

India

Overweight (no change)**Highlighted Companies****Larsen & Toubro Ltd****ADD, TP Rs3870, Rs3669 close**

We believe L&T is one of the key beneficiaries of the investment upcycle in India, with strong expertise and a track record of delivering high-value projects. We expect L&T to report strong order inflow in the next couple of years led by multiple high-value orders.

Siemens Ltd**ADD, TP Rs7565, Rs6968 close**

Siemens is a structural play on the long-term industrial investment upcycle in India, with its leading position in automation, especially process & discrete automation. Further growth in investments, driven by the government's focus on increasing transmission capacity for renewable energy, bodes well.

Skipper Limited**ADD, TP Rs435, Rs298 close**

Skipper is among the top 10 global T&D structure manufacturers. It is also India's largest and the only integrated T&D company having its own structure rolling, manufacturing, tower load testing station & transmission line EPC business. We like the T&D space, which is showing signs of a rebound after a two-year slowdown, and the domestic transmission line order placement activity is expected to provide visibility to the T&D sector.

Summary Valuation Metrics

P/E (x)	Mar24-A	Mar25-F	Mar26-F
Larsen & Toubro Ltd	39.76	31.28	25.78
Siemens Ltd	94.26	77.14	62.56
Skipper Limited	34.48	21.34	17.18

P/BV (x)	Mar24-A	Mar25-F	Mar26-F
Larsen & Toubro Ltd	5.97	5.17	4.42
Siemens Ltd	16.3	13.83	11.59
Skipper Limited	3.49	3.02	2.59

Dividend Yield	Mar24-A	Mar25-F	Mar26-F
Larsen & Toubro Ltd	0.57%	0.6%	0.6%
Siemens Ltd	0.2%	0.2%	0.2%
Skipper Limited	0.03%	0.19%	0.29%

Ind Goods & Services**Robust 4QFY24 results; solid commentary**

- The capital goods coverage universe (excl. L&T) reported robust sales/EBITDA/PAT YoY growth of 24%/45%/64%, respectively, in 4QFY24.
- Most companies are optimistic about the growth prospects, given the uptick in spending, demand improvement, healthy balance sheets & the PLI scheme.
- With strong execution, margin expansion and higher profitability led by softening commodity prices, we maintain our Overweight stance on the sector.

Strong revenue growth across companies

The capital goods coverage universe (excl. L&T) reported strong sales/EBITDA/PAT YoY growth of 24%/45%/64%, respectively, in 4QFY24 led by strong execution and margin expansion. All companies reported double-digit revenue growth. Skipper reported the highest revenue growth at ~76% YoY followed by Voltas at 42%. The margin of our coverage universe expanded by 162bp YoY to 10.8% in 4QFY24 as margin expansion was witnessed across companies, except Voltas (due to losses in the project business) and Skipper (high base). On the profitability front, strong PAT growth was seen in Kalpataru Projects International (125% YoY), KEC International (110% YoY) ABB (87% YoY) and Siemens (70% YoY). Despite the slowdown in the domestic market, total order inflow in FY24 grew by 15% YoY led by a 31% growth in L&T due to strong growth from the overseas market while the order book grew by 17% YoY.

Positive management commentary

Most company managements are optimistic on the growth prospects, given the fact that India's economy is expected to grow by 7% and witness an uptick in spending by the government, demand improvement, healthy balance sheets of banks, production-linked incentive or PLI schemes, etc. For FY25F, L&T expects order inflow growth of 10% and revenue growth of 15%. For the projects and manufacturing business, margins are expected to remain at a level similar to that in FY24, at ~8.25%.

Outlook & valuation

The investment activity remains healthy, urban India is strong while rural India is seeing signs of a recovery. Spending by the government, improved demand, and healthy balance sheets of banks, production-linked incentive or PLI schemes, etc. will foster growth. Private capex is picking up while public spending may be muted due to general elections. The capital goods sector outperformed the broad market with a revival in the capex cycle led by an increase in order inflow and higher execution. The Capital Goods Index posted a 90% gain in the last 12 months while the BSE Sensex was up ~20%. We feel the outperformance will continue and the sector deserves a higher valuation, given the commencement of order placement activity in large multilateral projects, uptick in the investment cycle, and margin expansion. In view of long-term order visibility, strong execution, margin expansion and higher profitability led by softening commodity prices, we maintain an Overweight rating on the sector. We downgrade ABB and Thermax to HOLD (from ADD) and Cummins India to REDUCE (from HOLD) mainly due to rich valuations.

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Figure 1: Coverage Summary

Company	Rating	Mcap (Rs bn)	Current Price Rs	Target Price Rs	Target P/E x	1-Yr FW P/E	
						Mean	1+SD
L&T	ADD	5,044	3,669	3,870	27	22	27
Siemens	ADD	2,481	6,968	7,565	75	56	69
ABB	HOLD	1,763	8,318	8,165	85	80	104
Thermax	HOLD	609	5,405	4,770	50	43	50
Cummins India	REDUCE	984	3,551	2,638	40	30	36
KEC International	ADD	190	739	875	20	22	35
Voltas	HOLD	450	1,360	1,378	42	45	70
Kalpataru Projects	ADD	194	1,195	1,328	20	15	19
Skipper	ADD	31	298	435	25	22	34

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Consensus' earnings upgrade continues

Figure 2: Earnings upgrade witnessed across companies

Bloomberg Consensus	FY25F EPS (Rs)		FY25F EPS change %	FY26F EPS (Rs)		FY26F EPS change %	FY25F EBITDA (Rs m)		FY25F EBITDA change %	FY26F EBITDA (Rs m)		FY26F EBITDA change %
	03-Jun-24	04-Dec-23		03-Jun-24	04-Dec-23		03-Jun-24	04-Dec-23		03-Jun-24	04-Dec-23	
L&T	96.2	118.4	23.0%	120.2	144.7	20.3%	2,47,115	2,82,551	14.3%	2,96,673	3,37,735	13.8%
Thermax	52.3	64.8	23.9%	65.2	79.9	22.6%	7,908	10,072	27.4%	9,820	12,470	27.0%
KEC Int	18.7	28.7	53.6%	34.9	43.2	23.8%	13,958	17,246	23.6%	19,634	22,572	15.0%
Siemens	59.8	70.4	17.7%	71.9	84.2	17.2%	27,776	31,046	11.8%	32,838	37,065	12.9%
Kalpataru	41.3	54.8	32.9%	54.5	72.0	32.1%	17,936	21,031	17.3%	21,138	26,118	23.6%
ABB India	56.3	78.4	39.2%	64.7	94.1	45.6%	14,496	20,286	39.9%	16,719	24,554	46.9%
Skipper	8.4	14.0	66.7%	12.7	17.3	36.2%	2,966	4,009	35.2%	3,712	4,766	28.4%
Voltas	14.6	23.6	61.8%	22.4	30.9	37.7%	6,435	10,148	57.7%	9,715	12,754	31.3%
Cummins	46.1	63.7	38.1%	53.6	75.5	40.8%	13,838	19,066	37.8%	16,102	22,686	40.9%

SOURCES: COMPANY REPORTS, INCRED RESEARCH

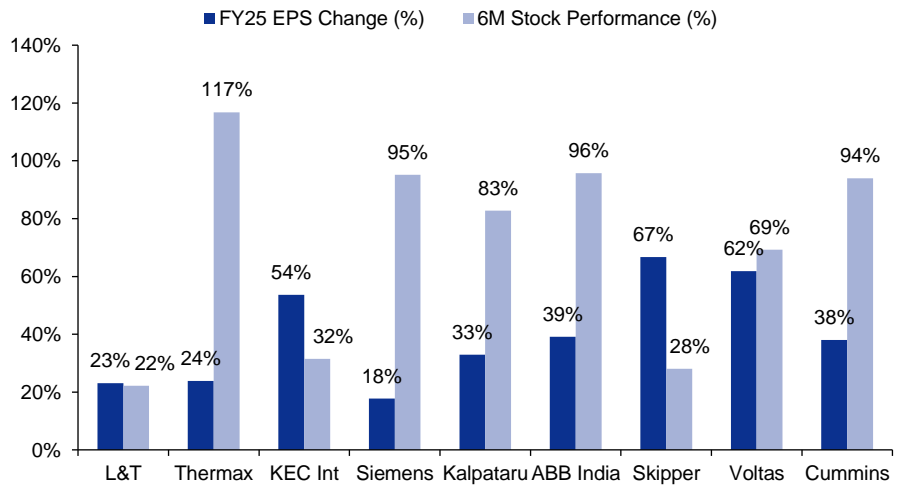
4QFY24 results hits/misses and changes in our estimates

Figure 3: 4QFY24 result analysis vs. our expectation and earning changes

Company	BBG	Revenue	YoY	EBITDA	YoY	Adj. PAT	YoY	EBITDA Miss/Beat	PAT Miss/Beat	FY25/26F EBITDA Change	FY25/26F EPS Change
L&T	LT IN	6,70,787	15%	72,340	5.9%	43,025	7.9%	-1.6%	-2.3%	1%/1.1%	-3%/-0.4%
Thermax	TMX IN	27,637	20%	2,732	36.6%	1,876	20.1%	10.2%	-3.0%	5%/13%	2%/19%
KEC Int	KECI IN	62,937	14%	3,880	36.9%	1,517	110.2%	-0.6%	-20.4%	0.4%/2.2%	1.5%/6.2%
Siemens	SIEM IN	56,810	19%	8,782	41.4%	8,029	70.2%	16.6%	35.8%	1.8%/6.7%	15%/23%
Kalpataru	KPIL IN	59,710	22%	4,520	36.1%	1,690	124.7%	-1.1%	6.5%	Maintained	Maintained
ABB India	ABB IN	30,804	28%	5,652	98.1%	4,596	87.4%	38.7%	38.2%	2%/11%	18%/31%
Skipper	SKIPPER IN	11,535	75%	1,085	51.6%	239	14.5%	31.7%	-0.8%	14%/15%	10%/8%
Voltas	VOLT IN	42,029	42%	1,906	-12.7%	1,106	-22.8%	-25.4%	-41.7%	12.7%/10.5%	7.2%/6%
Cummins	KKC IN	23,162	20%	5,443	66.9%	5,615	76.3%	33.4%	45.1%	-1.6%/2%	11%/13%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 4: FY25F EPS changes vs stock performance



SOURCES: BLOOMBERG, COMPANY REPORTS, INCRED RESEARCH

Results summary

Figure 5: Results summary

	Revenue			EBITDA			PAT			EBITDA Margin		
	Mar-24	Mar-23	YoY	Mar-24	Mar-23	YoY	Mar-24	Mar-23	YoY	Mar-24	Mar-23	YoY bp
L&T	6,70,787	5,83,352	15.0%	72,340	68,329	5.9%	43,025	39,868	7.9%	10.8%	11.7%	-93
Thermax	27,637	23,108	19.6%	2,732	1,999	36.6%	1,876	1,562	20.1%	9.9%	8.7%	123
KEC Int	62,937	55,250	13.9%	3,880	2,835	36.9%	1,517	722	110.2%	6.2%	5.1%	103
Siemens	56,810	47,901	18.6%	8,782	6,212	41.4%	8,029	4,718	70.2%	15.5%	13.0%	249
Kalpataru	59,710	48,820	22.3%	4,520	3,320	36.1%	1,690	752	124.7%	7.6%	6.8%	77
ABB India	30,804	24,112	27.8%	5,652	2,853	98.1%	4,596	2,452	87.4%	18.3%	11.8%	651
Skipper	11,535	6,574	75.5%	1,085	716	51.6%	239	209	14.5%	9.4%	10.9%	-148
Voltas	42,029	29,568	42.1%	1,906	2,182	-12.7%	1,106	1,432	-22.8%	4.5%	7.4%	-284
Cummins	23,162	19,260	20.3%	5,443	3,261	66.9%	5,615	3,185	76.3%	23.5%	16.9%	657
Aggregate (Ex-L&T)	3,14,622	2,54,593	23.6%	33,999	23,377	45.4%	24,669	15,032	64.1%	10.8%	9.2%	162
Aggregate	9,85,409	8,37,945	17.6%	1,06,339	91,707	16.0%	67,694	54,900	23.3%	10.8%	10.9%	-15

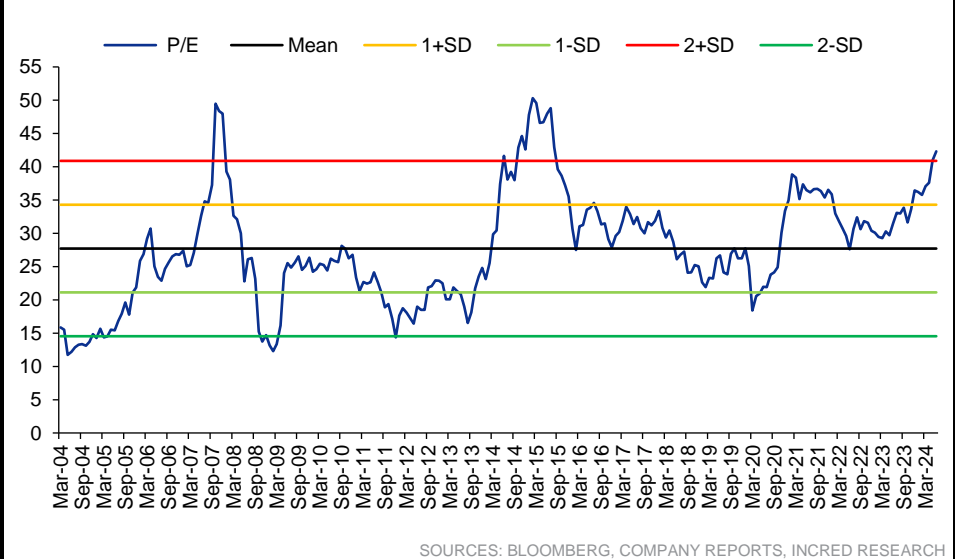
SOURCES: COMPANY REPORTS, INCRED RESEARCH

Figure 6: Order inflow and order book - FY24

Rs m	Order Inflow			Order Book		
	FY24	FY23	YoY	FY24	FY23	YoY
L&T	30,28,130	23,05,260	31.4%	47,58,090	39,95,260	19.1%
Thermax	93,540	87,830	6.5%	1,01,110	97,520	3.7%
KEC	1,81,200	2,23,780	-19.0%	2,96,440	3,05,530	-3.0%
Siemens	1,11,540	3,65,970	-69.5%	4,62,097	4,50,000	2.7%
KPIL	3,00,220	2,52,410	18.9%	5,84,150	4,59,180	27.2%
ABB India	1,23,200	1,00,270	22.9%	84,040	64,680	29.9%
Skipper	42,870	41,380	3.6%	62,150	45,510	36.6%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: Capital Goods sector trades at 2+SD



SOURCES: BLOOMBERG, COMPANY REPORTS, INCRED RESEARCH

4QFY24 conference-call highlights & outlook

Most company managements are optimistic on the growth prospects, given the fact that India's economy is expected to grow by 7% and witness an uptick in spending by the government, demand improvement, healthy balance sheets of banks, production-linked incentive or PLI schemes, etc.

Larsen & Toubro

- For FY25F, management expects order inflow growth of 10% and revenue growth of 15%. Due to the ongoing general elections, tendering activity is expected to remain muted in 1HFY25F. For the projects and manufacturing business, margins are expected to remain at a level similar to that in FY24, at ~8.25%. Total order pipeline stood at Rs12.1tr (+24% YoY). The increase was mainly due to a sharp improvement in the infrastructure, hydrocarbon order prospects pipeline. The pipeline constitutes segments such as infrastructure – Rs7.25tr, hydrocarbon – Rs3.87tr, power – Rs0.5tr and heavy engineering & defence - Rs0.35tr. The green energy portfolio constitutes Rs0.1tr.
- Outlook: Despite a high base, slowdown due to general elections in 1QFY25 and lower inflow from international market, management has given guidance of a 10% order inflow growth and a 15% revenue growth in FY25F, with strong inflow expected from the domestic market in 2HFY25F. Margins in FY25F in the projects and manufacturing business are expected to maintain a level similar to that in FY24, hovering around 8.25%. Total order pipeline remains strong at Rs12.1tr (+24% YoY) led by a sharp improvement in infrastructure and hydrocarbon business prospects. For FY25F, we raise our revenue estimate by 1% and lower PAT estimate by 3% factoring in a healthy order pipeline and lower margin guidance. We largely maintain our PAT estimate for FY26F. We have our SOTP-based target price at Rs3,870 (Rs3,965 earlier) factoring in the lower valuation of listed arms.

Thermax

- Thermax delivered a healthy performance across sectors. Growth was mainly led by the industrial products segment, with increased revenue and improved margins. The industrial infrastructure segment's profitability for the year was impacted due to reduced margin on projects and muted order execution. Order bookings for the industrial products and green solutions segments also faced some delay in finalization, with some orders getting deferred as well. Management mentioned that large orders were muted and there was a slowdown in sugar and steel sectors.
- **Outlook:** The capex momentum, especially in the water and environmental space, augurs well for Thermax. The company has been most successful in green projects, zero liquid discharge, etc. It is focusing on digital transformation and cross-sales across products with distributors and channel partners, which is likely to drive order inflow growth in the coming quarters. For FY25F/26F, we raise revenue estimates by 5-13%, factoring in the healthy order inflow coupled with strong execution while raising PAT estimates by 2-19% factoring in higher margin in FY26F. We expect the order inflow to clock a 24% CAGR over the next two years, mainly led by the green solutions and industrial products segments. Thermax trades above 2+SD currently and so we have downgraded our rating on the stock to HOLD (from ADD) with a higher target price of Rs4,770 (from Rs3,675 earlier), valuing it at 50x FY26F EPS

KEC International

- While there are supply chain bottlenecks, the company maintains its 15%+ revenue growth for FY25F. Margins are expected to be in the range of 7.5%-8% in FY25F and 9-10% in FY26F. Net working capital or NWC days are expected to be below 100 days and interest costs should reduce to 2.5% of sales from the 3%+ level currently.
- **Outlook:** KEC International maintains its 15%+ revenue growth guidance for FY25F. Margins are expected to be in the range of 7.5%-8% in FY25F and 9-10% in FY26F. Net working capital or NWC days are likely to be below 100 days while interest costs should be reduced to 2.5% of sales from the 3%+ level currently. The T&D business posted a healthy revenue growth of 22% in FY24, with good traction in tower supply, which includes the largest tower supply order from the US and a maiden order from Europe. SAE Brazil delivered positive PBT across all the four quarters in FY24. We expect the company to report healthy revenue growth on the back of a robust order book and healthy tender pipeline. We raise our earnings estimates by 2% for FY25F and by 6% for FY26F, factoring in a healthy order pipeline. We retain ADD rating on the stock with a higher target price of Rs850, valuing it at 20x FY26F EPS.

Siemens

- The company's growth plans remain intact, which will be driven by the government's thrust on public spending as well as a pick-up in private capex. The destocking effect in industrial automation, however, is still visible. Siemens to explore opportunities in emerging verticals such as semiconductors, batteries and green hydrogen going ahead. The company will be investing ~Rs3.3bn for expansion of the plant in Goa. The expected timeline for this expansion is Dec 2026F. The plant will introduce cutting-edge gas-insulated switchgear and clean air GIS (Blue GIS) technologies to support customers in sectors like data centres, metro rail, oil & gas, steel, and T&D to achieve sustainability objectives. Moreover, the company is also investing in metro train manufacturing in Aurangabad with an investment of ~Rs1.9bn. It is likely to be commissioned by FY27F. Total capex is likely to be Rs10bn. It will serve as a crucial export centre for metro rail turnkey projects for key markets like Asia, Australia and the Middle East.
- **Outlook:** The company is well-placed to benefit from India's capex upcycle and exposure to a wide range of sectors. Siemens' energy business demerger

is likely to be completed by CY25F, which will create two strong independent companies focusing on their core activities. The company has given total capex guidance of Rs10bn for its GIS factory and other mobility capex. For FY24F/25F, we have raised our revenue estimates by ~2%/7%, respectively, factoring in the strong capex and order inflow led by digital penetration and government capex, and raised earnings estimates by 15%/23%, respectively, factoring in higher other income. We also introduce our FY26F EPS of Rs111 on a revenue of Rs321bn. We retain our ADD rating on the stock with a higher target price of Rs7,565 (Rs4,400 earlier), valuing it at 75x Mar 2026F EPS.

Kalpataru Projects International

- For FY25F, the company is targeting a revenue growth of 20%+, aiming at a PBT margin of ~5%, an improvement of at least 25-50bp. Management has given net working capital or NWC guidance of 100 days and finance cost at 2% of sales. Despite delivering record revenue growth and incurring a capex of Rs4.bn in FY24, the net debt in the standalone business decreased by 29% compared to the previous quarter, touching Rs18.3bn at the end of the year. The company has incurred ~Rs17bn capex in the core EPC business, and the gross block in property, plant, and equipment stands at around Rs34bn at the end of Mar 2024.
- **Outlook:** For FY25F, management has given revenue growth guidance of Rs20% led by the strong order book. Management has maintained its guidance of 4.5-5% PBT margin (standalone). Despite posting record revenue growth and capex of Rs4.bn in FY24, the net debt in the standalone business decreased by 29% compared to the previous quarter, touching Rs18.3bn at the end of FY24. The T&D market witnessed a significant improvement, driven by the rising adoption of renewables and the increase in power demand, leading to infrastructure development and accreditation. We estimate robust revenue/EBITDA CAGR of 18%/25%, respectively, over FY24-26F. Further reduction in the share pledge is likely to drive a rerating, in our view. We largely maintain our FY25F/26F estimates and increase the target P/E multiple to 20x (from 15x), in line with KEC International, factoring in a strong order pipeline. We value the standalone business at 20x FY26F EPS and investments at Rs32/share. We retain our ADD rating on it with a higher target price of Rs1,328).

ABB India

- The higher capex in infrastructure, railways, renewables, power distribution, water, energy, commercial buildings, and metals are likely to provide several opportunities for growth. Policy-driven public sector capex, with investments in energy transition, FDI in steel, cement, and incentivizing local production led by the government's PLI scheme in the areas like specialty steel and battery manufacturing will also add to the opportunity landscape for ABB India
- **Outlook:** ABB India remains a strong player in the automation space across multiple industries with a healthy operating performance, focus on order execution, pricing strategies & efficient capacity utilization. For CY24F/25F, we raise revenue estimates by 2%/11% and PAT estimates by 18%/31%, respectively, factoring in the strong inflow, higher execution and superior margin. We have also introduced CY26F EPS of Rs119 on a revenue of Rs206bn. ABB India reported strong margin expansion and significant beat on earnings, but the stock rallied 100%+ in the last 12 months and 78% in the last 3 months alone; it trades at 1+SD currently. We downgrade our rating on ABB India to HOLD (from ADD) with a higher target price of Rs8,165 (from Rs5,500 earlier).

Skipper

- The company maintains its revenue guidance, aiming at a 25% CAGR over two years, despite a higher revenue base. While the EBITDA margin fluctuated on a quarterly basis, depending on the quality of the contract, it remained consistent for the 12-month period. This is likely to continue, with some possibility of margin expansion in the coming years. Management said that margins are expected to be in the range of 9.5-10% for FY25F. The company anticipates robust bidding pipelines in India and internationally, driven by renewable energy integration plans and global T&D spending projections. Interest costs, as a percentage of sales, are expected to be in the 4-5% range for the year.
- **Outlook:** Skipper has given guidance of a revenue CAGR of 25% over FY24-26F and it is looking to increase capacity by 75,000mtpa aided by a total capex of Rs2bn. The company expects margins to remain in the range of 9.5-10% in FY25F. Management has given guidance of a robust bidding pipeline in India and internationally, driven by renewable energy integration plans and global T&D spending projections. We expect Skipper to maintain consistent margins and a healthy revenue CAGR of 21% over FY24-26F led by a strong order book of the engineering products segment. The domestic T&D environment is showing signs of a rebound, after a two-year slowdown. We increase our PAT estimates by 10%, 8.4% for FY25F/26F, respectively, factoring in healthy guidance. We retain ADD rating on Skipper with a higher target price of Rs435 valuing the stock at 25x FY26F EPS.

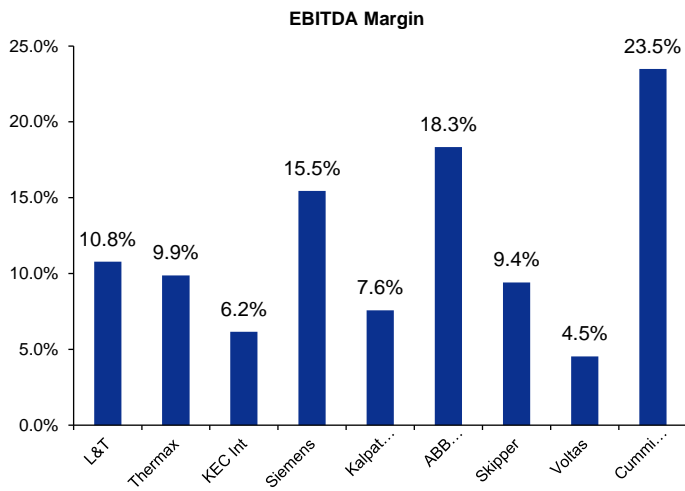
Voltas

- For the room air-conditioner or RAC business, management expects a margin of ~9% for FY25F. For the projects business, both domestic and international business are expected to clock a 4-5% margin, as guided earlier. The company expects breakeven at the EBITDA level for Voltbek by the end of FY25F. Over the next two years, the company is looking to increase its in-house capacity to 2.5m RACs from the current capacity of 1.3m RACs.
- **Outlook:** Voltas achieved record-breaking sales of 2m air-conditioners, marking a 35% increase in volume. The company is looking to increase its in-house capacity to 2.5m RACs. We increase our earnings estimates by 7%/6% for FY25F/26F, respectively, while we raise revenue estimates by 13%/11%, respectively, factoring in healthy volume growth in the UCP segment. We retain HOLD rating on Voltas with a higher target price of Rs1,378 (from Rs1,115), valuing the stock at 42x FY26F EPS in line with mean P/E.

Cummins India

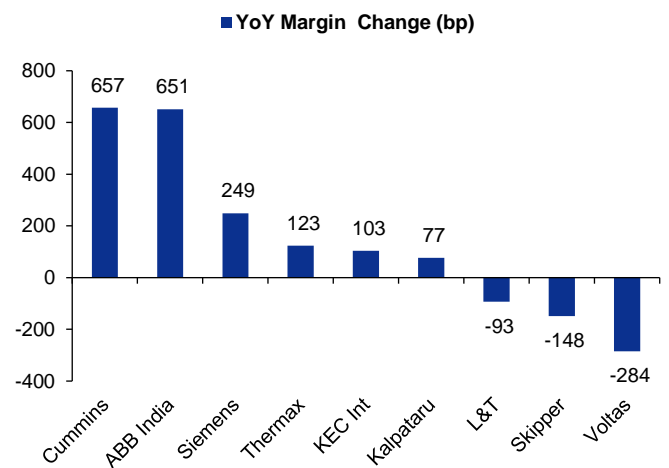
- The company has maintained its revenue growth guidance of 14-16% over the next few years; ~2x of the country's gross domestic product or GDP growth. Management has maintained its earlier gross margin guidance of 33-35% for FY25F.
- **Outlook:** Strong underlying demand in the powergen segment, pick-up in the key industrial segment, export traction and changes in emission norms are key growth drivers in the coming quarters. Management expects double-digit revenue growth in FY24F. For FY25F, it reiterates revenue growth target at 2x of India's GDP growth. For FY25F, we lower our revenue estimate by 2% and increase PAT estimate by 11% factoring in the higher margin at lower sales, while for FY26F we raise our revenue/PAT estimates by 11%/13%, respectively. The stock delivered a strong 100%+ return in the last one year and 32% in the last three months on strong demand and pre-purchases of CPCB4+ products, which are unlikely to continue in the near term. Therefore, we have downgraded Cummins India's rating to REDUCE (from HOLD) with a higher target price of Rs3,170, valuing the stock at 42x FY26F EPS.

Figure 8: EBITDA margin comparison



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 9: EBITDA margin YoY change



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Peer comparison and valuations

Figure 10: Revenue comparison

Revenue (Rs m)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	14,54,524	13,59,790	15,65,212	18,33,407	22,11,129	24,92,345	28,28,882
Siemens	99,697	1,36,380	1,61,378	1,95,540	2,30,086	2,73,463	3,21,412
ABB	73,151	58,210	69,340	85,675	1,04,466	1,31,427	1,71,320
Thermax	57,313	47,913	61,283	80,898	93,235	1,15,736	1,42,823
Cummins India	51,577	43,292	61,404	77,444	88,546	1,04,058	1,16,795
KEC International	1,19,654	1,31,142	1,37,423	1,72,817	1,99,142	2,27,479	2,45,969
Voltas	76,581	75,558	79,345	94,988	1,24,812	1,49,661	1,71,532
Kalpataru Projects	79,040	76,707	1,24,071	1,43,370	1,67,600	2,00,951	2,33,334
Skipper	13,905	15,815	17,071	19,803	32,820	41,944	49,484
Revenue Growth (%)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T		-6.5%	15.1%	17.1%	20.6%	12.7%	13.5%
Siemens		36.8%	18.3%	21.2%	17.7%	18.9%	17.5%
ABB		-20.4%	19.1%	23.6%	21.9%	25.8%	30.4%
Thermax		-16.4%	27.9%	32.0%	15.2%	24.1%	23.4%
Cummins India		-16.1%	41.8%	26.1%	14.3%	17.5%	12.2%
KEC International		9.6%	4.8%	25.8%	15.2%	14.2%	8.1%
Voltas		-1.3%	5.0%	19.7%	31.4%	19.9%	14.6%
Kalpataru Projects		-3.0%	61.7%	15.6%	16.9%	19.9%	16.1%
Skipper		13.7%	7.9%	16.0%	65.7%	27.8%	18.0%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 11: EBITDA comparison

EBITDA (Rs m)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	1,63,290	1,56,241	1,82,173	2,07,621	2,34,936	2,84,087	3,27,693
Siemens	10,268	15,173	17,573	24,874	31,547	38,558	48,533
ABB	5,312	2,759	5,567	9,619	14,898	16,993	22,563
Thermax	4,061	3,551	4,213	5,975	7,973	10,424	13,944
Cummins	5,862	5,795	8,851	12,426	16,573	19,255	21,460
KEC International	12,344	11,412	9,035	8,297	12,145	17,880	19,633
Voltas	6,867	6,414	6,815	5,724	4,746	10,945	14,462
Kalpataru Projects	8,601	8,070	8,527	11,600	13,660	17,875	21,423
Skipper	1,397	1,173	1,493	1,818	3,194	4,034	4,817
EBITDA Margin (Rs m)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	11.2%	11.5%	11.6%	11.3%	10.6%	11.4%	11.6%
Siemens	10.3%	11.1%	10.9%	12.7%	13.7%	14.1%	15.1%
ABB	7.3%	4.7%	8.0%	11.2%	14.3%	12.9%	13.2%
Thermax	7.1%	7.4%	6.9%	7.4%	8.6%	9.0%	9.8%
Cummins	11.4%	13.4%	14.4%	16.0%	18.7%	18.5%	18.4%
KEC International	10.3%	8.7%	6.6%	4.8%	6.1%	7.9%	8.0%
Voltas	9.0%	8.5%	8.6%	6.0%	3.8%	7.3%	8.4%
Kalpataru Projects	10.9%	10.5%	6.9%	8.1%	8.2%	8.9%	9.2%
Skipper	10.0%	7.4%	8.7%	9.2%	9.7%	9.6%	9.7%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 12: PAT comparison

PAT (Rs m)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	88,945	1,15,829	86,693	1,03,347	1,29,655	1,64,824	2,00,010
Siemens	7,927	10,489	15,325	19,622	26,317	32,158	39,650
ABB	3,022	2,818	5,325	10,256	12,482	15,514	20,420
Thermax	2,124	2,065	3,121	4,771	5,353	8,033	10,742
Cummins India	6,293	6,178	8,866	11,441	15,247	16,501	18,280
KEC International	5,655	5,527	3,321	1,761	3,468	9,952	11,235
Voltas	5,211	5,288	5,060	3,781	3,092	8,223	10,854
Kalpataru Projects	4,631	6,152	3,504	5,300	5,330	8,226	10,518
Skipper	415	211	251	356	909	1,459	1,826
PAT Growth (%)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T		30.2%	-25.2%	19.2%	25.5%	27.1%	21.3%
Siemens		32.3%	46.1%	28.0%	34.1%	22.2%	23.3%
ABB		-6.8%	89.0%	92.6%	21.7%	24.3%	31.6%
Thermax		-2.8%	51.1%	52.9%	12.2%	50.1%	33.7%
Cummins India		-1.8%	43.5%	29.0%	33.3%	8.2%	10.8%
KEC International		-2.3%	-39.9%	-47.0%	97.0%	187.0%	12.9%
Voltas		1.5%	-4.3%	-25.3%	-18.2%	166.0%	32.0%
Kalpataru Projects		32.9%	-43.0%	51.3%	0.6%	54.3%	27.9%
Skipper		-49.2%	19.3%	41.4%	155.7%	60.4%	25.1%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 13: EPS trend

EPS (Rs)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	64.7	84.3	63.1	75.2	94.3	119.9	145.5
Siemens	22.3	29.5	43.0	55.1	73.9	90.3	111.4
ABB	14.3	13.3	25.1	48.4	58.9	73.2	96.4
Thermax	18.9	18.3	27.7	42.4	47.5	71.3	95.4
Cummins India	22.7	22.3	32.0	41.3	55.0	59.5	65.9
KEC International	22.0	21.5	12.9	6.8	13.5	38.7	43.7
Voltas	15.8	16.0	15.3	11.4	9.3	24.9	32.8
Kalpataru Projects	28.5	37.9	21.6	32.6	32.8	50.6	64.7
Skipper	3.9	2.0	2.4	3.4	8.6	13.9	17.3

SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 14: P/E valuation comparison*

P/E (x)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	56.7	43.5	58.2	48.8	38.9	30.6	25.2
Siemens	312.9	236.5	161.9	126.4	94.3	77.1	62.6
ABB	583.2	625.6	331.0	171.9	141.2	113.6	86.3
Thermax	286.5	294.7	195.0	127.5	113.7	75.8	56.7
Cummins India	156.4	159.3	111.0	86.0	64.6	59.7	53.9
KEC International	33.6	34.4	57.2	107.8	54.8	19.1	16.9
Voltas	86.3	85.1	88.9	119.0	145.5	54.7	41.4
Kalpataru Projects	41.9	31.6	55.4	36.6	36.4	23.6	18.5
Skipper	75.6	148.7	124.7	88.2	34.5	21.5	17.2

SOURCE: INCRED RESEARCH, COMPANY REPORTS, *PRICE AS ON 31 MAY 2024

Figure 15: RoE and RoCE comparison

RoE	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	13.3%	15.3%	10.5%	11.6%	15.0%	16.5%	17.1%
Siemens	8.4%	10.1%	13.2%	15.0%	17.3%	17.9%	18.5%
ABB	8.6%	7.8%	13.2%	20.8%	21.0%	21.1%	22.1%
Thermax	7.0%	6.4%	8.9%	12.3%	12.1%	15.7%	17.7%
Cummins	15.1%	14.0%	18.3%	21.3%	23.5%	21.7%	20.5%
KEC International	20.2%	16.5%	9.2%	4.7%	8.5%	20.1%	18.9%
Voltas	12.2%	10.6%	9.2%	6.9%	5.3%	14.1%	18.6%
Kalpataru Projects	13.1%	15.9%	7.1%	10.0%	9.3%	12.8%	14.3%
Skipper	6.0%	3.0%	3.4%	4.6%	10.1%	14.1%	15.1%
ROCE	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	4.5%	4.1%	4.8%	5.3%	5.9%	6.1%	6.5%
Siemens	4.9%	6.8%	7.2%	9.7%	10.7%	11.2%	12.0%
ABB	5.7%	2.0%	5.6%	9.2%	11.6%	12.3%	13.0%
Thermax	4.9%	3.7%	4.1%	5.6%	6.5%	6.9%	8.0%
Cummins India	7.9%	8.0%	11.0%	14.3%	16.6%	17.1%	16.7%
KEC International	8.5%	7.1%	4.6%	3.9%	5.4%	7.8%	7.7%
Voltas	8.0%	7.0%	6.6%	5.2%	3.5%	7.7%	9.5%
Kalpataru Projects	7.8%	7.2%	3.8%	4.9%	5.0%	6.2%	6.7%
Skipper	5.9%	3.8%	4.8%	6.1%	8.5%	9.2%	9.5%

SOURCES: INCRED RESEARCH, COMPANY REPORTS

Figure 16: EV/EBITDA comparison

EV/EBITDA (x)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	38.6	39.7	33.4	28.9	25.7	21.4	18.5
Siemens	236.0	160.1	137.4	96.7	75.7	61.4	48.2
ABB	328.9	630.9	311.8	180.0	115.1	100.4	75.0
Thermax	149.2	166.8	143.0	101.3	76.7	58.4	43.3
Cummins India	167.7	168.1	109.8	78.4	58.4	50.1	44.8
KEC International	17.2	18.1	24.0	26.3	18.5	14.3	12.9
Voltas	62.4	69.8	65.7	78.4	94.5	40.9	30.9
Kalpataru Projects	23.5	24.9	24.7	18.5	16.0	12.1	10.2
Skipper	25.3	29.7	24.1	19.4	11.2	9.2	7.9

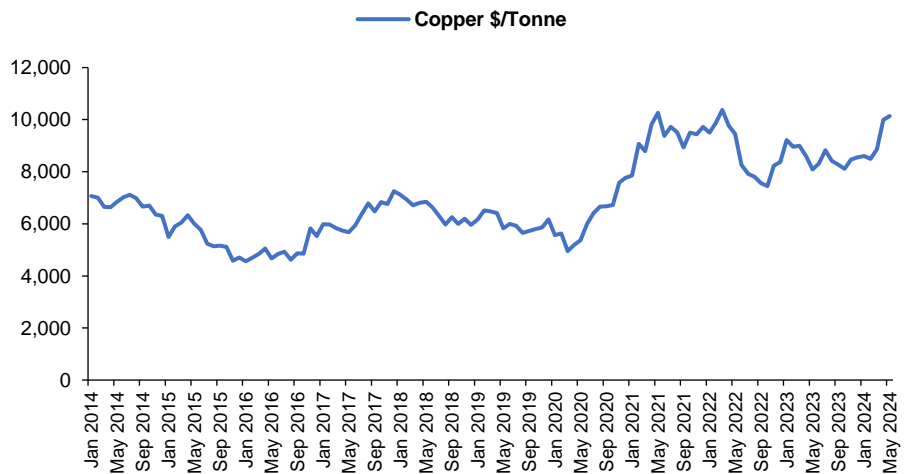
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 17: Price/book value per share

P/BV (x)	FY20	FY21	FY22	FY23	FY24	FY25F	FY26F
L&T	7.6	6.6	6.1	5.6	5.8	5.1	4.3
Siemens	26.1	24.0	21.4	19.0	16.3	13.8	11.6
ABB	50.1	48.9	43.6	35.7	29.6	24.0	19.1
Thermax	20.1	18.7	17.4	15.7	13.7	11.9	10.0
Cummins India	23.6	22.3	20.3	18.3	15.2	12.9	11.0
KEC International	6.8	5.7	5.2	5.0	4.6	3.8	3.2
Voltas	10.5	9.0	8.2	8.2	7.7	7.7	7.7
Kalpataru Projects	5.5	5.0	3.9	3.6	3.4	3.0	2.6
Skipper	4.6	4.4	4.3	4.1	3.5	3.0	2.6

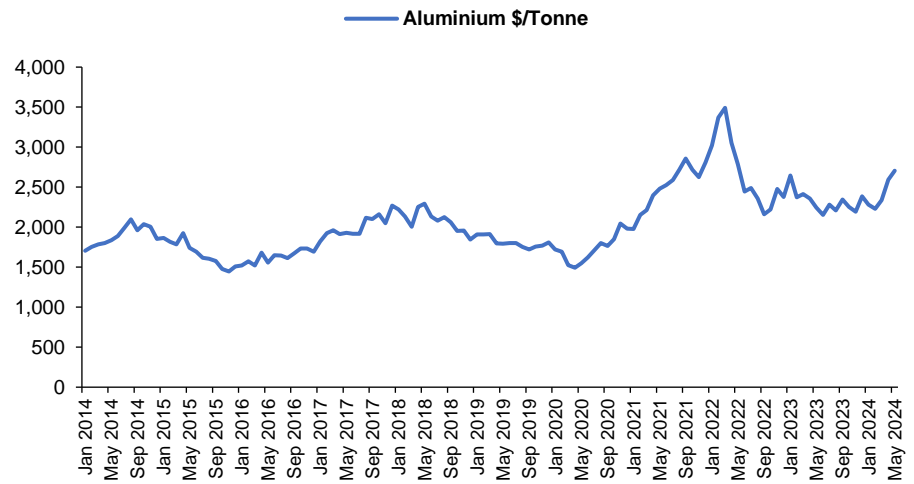
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 18: Monthly average copper prices



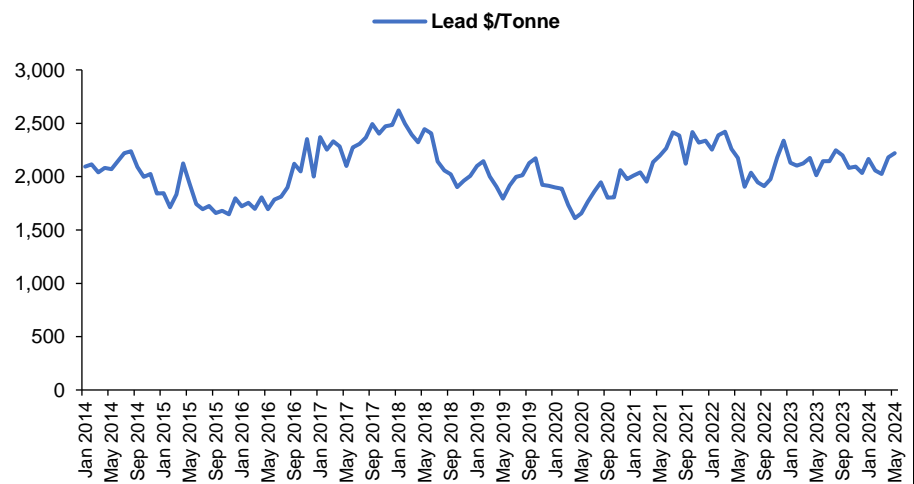
SOURCE: BLOOMBERG, INCRED RESEARCH

Figure 19: Monthly average aluminium prices



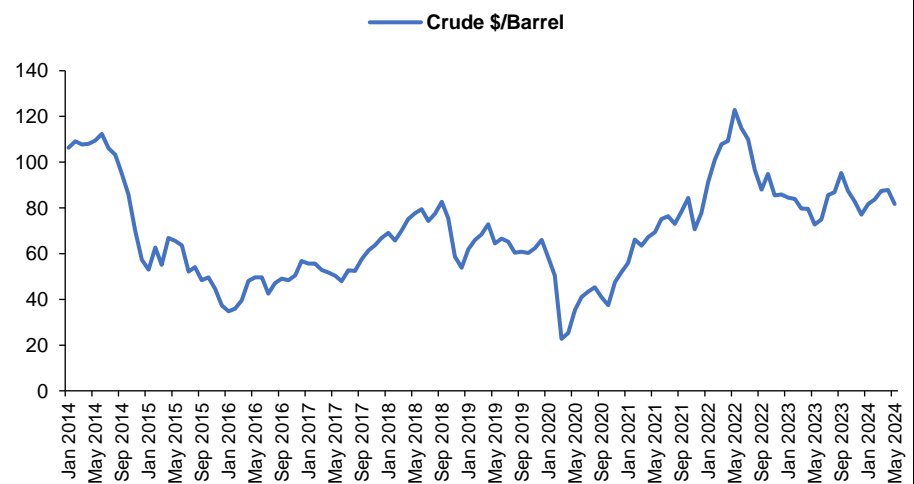
SOURCE: BLOOMBERG, INCRED RESEARCH

Figure 20: Monthly average lead prices



SOURCE: BLOOMBERG, INCRED RESEARCH

Figure 21: Monthly average crude oil prices



SOURCE: BLOOMBERG, INCRED RESEARCH

Figure 22: Valuations

Company	Rating	Mcap (Rs bn)	Current Price Rs	Target Price Rs	Target P/E x	1 Yr FW P/E			RoE (%)		EV/EBITDA (x)	
						Mean	1+SD	1-SD	FY25F	FY26F	FY25F	FY26F
L&T	ADD	5,044	3,669	3,870	27	22	27	16	16.5%	17.1%	21.4	18.5
Siemens	ADD	2,481	6,968	7,565	75	56	69	42	17.9%	18.5%	61.4	48.2
ABB	HOLD	1,763	8,318	8,165	85	80	104	56	21.1%	22.1%	100.4	75.0
Thermax	HOLD	609	5,405	4,770	50	43	50	36	15.7%	17.7%	58.4	43.3
Cummins India	REDUCE	984	3,551	2,638	40	30	36	23	21.7%	20.5%	50.1	44.8
KEC International	ADD	190	739	875	20	22	35	8	20.1%	18.9%	14.3	12.9
Voltas	HOLD	450	1,360	1,378	42	45	70	70	14.1%	18.6%	40.9	30.9
Kalpataru Projects	ADD	194	1,195	1,328	20	15	19	12	12.8%	14.3%	12.1	10.2
Skipper	ADD	31	298	435	25	22	34	10	14.1%	15.1%	9.2	7.9

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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