INR 3697 per KL, this is expected to trend higher to 5,000 per KL in line with historical average. Lubricants revenue for Q4FY23 at 231 Cr up 9% YoY supported by automotive volumes

Cables revenue for Q4FY23 at 943 Cr up 38% YoY due to a significant increase in sales of elastomeric products and exports. The Co. expects cable business demand to continue due to export and railways demand, 25% growth expected in FY24 at 12% EBITDA margin

Volume growth expectation - 10% in conductors, 6-7% in specialty oil, 20% in cables

While demand outlook continues to be strong, PAT is reliant heavily on conductor margin sustaining at current level which is unlikely. To match FY23 PAT at 10% volume growth, conductor EBITDA needs to sustain at average above 40,000 per MT for FY24

ITD Cementation India	Q4 FY23	Q4 FY22	Q3 FY23	YoY	QoQ	FY23	FY22	YoY
Revenue	1,631	1,174	1,327	39%	23%	5,091	3,809	34%
Gross Profit	549	399	479	38%	15%	1,855	1,401	32%
Gross Margin(%)	34%	34%	36%			36%	37%	
EBITDA	147	94	118	56%	25%	463	338	37%
EBITDA Margin (%)	9%	8%	9%			9%	9%	
PBT	65	32	47	103%	38%	184	94	96%
PBT Margin (%)	4%	3%	4%			4%	2%	
PAT	38	17	37	124%	3%	125	69	81%
PAT Margin(%)	2%	1%	3%			2%	2%	

Order inflow for Q4 was 700 Cr, ~8000 Cr for FY23. Order book at ~21,000 Cr to be executed over the next 2.5 - 3 years

Expects revenue of 6,500 - 6,800 Cr in FY24 at double-digit EBITDA margin. Legacy projects at lower margin are more or less done

Ganga Express project (4,800 Cr exposure to Adani group contributed 300 Cr in FY23, major execution in FY24. No delay in project execution or payment schedule so far, revenue risk is limited to 30-45 days billing at any point of time

Order inflow expectation for FY24 at 8000 Cr, current tender pipeline~17,000 Cr; historical win ratio at 20%

Capex for FY23 was 300 Cr, FY24 is expected to be less than 300 Cr

Company has market leadership in high margin, fast execution marine projects. Will continue to be a priority for the management

Net debt at 0.22x, debt to equity at 0.6x, finance cost and depreciation saw an increase in Q4

The exceptional loss of 6.5 Cr booked in Q1 was a proactive provision taken for a legacy item, likely to get normalized in the future

Operating cash flow for FY23 was 471 Cr from 338 Cr YoY

ITD Cementation remains one of the rare professionally managed, unlevered EPC business with low balance sheet risk and healthy diversification across geographies and projects. Zero promoter pledge and no unrelated diversification so far

Business has an all time high order book, pace of execution has picked up across projects in FY22 and FY23

Customer Profile - Government 45%, PSU 20% and Private Sector (mostly AEL) 35%