

India

REDUCE (previously HOLD)

Consensus ratings*: Buy 2 Hold 9 Sell 19

Current price:	Rs76
Target price:	Rs38
Previous target:	Rs30
Up/downside:	-50.0%
InCred Research / Consensus:	28.4%
Reuters:	BHEL.NS
Bloomberg:	BHEL IN
Market cap:	US\$3,631m
	Rs265,333m
Average daily turnover:	US\$65.6m
	Rs4793.2m
Current shares o/s:	3,482.1m
Free float:	36.8%

*Source: Bloomberg

Key changes in this note

- Lower FY22F EBITDA by 89%
- Lower FY23F EBITDA by 2%



Source: Bloomberg

Price performance	1M	3M	12M
Absolute (%)	3.7	39.1	154.0
Relative (%)	(3.7)	34.6	63.5

Major shareholders	% held
Promoter (Govt of India)	63.2
Life Insurance Corporation	10.1

Analyst(s)

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Bharat Heavy Electricals

No near-term respite

- 4QFY21 results reported losses due to higher provisions & lower gross margin. Positive operating cash flow was a surprise, led by the decline in receivables.
- The core business outlook remains weak, in our view, while positive earnings support from diversification, if any, could take long.
- Downgrade to Reduce from Hold after the recent rally in stock price.

4QFY21 loss rose due to high provisions

4QFY21 sales (+42% yoy), led by 51%/38% growth in sales in the power/ industry segments, was 8% below our estimates. Execution was better than in recent quarters, where sales were restrained as the company was optimising cash realisation, rather than execution, considering elevated working capital levels. 4Q EBITDA loss was Rs12.6bn vs our estimated EBITDA of Rs6.6bn due to lower gross margins (-290bp qoq) and high other expenses (+149% yoy) on higher provisions. Net provisions stood at Rs14.6bn vs Rs3.32bn in 4QFY20. Its 4Q loss stood at Rs10.3bn vs our estimated PAT of Rs5.3bn.

Decline in receivables led to positive operating cash flows

Total receivables declined yoy at Rs313bn in FY21 vs Rs354bn in FY20 (improvement of Rs41bn). Collectable debtors fell to Rs72bn from Rs116.4bn, while contract assets increased yoy to Rs241bn from Rs238bn. The focus on collections and improvement in inventories led to positive operating cash flow of Rs5.6bn in FY21 vs negative Rs28.8bn in FY20. Net cash stood at Rs17.6bn as at end 4QFY21 vs Rs14.1bn in 3QFY21. However, pick-up in sales execution would raise working capital in FY22F, in our view.

Positive impact from diversification, if at all, could take time

FY21 order inflows were the lowest since FY03 at Rs135bn (-43% yoy). Though the company is favourably placed to supply the 6x700MW nuclear turbine island package worth Rs108bn, it is actively pursuing opportunities in downstream oil & gas (O&G), transportation, defence and aerospace and has seen some success in the O&G segment. The company is actively seeking partnerships with global OEMs in new business areas like propulsion systems, Industry 4.0, EPC works in O&G, etc. However, we believe a meaningful contribution to earnings could take long.

Downgrade to Reduce from Hold

The core business outlook remains weak as post the recent run-up in stock price, valuations are no longer at deep discounts considering overall earnings could remain weak for the next couple of years, while meaningful contributions, if at all, from diversification could take long. We estimate losses in FY22F, vs profits earlier, and cut FY23F EPS by 7% on lower sales/ margins and downgrade the stock to Reduce from Hold. Our TP rises to Rs38 due to valuation rollover and we now value the stock at 0.5x FY21F P/BV (from 0.4x), its two-year average, given balance sheet and cash-flow focus. Upside risks include deals for diversification and improvement in receivables.

Financial Summary

	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue (Rsm)	294,229	204,906	162,956	205,960	245,466
Operating EBITDA (Rsm)	21,320	(2,329)	(31,353)	785	10,827
Net Profit (Rsm)	12,087	(14,730)	(27,172)	(3,354)	7,300
Core EPS (Rs)	3.4	(4.2)	(7.8)	(1.0)	2.1
Core EPS Growth	53.8%	(225.2%)	84.5%	(87.7%)	(317.6%)
FD Core P/E (x)	22.55	(18.01)	(9.77)	(79.11)	36.35
DPS (Rs)	1.9	1.2	0.0	0.0	0.0
Dividend Yield	2.46%	1.57%	0.00%	0.00%	1.38%
EV/EBITDA (x)	10.11	(107.88)	(7.90)	319.23	22.44
P/FCFE (x)	49.96	18.66	17.18	78.98	(81.95)
Net Gearing	(15.8%)	(4.8%)	(6.7%)	(5.6%)	(8.4%)
P/BV (x)	0.84	0.91	1.00	1.01	1.00
ROE	3.8%	(4.9%)	(9.8%)	(1.3%)	2.8%
% Change In Core EPS Estimates				(226.71%)	(7.15%)
InCred Research/Consensus EPS (x)				(0.59)	0.76

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 11 JUN 2021

No near-term respite

4QFY21 results review

Key takeaways from BHEL's 4QFY21 press release ►

- **Thermal power project order pipeline**
 - BHEL is favourably placed to execute NTPC Talcher projects worth ~Rs63bn related to main plant equipment, fleet mode procurement of 12 steam generation units worth Rs108bn, and other emission-related projects. Other orders in the pipeline include 2x800MW NTPC Lara, 2x800MW NTPC Singrauli, and 2X660MW Pench thermal power project in Madhya Pradesh – all on an EPC basis, and 3x800MW NLC Talabira and 1x800MW Adilabad, apart from multiple flue gas desulphurisation plants (FGD) orders (40% market share till date).
- **On diversification**
 - The company is actively pursuing opportunities in downstream oil & gas, transportation, defence & aerospace. The company received its first EPC process package for the sulphur recovery unit for Indian Oil Corporation Ltd (IOCL) Paradip and has established itself as a lump-sum turn key (LSTK) player for process packages in the downstream oil & gas sector. Also, BHEL received its first order for 650 MT Fractionator Column from HPCL Rajasthan Refinery Ltd (HRRL) and for the hot oil heater package for IOCL's purified terephthalic acid (PTA) unit at Panipat.
 - The company signed three MoUs with international majors for Maglev Trains, marine gas turbines in defence applications and armoured trucks.
 - **Solar business** was restructured into the Solar Business Division, a profit centre, to improve execution performance.
- **On localisation:** The company has identified a few high-value imports, eg critical components of FGD, for indigenisation. It is also exploring opportunities for the localisation of critical components in defence & aerospace, and transportation.

4QFY21 results review ►

- BHEL reported 4QFY21 net sales of Rs71.7bn (+42% yoy), 8% below our estimate of Rs77.7bn (4% below Bloomberg consensus). Segmental analysis highlights 51%/38% yoy sales growth in the Power/ Industry segments. Sales execution was better than in recent quarters where sales were restrained considering the company is optimising cash realisations vs execution considering its elevated working capital levels.
- 4QFY21 reported EBITDA loss of Rs12.6bn (EBITDA loss of Rs5.6bn in 4QFY20 and Rs1.8bn in 3QFY21) compared to our estimate of positive EBITDA of Rs6.6bn (Bloomberg consensus estimate of Rs6.8bn).
- EBITDA margin for the quarter was -17.6% (-11.1% in 4QFY20), vs our estimate of 8.5% and Bloomberg consensus' 9%, impacted by lower gross margin (+221bp yoy on high base, -290bp qoq) and sharp increase in other expenses (+148% yoy due to higher provisions). Staff expense was up 11% yoy in 4QFY21 (though flattish for FY21). Net provision in other expense in 4QFY21 stood at Rs14.6bn vs Rs3.32bn in 4QFY20. According to the company's press release, there is additional one-time provisioning of Rs18bn in FY21. Other expenses include forex gain/ losses and net provisions, which are volatile, on a quarterly basis.
- Depreciation fell by 18% to Rs1.3bn vs our estimate of Rs1.17bn. Other income was down 43% yoy to Rs842m, 29% below our estimate. Interest expense declined by 45% to Rs783m, 39% below our estimate.
- BHEL reported 4QFY21 PBT loss of Rs13.85bn (PBT loss of Rs7.1bn in 4QFY20), vs our estimate of Rs5.3bn.

- Reported PAT loss stood at Rs10.3bn (PAT loss of Rs15.3bn in 4QFY20), vs our estimate of PAT of Rs5.3bn and Bloomberg consensus's Rs8.5bn
- FY21 sales stood at Rs173bn (-19.4% yoy), EBITDA margins of -18.1% (-1.1% in FY20) and loss at Rs27bn vs loss of Rs14.7bn in FY20.

Segmental analysis ▶

- 4QFY21 Power sector sales increased by 51% yoy to Rs47.9bn vs our estimate of Rs52.2bn. Power segment EBIT margin was at -8.8 % (-0.25% in 4QFY20).
- 4QFY21 Industry segment sales improved by 38% yoy to Rs19.6bn (8% below our estimate). Industry segment's post EBIT margin was -20% (-26.2% in 4QFY20).

Order inflow and backlog ▶

- 4QFY21 order inflows stood at Rs43.75bn (-31% yoy). FY21 order inflows were at Rs134.7bn (-43% yoy). The company has not yet booked the NPCIL tender for the 6x700MW turbine island package, where it is favourably placed. The package is worth Rs108bn.
- The order backlog stood at Rs1.02tr (-6% yoy, -4% qoq) as at FY21.

Cash & net working capital ▶

- **Receivables:** Total receivables declined yoy to Rs313bn in FY21 vs Rs354bn in FY20 (improved by Rs41bn). Collectable debtors fell to Rs72bn from Rs116.4bn, while contract assets increased yoy to Rs241bn from Rs238bn. Receivables breakdown in terms of customers was Central sector (mainly NTPC): 36%, State sector: 43%, private: 13%, and exports: 8%.
- Inventories declined to Rs72bn in FY21 from Rs89bn in FY20. Working capital inched up to 392 days of sales in FY21 vs 378 in FY20 despite sales falling by 19% in FY21.
- **Cash collection to billing ratio was 123% in FY21 vs 120% in FY20** vs 91% in FY19. BHEL's focus on collections and improved inventories led to operating cash flow of positive Rs5.6bn in FY21 vs negative Rs28.8bn in FY20.
- **Net cash** stood at Rs17.6bn as at end 4QFY21 vs Rs14.1bn in 3QFY21.

Figure 1: Results comparison								
(Rs m)	Q4FY21	Q4FY20	yoy % chg	Q3FY21	qoq % chg	FY21	FY20	yoy % chg
Net revenues	71,710	50,493	42	44,514	61	1,73,084	2,14,861	(19.4)
Expenditure								
RM cost	49,461	35,941	37.6	29,411	68.2	1,15,819	1,37,116	(15.5)
Staff cost								
Other items	22,570	9,067	148.9	3,103	627.4	34,896	26,039	34.0
Total Expenditure	84,354	56,111	50.3	46,310	82.2	2,04,438	2,17,189	(5.9)
EBITDA	-12,644	-5,617	NA	-1,796	NA	-31,353	-2,329	NA
Other income	842	1,482	(43.2)	853	(1.3)	3,698	5,806	(36.3)
Interest	783	1,412	(44.6)	858	(8.8)	3,731	5,070	(26.4)
Depreciation	1,266	1,543	(18.0)	1,128	12.2	4,731	5,029	(5.9)
PBT	-13,850	-7,090	NA	-2,929	NA	-36,116	-6,621	NA
Tax	-3,520	8,252	NA	-619	NA	-8,945	8,109	NA
PAT	-10,329	-15,341	NA	-2,310	NA	-27,172	-14,730	NA
Adjusted PAT	-10,329	-15,341	NA	-2,310	NA	-27,172	-14,730	NA
Other Comprehensive Income	-747	1,699	NA	183	NA	-200	2,739	NA
Total Comprehensive Income	-9,582	-17,041	NA	-2,492	NA	-26,972	-17,469	NA
Key ratios (%)			bp (yoy)		bp (qoq)			bp (yoy)
RM to Sales	69.0	71.2	(220.5)	66.1	290.1	66.9	63.8	309.9
Staff Cost to sales	17.2	22.0	(481)	31.0	(1381)	31.0	25.1	589.0
EBITDA margin	(17.6)	(11.1)	(650.6)	(4.0)	(1360)	(18.1)	(1.1)	(1703.1)
Effective tax rate	25.4	(116.4)	14181.2	21.1	429	24.8	(122.5)	14723.2
EPS (Rs)	(2.8)	(4.2)	NA	(0.6)	NA	(7.4)	(4.0)	NA
Adjusted EPS (Rs)	(3.0)	(4.4)	NA	(0.7)	NA	(7.8)	(4.2)	NA
Order details (Rs m)	Q4FY21	Q4FY20		Q3FY21		FY21	FY20	
Total Inflow	43,750	63,050	-30.6	38,890	12.5	1,34,720	2,35,470	-42.8
Total backlog	10,20,900	10,84,430	-5.9	10,66,860	-4.3	10,20,900	10,84,430	-5.9
Segment results								
	Q4FY21	Q4FY20	yoy % chg	Q3FY21	qoq % chg	FY21	FY20	yoy % chg
Power	47,893	31,747	50.9	29,857	60.4	1,13,861	1,49,604	(23.9)
Industry	19,631	14,189	38.4	12,174	61.3	49,095	55,302	(11.2)
Total	67,524	45,936	47.0	42,030	60.7	1,62,956	2,04,906	(20.5)
Revenue Mix								
Power (%)	71	69		71		70	73	
Industry (%)	29	31		29		30	27	
EBIT								
			yoy % chg		qoq % chg			yoy % chg
Power	-4,209	-79	NA	1,144	NA	-12,462	8,043	NA
Industry	-3,889	-3,712	NA	-1,186	NA	-8,505	-2,058	NA
Total	-8,098	-3,791	NA	-42	NA	-20,966	5,985	NA
Less: Interest	783	1,412	(44.6)	858	(8.8)	3,731	5,070	(26.4)
unallocable expense net of income	4,969	1,887	163.4	2,029	144.9	11,419	7,536	51.5
Total PBT	-13,849	-7,090	95.3	-2,929	372.9	-36,116	-6,621	445.5
EBIT margin								
			bp (yoy)		bp (qoq)			bp (yoy)
Power (%)	-8.8	-0.25	-854	3.8	-1,262	-10.9	5.4	-1,632
Industry (%)	-19.8	-26	636	-9.7	-1,006	-17.3	-3.7	-1,360

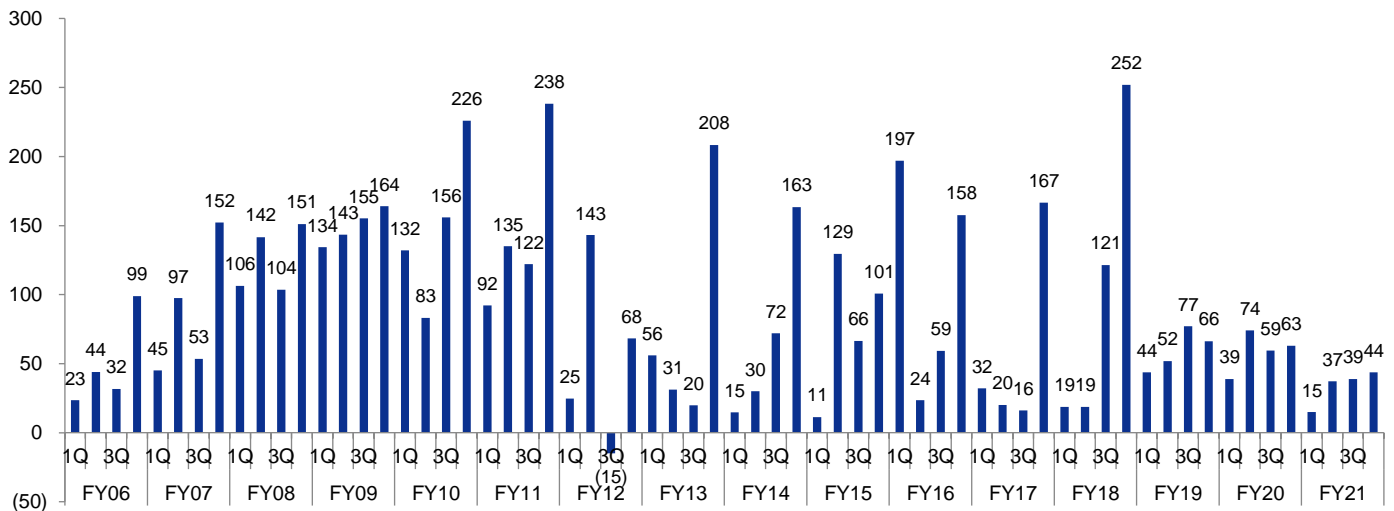
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 2: Balance sheet

(Rs m)	1HFY16	FY16	1HFY17	FY17	1HFY18	FY18	1HFY19	FY19	1H FY20	FY20	1H FY21	FY21
Sources of Funds												
Shareholders funds:	3,39,136	3,21,811	3,32,100	3,22,648	3,22,648	3,26,011	3,26,113	3,13,999	3,07,927	2,91,812	2,76,915	2,64,841
Share capital	4,895	4,895	4,895	4,895	4,895	7,343	7,343	6,964	6,964	6,964	6,964	6,964
Reserves and Surplus	3,34,241	3,16,916	3,27,205	3,17,752	3,17,752	3,18,668	3,18,770	3,07,035	3,00,963	2,84,848	2,69,950	2,57,876
LOAN FUNDS	546	1,263	1,090	778	778	572	7,170	25,527	48,861	50,088	48,327	49,354
TOTAL	3,39,682	3,23,074	3,33,190	3,23,425	3,23,425	3,26,583	3,33,283	3,39,526	3,56,788	3,41,900	3,25,241	3,14,194
APPLICATION OF FUNDS												
Fixed Assets (Incl. CWIP)	43,184	42,804	39,011	34,441	34,441	32,716	31,337	32,024	31,700	31,281	29,694	29,079
Investments	5,549	6,642	6,642	13,161	13,161	6,907	6,738	6,694	6,694	6,695	6,695	6,700
Deferred Tax Assets (Net)	24,025	36,592	33,130	39,936	39,936	36,259	35,482	35,145	36,335	27,562	32,514	36,598
CURRENT ASSETS, LOANS AND ADVANCES												
Inventories	1,09,399	96,022	84,655	66,682	66,682	62,588	77,466	81,135	94,418	89,055	84,016	71,912
Sundry Debtors	3,72,476	3,37,984	3,49,995	3,29,982	3,29,982	1,75,013	3,89,926	1,59,448	1,40,430	1,23,781	1,14,320	72,134
Cash and Bank balances	81,696	1,00,860	1,02,290	96,443	96,443	1,11,759	70,998	75,033	68,164	64,186	60,257	67,014
Other current assets	3,199	28,304	2,874	29,304	29,304	2,09,661	30,425	2,52,278	2,63,889	2,67,974	2,65,058	2,70,320
Loans and Advances	35,983	2,422	30,305	8,848	8,848	2,279	2,459	2,403	2,957	2,182	2,208	3,256
Total Current Assets	6,02,753	5,65,592	5,70,119	5,31,259	5,31,259	5,61,299	5,71,274	5,70,297	5,69,859	5,47,176	5,25,858	4,84,636
Less: Current Liabilities and Provisions												
Current Liabilities	2,25,971	2,18,952	2,09,083	1,99,866	1,99,866	2,23,539	2,24,656	2,25,234	2,06,470	1,87,518	1,82,371	1,72,048
Provisions	1,09,859	1,09,604	1,06,629	95,506	95,506	87,059	86,892	79,400	81,330	83,297	87,149	70,770
Total Current Liabilities	3,35,830	3,28,556	3,15,711	2,95,372	2,95,372	3,10,598	3,11,548	3,04,634	2,87,800	2,70,815	2,69,520	2,42,818
Net Current Assets	2,66,923	2,37,036	2,54,408	2,35,887	2,35,887	2,50,700	2,59,726	2,65,663	2,82,059	2,76,362	2,56,339	2,41,818
TOTAL	3,39,682	3,23,074	3,33,190	3,23,425	3,23,425	3,26,583	3,33,283	3,39,526	3,56,788	3,41,900	3,25,241	3,14,194
Working capital (days of sales)												
Current assets	770	829	774	712	712	733	726	707	757	975	1247	1086
Inventories	140	141	115	89	89	82	98	101	125	159	199	161
Sundry Debtors	476	496	475	442	442	228	495	198	187	220	271	162
Cash and Bank balances	104	148	139	129	129	146	90	93	91	114	143	150
Other current assets	4	41	4	39	39	274	39	313	351	477	629	605
Loans and Advances	46	4	41	12	12	3	3	3	4	4	5	7
Current Liabilities & provisions	429	482	428	396	396	405	396	378	382	482	639	544
Current Liabilities	289	321	284	268	268	292	285	279	274	334	432	385
Provisions	140	161	145	128	128	114	110	98	108	148	207	159
NWC (ex cash)	237	200	206	187	187	181	240	236	284	378	465	392

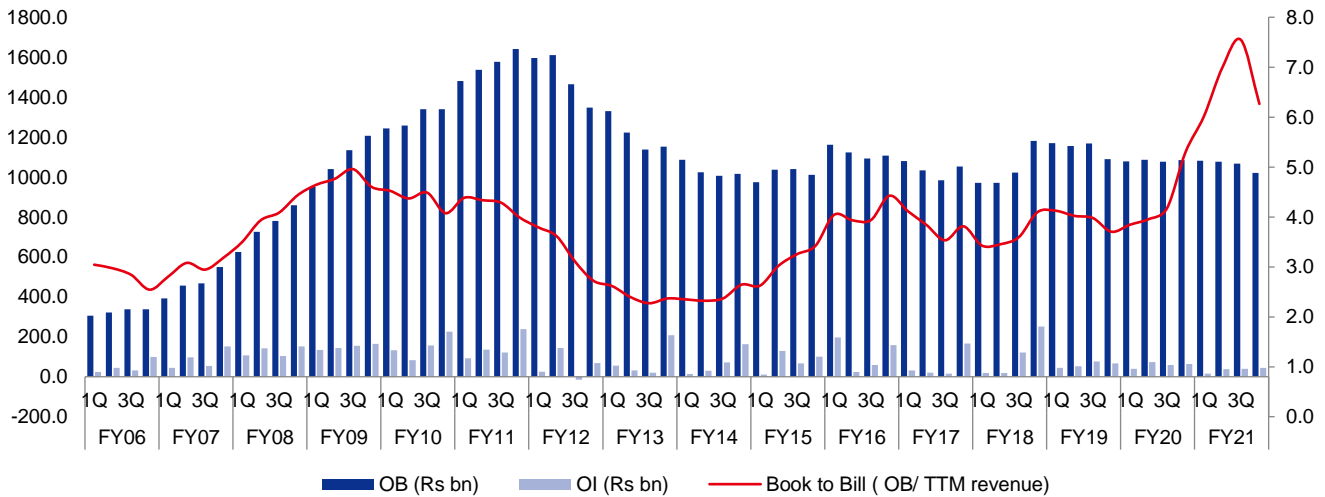
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 3: Order inflow trend remains weak (Rs bn)



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 4: Order backlog (OB) stood at Rs1.02tr (-6% yoy, -4% qoq) as at FY21, OB to TTM sales optically looks higher to lower sales



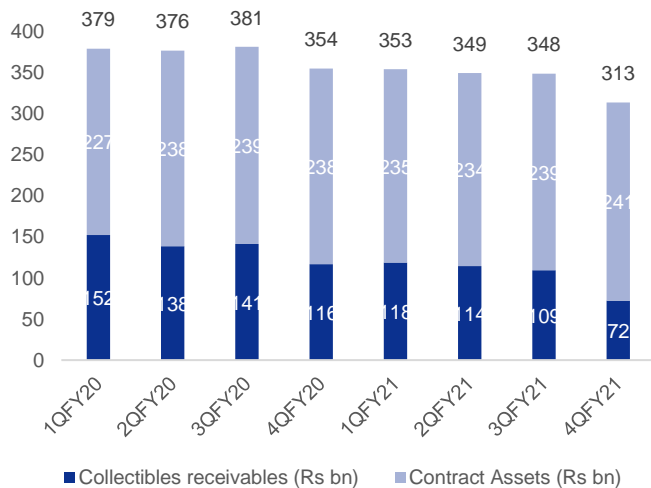
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 5: Project pipeline as at FY21

Company	Project name	Size (MW)
NLC	Talabira	3x800
SCCL	Adilabad	1x800
Adani Power	Pench	2x660
NTPC	Singrauli	2x800
NTPC	Lara	2x800
NTPC	Sipat AUSC	1x800
NLC	Neyveli	2x660
NHPC	Teesta HEP	4x130
CVPPPL	Kwar HEP	4x135
NHPC	Ratle	4x205+1x30
NHPC	Dibang HEP	12x240

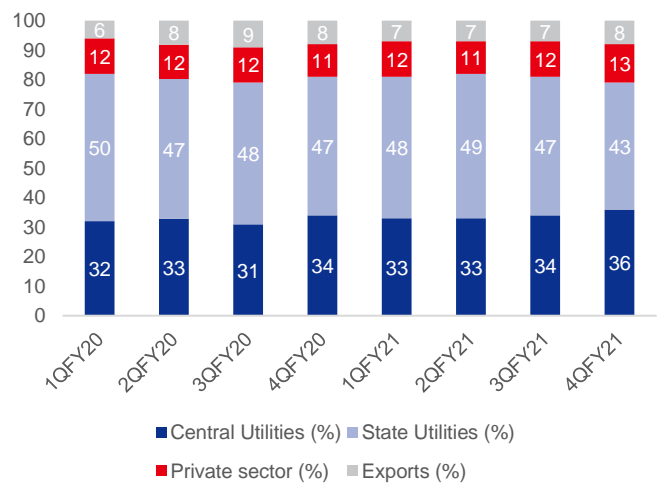
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 6: Collectibles receivables have declined, but contract assets remain elevated



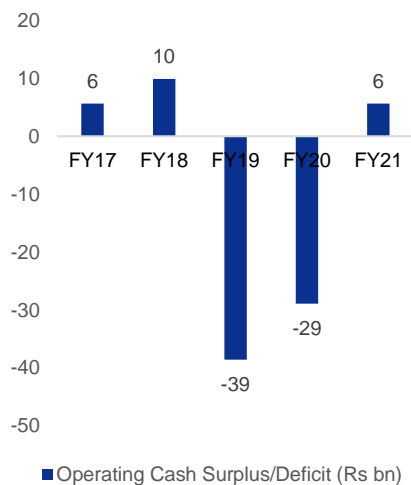
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Proportion of total receivables from state utilities fell



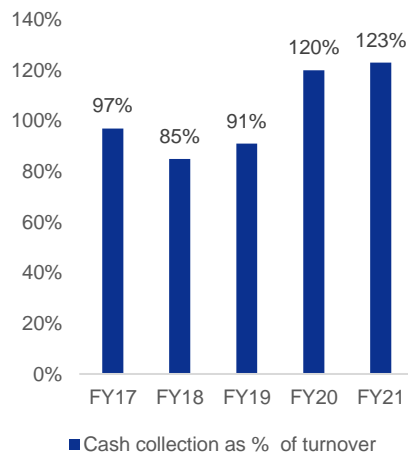
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Operating cash surplus/deficit



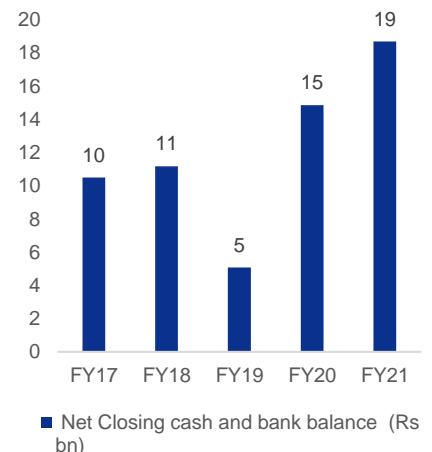
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 9: Cash collection as a % of turnover



SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 10: Net closing cash and bank balance



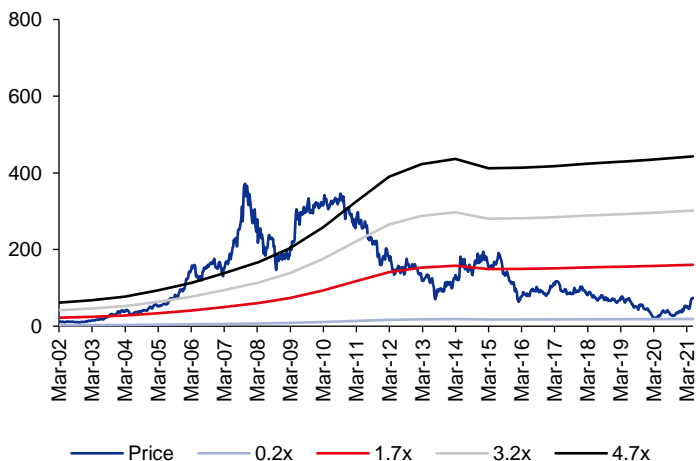
SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 11: Earnings revision summary

(Rs m)	Old estimates		New estimates		Change (%)	
	2022F	2023F	2022F	2023F	2022F	2023F
Revenue	2,49,873	2,67,691	2,16,070	2,56,011	-13.5%	-4.4%
EBITDA	6,821	11,064	785	10,827	-88.5%	-2.1%
Core PAT	2,647	7,862	-3,354	7,300	-226.7%	-7.2%

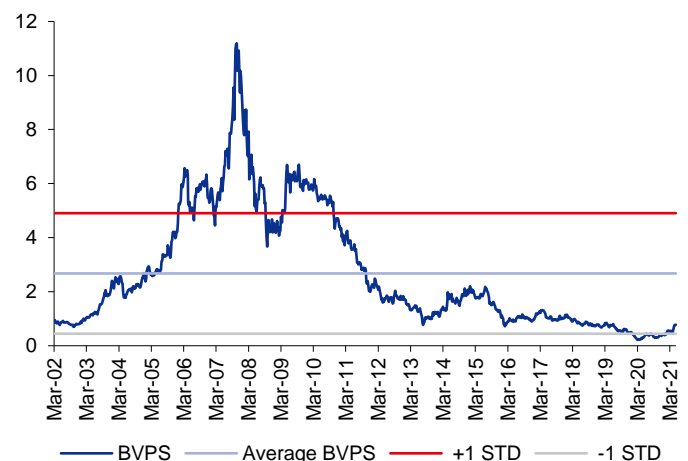
SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS

Figure 12: BHEL – one-year forward P/BV chart



SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 13: BHEL – current P/BV trading at below -1SD of its long-term average

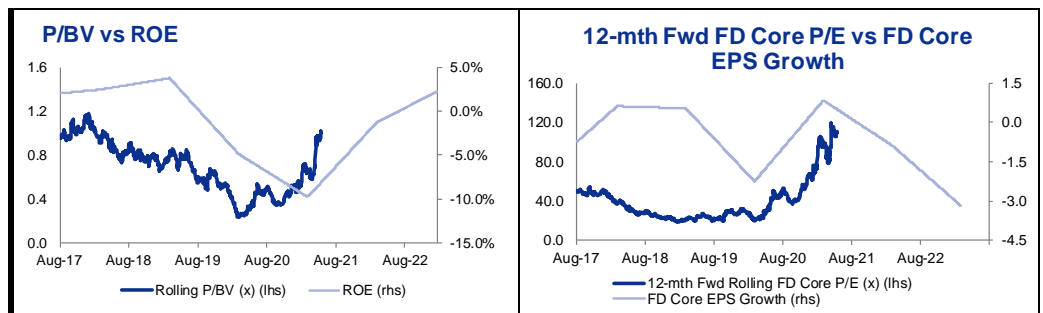


SOURCES: INCRED RESEARCH, COMPANY REPORTS, BLOOMBERG

Figure 14: Sector comparison

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US\$ m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
						FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F	FY21F	FY22F	FY23F
ABB India	ABB IN	Reduce	1,651	1,260	4,936	155	76	61	9.7	8.7	7.8	119	53	41	0.3	0.3	0.4
Bharat Heavy Electricals	BHEL IN	Hold	69	38	3,508	-9	-71	33	0.9	0.9	0.9	-7	294	21	0.0	0.0	0.0
Cummins India	KKC IN	Hold	834	810	3,006	39	32	26	5.2	5.0	4.6	38	29	23	1.8	2.0	2.0
Larsen & Toubro	LT IN	Add	1,503	1,600	28,724	31	23	20	2.8	2.6	2.4	20	17	15	1.3	2.4	1.6
Siemens India	SIEM IN	Hold	2,102	1,850	10,235	97	62	53	7.9	7.3	6.6	69	42	35	0.3	0.6	0.6
Thermax	TMX IN	Reduce	1,495	1,275	2,340	68	47	38	5.2	4.9	4.5	42	30	24	0.5	0.5	0.7
Voltas	VOLT IN	Hold	1,046	1,025	4,629	66	49	38	6.9	6.8	6.1	54	40	30	0.5	0.5	0.6

SOURCES: INCRED RESEARCH ESTIMATES, COMPANY REPORTS. PRICED AS AT 11 JUN 2021

BY THE NUMBERS

Profit & Loss

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Net Revenues	304,227	214,861	173,084	216,070	256,011
Gross Profit	125,762	77,745	57,266	77,785	92,164
Operating EBITDA	21,320	(2,329)	(31,353)	785	10,827
Depreciation And Amortisation	(4,748)	(5,029)	(4,731)	(4,817)	(4,951)
Operating EBIT	16,572	(7,357)	(36,084)	(4,032)	5,876
Financial Income/(Expense)	(2,873)	(5,070)	(3,731)	(4,064)	(3,667)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	6,776	5,806	3,698	4,742	5,090
Profit Before Tax (pre-EI)	20,475	(6,621)	(36,116)	(3,354)	7,300
Exceptional Items					
Pre-tax Profit	20,475	(6,621)	(36,116)	(3,354)	7,300
Taxation	(8,389)	(8,109)	8,945		
Exceptional Income - post-tax					
Profit After Tax	12,087	(14,730)	(27,172)	(3,354)	7,300
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	12,087	(14,730)	(27,172)	(3,354)	7,300
Recurring Net Profit	12,087	(14,730)	(27,172)	(3,354)	7,300
Fully Diluted Recurring Net Profit	12,087	(14,730)	(27,172)	(3,354)	7,300

Cash Flow

(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
EBITDA	21,320	(2,329)	(31,353)	785	10,827
Cash Flow from Invt. & Assoc.	(845)	(4,292)	(4,763)	(4,139)	(3,527)
Change In Working Capital	(75,892)	(26,195)	37,373	1,833	(12,155)
(Incr)/Decr in Total Provisions	19,754	2,444			
Other Non-Cash (Income)/Expense	4,748	5,029	4,731	4,817	4,951
Other Operating Cashflow	(151)	(162)			
Net Interest (Paid)/Received	(3,283)	(185)	33	(678)	(1,424)
Tax Paid	(4,207)	(3,219)	8,945		
Cashflow From Operations	(38,556)	(28,910)	14,964	2,618	(1,328)
Capex	(4,240)	(4,252)	(2,482)	(4,000)	(4,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	23,389	22,617	3,698	4,742	5,090
Cash Flow From Investing	19,149	18,365	1,216	742	1,090
Debt Raised/(repaid)	24,862	24,767	(734)		(3,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,870)	(5,046)			(3,650)
Preferred Dividends					
Other Financing Cashflow	(950)	(3,104)	(3,731)	(4,064)	(3,667)
Cash Flow From Financing	16,042	16,617	(4,465)	(4,064)	(10,316)
Total Cash Generated	(3,365)	6,073	11,715	(705)	(10,554)
Free Cashflow To Equity	5,455	14,223	15,446	3,360	(3,238)
Free Cashflow To Firm	(16,124)	(10,359)	16,147	4,037	1,186

SOURCES: INCRED RESEARCH, COMPANY REPORTS

BY THE NUMBERS...cont'd

Balance Sheet					
(Rs mn)	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Total Cash And Equivalents	75,033	64,186	67,014	64,056	68,728
Total Debtors	157,960	123,781	72,134	82,876	98,196
Inventories	77,973	89,055	71,912	71,037	80,661
Total Other Current Assets	259,653	270,156	273,576	256,620	268,987
Total Current Assets	570,619	547,176	484,636	474,590	516,572
Fixed Assets	32,024	31,281	29,079	28,262	27,311
Total Investments	6,694	6,695	6,700	6,700	6,700
Intangible Assets					
Total Other Non-Current Assets	34,974	27,562	36,598	36,598	36,598
Total Non-current Assets	73,692	65,538	72,377	71,560	70,609
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	189,177	166,191	143,780	147,701	161,365
Other Current Liabilities	115,544	104,624	99,039	89,862	101,352
Total Current Liabilities	304,721	270,815	242,818	237,562	262,717
Total Long-term Debt	25,272	50,088	49,354	49,354	46,354
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	25,272	50,088	49,354	49,354	46,354
Total Provisions					
Total Liabilities	329,993	320,902	292,172	286,916	309,071
Shareholders Equity	314,318	291,812	264,841	261,487	265,136
Minority Interests					
Total Equity	314,318	291,812	264,841	261,487	265,136

Key Ratios					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Revenue Growth	5.6%	(30.4%)	(20.5%)	26.4%	19.2%
Operating EBITDA Growth	10.4%	(110.9%)	1,246.3%	(102.5%)	1,279.0%
Operating EBITDA Margin	7.2%	(1.1%)	(19.2%)	0.4%	4.4%
Net Cash Per Share (Rs)	14.29	4.05	5.07	4.22	6.43
BVPS (Rs)	90.27	83.80	76.06	75.10	76.14
Gross Interest Cover	5.77	(1.45)	(9.67)	(0.99)	1.60
Effective Tax Rate	41.0%				
Net Dividend Payout Ratio	54.0%	(28.4%)			50.0%
Accounts Receivables Days	199.74	239.31	206.57	130.93	129.08
Inventory Days	143.74	222.31	253.64	188.66	168.97
Accounts Payables Days	(236.67)	(292.52)	(290.86)	(229.72)	(210.78)
ROIC (%)	3.6%	(5.7%)	(11.2%)	(1.1%)	1.6%
ROCE (%)	5.0%	(2.2%)	(11.0%)	(1.3%)	1.9%
Return On Average Assets	2.1%	(0.7%)	(4.2%)	(0.1%)	1.7%

Key Drivers					
	Mar-19A	Mar-20A	Mar-21A	Mar-22F	Mar-23F
Order Intake (Rs m)					
Power	154,900	137,840	89,840	227,592	195,192
Industry	70,160	87,570	42,830	59,962	71,954
Order intake growth (%)					
Power	(54)	(11)	(35)	153	(14)
Industry	(7)	25	(51)	40	20
Revenues (Rs m)					
Power	234,739	149,604	113,861	152,894	182,941
Industry	59,490	55,302	49,095	53,066	62,525
Revenue growth					
Power	3	-36	-24	34	20
Industry	20	-7	-11	8	18

SOURCES: INCRED RESEARCH, COMPANY REPORTS

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The survey result is as of the date appearing in the Corporate Governance Report of Thai Listed Companies. As a result, the survey result may be changed after that date. CGS-CIMB Thailand does not confirm nor certify the accuracy of such survey result.

Score Range:	90 - 100	80 – 89	70 - 79	Below 70 or	No Survey Result
Description:	Excellent	Very Good	Good	N/A	N/A

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- CG Score 2020 from Thai Institute of Directors Association (IOD)

- Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of January 30, 2021) are categorised into: companies that have declared their intention to join CAC, and companies certified by CAC.

Recommendation Framework

Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.

Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.