India

Overweight *(no change)*

Highlighted Companies

Kalpataru Projects International Limited

ADD, TP Rs1575, Rs1221 close

With the merger of JMC Projects, KPIL has created a synergy to expand its capabilities and competencies significantly. The merger offers a competitive edge to take on a wide range of projects.

Larsen & Toubro Ltd

ADD, TP Rs4020, Rs3568 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.

Skipper Limited

ADD, TP Rs500, Rs416 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 and the order prospects are expected to provide visibility to the T&D business.

Summary Valuation Metrics

P/E (x)	Mar24-F	Mar25-F	Mar26-F
Kalpataru Projects International Limited	34.9	24.81	19.02
Larsen & Toubro Ltd	38.67	31.15	26.62
Skipper Limited	53.58	28.6	23.27

P/BV (x)	Mar24-F	Mar25-F	Mar26-F
Kalpataru Projects International Limited	3.45	3.09	2.7
Larsen & Toubro Ltd	5.81	5.05	4.36
Skipper Limited	4.87	4.18	3.56

Dividend Yield	Mar24-F	Mar25-F	Mar26-F
Kalpataru Projects International Limited	0.57%	0.62%	0.66%
Larsen & Toubro Ltd	0.59%	0.62%	0.62%
Skipper Limited	0.02%	0.1%	0.13%

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Industrial Goods and Services

Outperformance and premium valuation to continue

- Our capital goods coverage universe saw a heathy 1Q sales/EBITDA/PAT YoY growth of 15%/21%/22%, respectively. EBITDA margin up 40 bp YoY at 10.4%.
- Company managements are optimistic about the growth prospects following demand improvement, heathy balance sheets of banks, PLI schemes, etc.
- We expect the outperformance to stay; the sector deserves a higher valuation, given the private capex revival in the investment cycle and a higher margin.

Healthy revenue-led growth in 1QFY25

Our capital goods coverage universe reported a healthy sales/EBITDA/PAT YoY growth of 15%/21%/22%, respectively, in 1QFY25 led by strong revenue growth and margin expansion. Skipper reported strong sales growth of 97% YoY, while MTAR Technologies reported a weak performance, impacted by Bloom Energy. The EBITDA margin of our coverage universe improved by 40bp YoY to 10.4% in 1QFY25 as margin expansion was witnessed across companies, except in MTAR Technologies and Skipper (high base). On the profitability front, strong PAT growth was witnessed in Voltas (159% YoY), Skipper (100% YoY) KEC International (65% YoY) and ABB India (50% YoY). Total order inflow in 1QFY25 grew 9% YoY while the order book was up 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 at a healthy pace and witness an uptick in spending by the government, demand improvement, heathy balance sheets of banks, production-linked incentive or PLI schemes, etc. For L&T, despite lower order prospects at Rs9.07tn (down 10% YoY), its management maintained 10% order inflow growth and 15% revenue growth guidance for FY25F. For the projects and manufacturing business, margins are expected to remain at a level similar to that in FY24, at ~8.25%. Thermax's management expects large orders in the refinery and chemical sectors. Skipper expects 25%+ revenue CAGR over the next two years. KPIL's management maintains revenue growth guidance of 20% for FY25F, with order inflow in the range of Rs220bn.

Outlook & valuation

The investment activity remains healthy, urban India is strong while rural India is seeing signs of a recovery. Private capex picked up while public spending was muted due to general elections in India in the last few quarters. The capital goods sector outperformed the broader market with a revival in the capex cycle led by an increase in order inflow and higher execution. The Capital Goods Index posted a 68% gain in the last 12 months while the BSE Sensex was up ~24%. We feel the outperformance will continue and the sector deserves a higher valuation, given the uptick in the investment cycle, and margin expansion. In view of long-term order visibility, strong execution, margin expansion and higher profitability, we maintain our Overweight rating for the sector. We upgrade ABB India's rating to ADD (from HOLD).

Coverage universe summary

Company	Rating	Mcap (Rs bn)	Current Price Rs	Target Price Rs	Target P/E x
L&T	ADD	4,906	3,568	4,020	27
Siemens	ADD	2,560	7,189	7,565	75
ABB India	ADD	1,676	7,911	9,400	83
Thermax	HOLD	522	4,377	5,057	49
Cummins India	REDUCE	1,043	3,761	3,620	42
KEC International	ADD	210	817	1,035	23
Voltas	HOLD	508	1,535	1,620	42
Kalpataru Projects	ADD	198	1,221	1,575	23
Skipper	ADD	45	416	500	25
MTAR Technologies	ADD	53	1,714	2,644	45

SOURCE: COMPANY REPORTS, INCRED RESEARCH

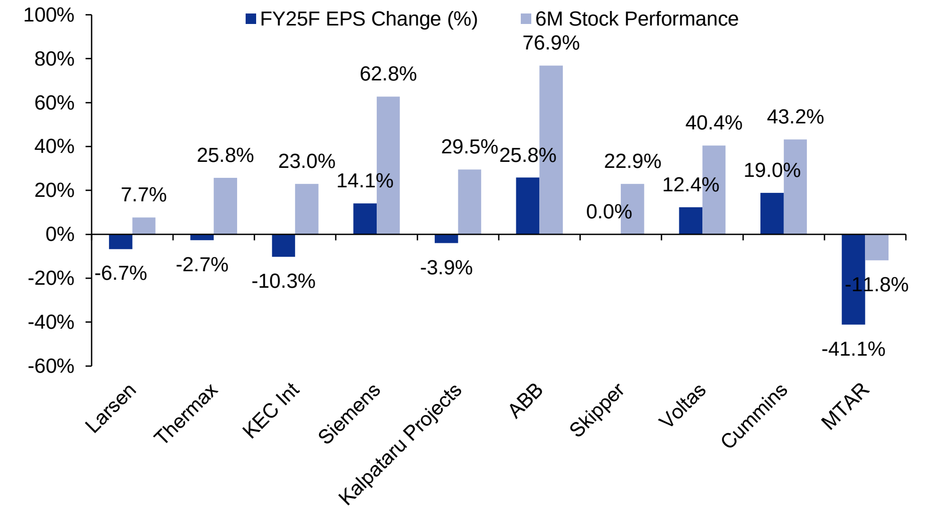
1QFY25 results hits/misses and changes in our estimates

Figure 2: 1QFY25 result analysis vs. our expectation and earning changes

Company Rs m	Bloomberg Ticker	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	5,51,198	15%	56,153	15.3%	27,857	11.7%	-1.5%	-12.7%	-1.9%/-2%	-2.3%/-5.8%
Thermax	TMX IN	21,844	13%	1,412	6.8%	1,094	-1.0%	-22.7%	-24.5%	-8%/-5%	-10%/-4%
KEC International	KECI IN	45,119	6%	2,704	10.7%	696	64.5%	-22.1%	-42.6%	-7%/-6%	-13%/-8%
Siemens	SIEM IN	52,035	7%	6,915	22.0%	5,781	26.8%	-16.7%	-12.0%		
Kalpataru	KPIL IN	45,870	8%	3,780	-1.0%	840	-25.7%	-9.0%	-38.5%	-6%/-5%	-3%/-1%
ABB India	ABB IN	28,309	13%	5,425	55.6%	4,426	49.6%	2.0%	1.2%	38%/20%	23%/7%
Skipper	SKIPPER IN	10,917	97%	1,047	74.0%	324	99.5%	40.5%	98.9%	3.9%/3.6%	4.1%/3%
Voltas	VOLT IN	49,210	46%	4,238	128.6%	3,350	159.1%	43.3%	73.4%	17%/3%	18%/8%
Cummins India	KKC IN	23,042	4%	4,673	37.2%	4,198	33.0%	3.6%	4.3%	0.3%/0.1%	3.9%/4.9%
MTAR Tech.	MTAR TECH IN	1,283	-16%	166	-51.9%	44	-78.2%	NA	NA		

SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 3: FY25F EPS changes (consensus) vs. stock performance



SOURCE: COMPANY REPORTS, INCRED RESEARCH

Results summary

Figure 4: Results summary

Company	Revenue					EBITDA					PAT				
Rs m	Jun-24	Jun-23	YoY	Mar-24	QoQ	Jun-24	Jun-23	YoY	Mar-24	QoQ	Jun-24	Jun-23	YoY	Mar-24	QoQ
L&T	5,51,198	4,78,824	15.1%	6,70,787	-17.8%	56,153	48,686	15.3%	72,340	-22.4%	27,857	24,930	11.7%	43,025	-35.3%
Thermax	21,844	19,330	13.0%	27,637	-21.0%	1,412	1,322	6.8%	2,732	-48.3%	1,094	1,106	-1.0%	1,874	-41.6%
KEC International	45,119	42,436	6.3%	61,648	-26.8%	2,704	2,443	10.7%	3,880	-30.3%	696	423	64.5%	1,517	-54.1%
Siemens	52,035	48,732	6.8%	57,499	-9.5%	6,915	5,666	22.0%	8,782	-21.3%	5,781	4,558	26.8%	8,029	-28.0%
Kalpataru Projects	45,870	42,410	8.2%	59,710	-23.2%	3,780	3,820	-1.0%	4,520	-16.4%	840	1,130	-25.7%	1,690	-50.3%
ABB India	28,309	25,086	12.8%	30,804	-8.1%	5,425	3,487	55.6%	5,652	-4.0%	4,426	2,958	49.6%	4,596	-3.7%
Skipper	10,917	5,546	96.9%	11,535	-5.4%	1,047	601	74.0%	1,085	-3.6%	324	163	99.5%	252	28.9%
Voltas	49,210	33,599	46.5%	42,029	17.1%	4,238	1,854	128.6%	1,906	122.4%	3,350	1,293	159.1%	1,106	202.8%
Cummins India	23,042	22,087	4.3%	23,162	-0.5%	4,673	3,406	37.2%	5,443	-14.1%	4,198	3,157	33.0%	5,615	-25.2%
MTAR Technologies	1,283	1,526	-15.9%	1,429	-10.3%	166	345	-51.9%	181	-8.5%	44	203	-78.2%	51	-12.6%
Aggregate (ex-L&T)	**2,77,629**	**2,40,751**	**15.3%**	**3,15,452**	**-12.0%**	**30,359**	**22,945**	**32.3%**	**34,181**	**-11.2%**	**20,754**	**14,991**	**38.4%**	**24,731**	**-16.1%**
Aggregate	**8,28,827**	**7,19,575**	**15.2%**	**9,86,239**	**-16.0%**	**86,512**	**71,631**	**20.8%**	**1,06,520**	**-18.8%**	**48,611**	**39,921**	**21.8%**	**67,756**	**-28.3%**

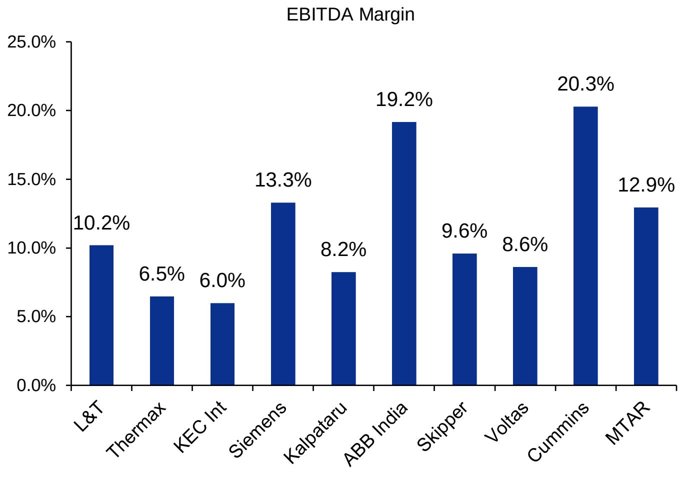
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 5: Order book remains healthy

Rs m	Order Inflow					Order Book				
	Jun-24	Jun-23	YoY	Mar-24	QoQ	Jun-24	Jun-23	YoY	Mar-24	QoQ
L&T	7,09,360	6,55,200	8.3%	8,91,500	-20.4%	49,08,810	41,26,480	19.0%	45,07,000	8.9%
Thermax	25,690	25,670	0.1%	23,090	11.3%	1,06,820	1,05,050	1.7%	1,01,110	5.6%
KEC International	76,640	45,000	70.3%	52,520	45.9%	3,27,150	3,01,250	8.6%	2,96,440	10.4%
Siemens	62,450	52,880	18.1%	51,840	20.5%	4,73,079	4,58,810	3.1%	4,62,097	2.4%
Kalpataru Projects	31,820	51,220	-37.9%	1,23,370	-74.2%	5,71,950	4,73,320	20.8%	5,84,150	-2.1%
ABB India	34,350	30,440	12.8%	36,070	-4.8%	95,170	77,270	23.2%	89,320	6.5%
Skipper	7,650	12,150	-37.0%	11,410	-33.0%	58,440	53,720	8.8%	62,150	-6.0%
Aggregate (ex-L&T)	**2,38,600**	**2,17,360**	**9.8%**	**2,98,300**	**-20.0%**	**16,32,609**	**14,69,420**	**11.1%**	**15,95,267**	**2.3%**
Aggregate	**9,47,960**	**8,72,560**	**8.6%**	**11,89,800**	**-20.3%**	**65,41,419**	**55,95,900**	**16.9%**	**61,02,267**	**7.2%**

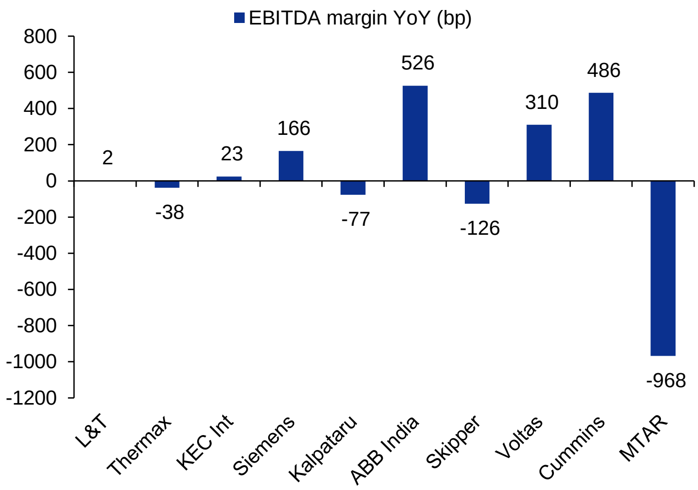
SOURCE: COMPANY REPORTS, INCRED RESEARCH

Figure 6: EBITDA margin comparison



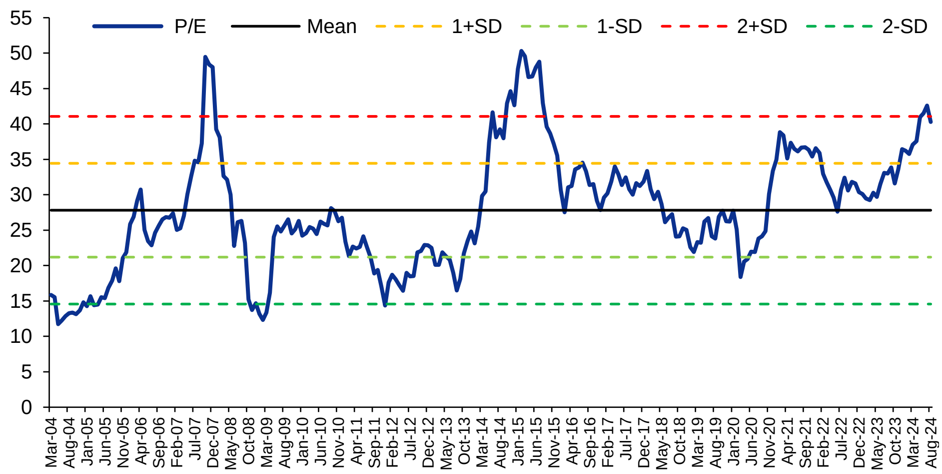
SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 7: EBITDA margin YoY change



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 8: Capital goods sector trades at 2+SD



SOURCE: COMPANY REPORTS, INCRED RESEARCH

1QFY25 conference-call highlights & outlook

Most company managements are optimistic on the growth prospects, given the fact that India's economy is expected to grow at a healthy pace and witness an uptick in spending by the government, demand improvement, heathy balance sheets of banks, production-linked incentive or PLI schemes, etc. For L&T, despite lower order prospects at Rs9.07tr (down 10% YoY), its management maintains 10% order inflow growth and 15% revenue growth guidance for FY25F. For the projects and manufacturing business, margins are expected to remain at a level similar to that in FY24, at ~8.25%. Thermax's management expects large orders in the refinery and chemical sectors. Skipper expects 25%+ revenue CAGR over the next two years. Kalpataru Projects International or KPIL's management maintains revenue growth guidance of 20% for FY25F, with order inflow in the range of Rs220bn. The EBITDA margin is likely to stabilize in the range of 8.5-9%.

Larsen & Toubro (L&T)

Tendering activity is expected to remain muted in the coming quarters. Total order prospects declined by 10% YoY (down 25% QoQ) to Rs9.07tr for the remaining nine months of FY25F, which was largely attributed to the lower hydrocarbon order pipeline at Rs2,170bn, down 38% YoY and 44% QoQ. The Middle East is the biggest market for L&T, contributing 90% to its international order book. L&T is likely to miss its 10% order inflow growth guidance for FY25F mainly due to lower international order inflow. The general elections in India in 1QFY25 impacted the order inflow from the domestic market, which was flat during the quarter. The margins of the projects and manufacturing business are expected to maintain a level similar to FY24, hovering ~8.25%. Order inflow for the quarter increased by 8% YoY to Rs709bn. The project businesses constituted Rs544bn (+8% YoY) of the total inflow, with orders mainly from the infrastructure, hydrocarbon and precision engineering segments. The share of global orders in the P&M portfolio was 40% vs. 35% last year.

Outlook and valuation: The recent Union Budget provides a roadmap of 'Viksit Bharat', for India's development by 2047F. This continuity in policy is expected to boost India's economic growth and help the company achieve its Lakshya 26 targets. We lower our PAT estimates by 2.3%/5.8% for FY25F/26F, respectively, mainly factoring in lower order inflow and revenue. We increase our sum-of-the-parts or SOTP-based target price to Rs4,020 as we roll forward our valuation to Sep 2026F (from FY26F) for the core business and higher valuations of listed subsidiaries. We retain our ADD rating on L&T.

Thermax

Challenges in the industrial infrastructure segment are largely over: The industrial infrastructure segment faced significant challenges, particularly in BioCNG projects and Flue Gas Desulfurization (FGD), which suffered substantial losses. Order booking fell by 12% YoY, with the order book down 10%. The supply chain has now stabilized and is likely to improve in the coming quarters. 1Q is a tough quarter for this segment. There were execution surprises and a hit of Rs450m as well during 1QFY25. Management gave guidance that there is no major loss expected from this in the coming quarters and forecast ~5.5% margin in this segment.

Healthy order prospects: During 1QFY25, the order inflow was flat YoY at Rs25.7bn, while the order book stood at Rs107bn, up 2% YoY. Management is positive over the next two-to-three years, particularly in the sectors like refining, petrochemicals, and power. The company expects a resurgence in large project orders, with specific refinery projects likely to contribute significantly in the near term. In Jul 2024, it received a single large order worth Rs5bn. The company had indicated earlier that the pipeline of large projects is rising.

Outlook and valuation: The capex momentum, especially in the water and environmental segments, augurs well for Thermax. For FY25F/26F, we cut our PAT estimates by ~10%/4%, respectively, factoring in weak 1Q performance and guidance. The stock has gained 100% in the last 12 months and trades at ~2+SD currently. We retain our HOLD rating on Thermax with a higher target price of Rs5,175, as we roll forward our valuation to Sep 2026F, valuing it at 50x.

KEC International

Healthy order prospects: The company's management has given guidance of a healthy order pipeline worth Rs1,500bn, of which the transmission segment accounts for 40-45%, equally divided between India and international T&D business. The company has a healthy order book, with L1 status orders at a record high level of Rs420bn. YTD order inflow grew 70% to Rs77bn. KEC International has significantly reduced its net debt, including expenses, to ~Rs56bn, a reduction of over Rs1bn YoY. The company also repaid Rs1bn of high-cost debt relating to SAE Towers and brought down its debt by more than 40%.

Outlook & valuation: The T&D business received significant healthy orders from the government and private developers. The company is also expanding its tower supply business internationally, notably in Australia. It is focusing on expanding its capabilities in energy transition areas, including wind and green hydrogen, to capitalize on the global shift towards renewable energy. We expect the company to report healthy revenue growth on the back of a robust order book and healthy tender pipeline. We cut our earnings estimates by 13%/8% for FY25F/26F, respectively, factoring in a lower margin. We also introduce our FY27F EPS of

Rs51. We retain ADD rating on the stock with a higher target price of Rs1,035, as we roll forward our valuation to Sep 2026F, valuing it at 23x.

Kalpataru Projects International (KPIL)

Maintains 20% revenue growth guidance: KPIL's management maintains revenue growth guidance of 20% for FY25F, with order inflow in the range of Rs220-230bn. The EBITDA margin is likely to stabilize between 8.5- 9%, with the PBT margin projected at 4.5-5%. KPIL expects to reduce working capital days from 124 to below 100 by the end of FY25F. Management emphasized the diversification of the order book and the focus on securing projects with better margins, particularly in the T&D and B&F sectors. The tender pipeline for T&D in India is worth Rs4,800bn over the next five years, while significant capex is expected in Latin America, Europe, MENA region and Africa. Grid investment to more than double from 2022 to 2030F to touch US$175bn.

Outlook and valuation: The T&D market witnessed a significant improvement, driven by the rising adoption of renewables and the rise in power demand, leading to infrastructure development and accreditation. We have cut FY25F/26F PAT estimates by 3%/1%, respectively, factoring in lower execution in the railway segment and introduce FY27F EPS of Rs75. We value the standalone business at 22x Sep 2026F EPS and investments at Rs40/share. We retain ADD rating on the stock with a higher target price of Rs1,575.

ABB India

Uptick in orders to improve the performance further: Despite a slowdown in orders due to general elections in India, the company reported a healthy inflow growth of 13% YoY to Rs34.3bn in 2QCY24 led by robotics (up 157% YoY) and electrification (up 30%) segments. Superior pricing power, reduction in raw material costs and internal efforts like supply chain optimization and capacity enhancements helped to improve the margin. Additionally, the company successfully entered new markets, further strengthening its pricing power. The current order book at Rs95bn and a healthy order inflow pipeline are likely to provide healthy revenue visibility in the coming quarters.

Outlook and valuation: Building on its positive momentum, ABB India continues to focus on energy transition and infrastructure to strengthen its energy efficiency portfolio and capitalize on the emerging opportunities. The company continues its leadership in the automation industry, driven by strong operating performance, healthy order execution, strategic pricing, and efficient capacity utilization. ABB India has posted strong margin expansion in 1HCY24, which is likely to continue led by supply chain optimization and pricing power. The demand for power distribution solutions, particularly from data centres, transportation, mobility, and electric vehicle or EV segments, and a positive trend in margins due to high-quality orders will lead to further expansion. For CY24F/25F/26F, we lower our revenue estimates by 4%/9%/12% and raise EPS estimates by 23%/7%/3%, respectively. We upgrade our rating on the stock to ADD, with a higher target price of Rs9,400 as we roll forward our valuation to Sep 2026F, valuing it at 80x EPS.

Skipper

Maintains its guidance: Skipper's management has maintained its 25%+ revenue CAGR guidance over the next two years based on a strong order book worth Rs58bn (2x TTM sales) while maintaining the margin at 9.5% to 10%. The company bagged new orders worth Rs7.7bn in 1QFY25. The focus continues to be on high-value projects, enhancing operational efficiency, and expanding into new markets. The order pipeline remains strong at Rs180bn, of which 34% is from the Indian market and 66% from the international market. This will provide strong revenue visibility to the company. It has a strong foothold in the APAC, Middle East and LatAm regions and is gaining traction in North America and Europe.

Capacity expansion: Skipper emphasized the company's strategic initiatives to increase engineering capacity, expand globally, and focus on high-margin projects. The company is looking to expand its engineering capacity by 75,000mtpa to touch 3,75,000mtpa with a capex of Rs2bn. Skipper continues to enhance its global presence, particularly in the Asia Pacific, Middle East, and North American markets.

Outlook and Valuation: We maintain ADD rating on the stock with a higher target price of Rs500. We expect Skipper to maintain consistent revenue-led growth over the next three years based on its strong order book (Rs58bn) and a healthy pipeline (Rs180bn). The domestic T&D environment is showing signs of a rebound, especially in high-voltage power transmission and renewable energy projects. Factoring in a strong 1Q and healthy guidance, we increased our PAT estimates by 4%/3% for FY25F/26F, respectively, and introduced FY27F EPS of Rs22. We retain ADD rating on Skipper with a higher target price of Rs500, as we roll forward our valuation to Sep 2026F, valuing the stock at 25x. Higher commodity prices as well as higher working capital requirements, along with the slowdown in orders, are key downside risks.

Voltas

EMPS business turns profitable: The EMPS segment reported a healthy 40% YoY revenue growth and turned EBIT-positive after several quarters of losses, thereby reflecting improved project execution and governance. The domestic projects business witnessed 50% growth, although order bookings were subdued due to general elections in India. International projects, particularly in the UAE and Saudi Arabia, continued to perform well. The total order book stands at ~Rs75bn. Strong project execution, timely assessment of costs and profitability ensure a better bottom-line performance in the coming quarters.

Outlook and valuation: After posting record-breaking sales of 2m ACs (35% volume growth) in FY24, Voltas started 1QFY25 on a strong note with 1m ACs (67% volume growth). It has started commercial operations at the RAC factory (Chennai) with a capacity of 1m ACs and water dispenser capacity of ~3,50,000 units which provide the strategic advantage of location to meet the growing demand for the under-penetrated AC and commercial refrigeration products. For FY25F/26F, we increased revenue estimates by 8%/7% factoring in higher volume in the UCP segment and raised PAT estimates by 18%/8%, respectively, factoring in higher margin in the EMPS segment. We also introduced FY27F EPS of Rs42. We retain HOLD rating on Voltas with a higher target price of Rs1,620, as we roll forward our valuation to Sep 2026F, valuing the stock at 42x.

Cummins India

Maintains guidance of double-digit revenue growth: Management reiterated its guidance of achieving 2x India's GDP growth, aiming at a revenue growth of 12% to 14% in FY25F with margin expansion. The company is committed to profitable growth, aligning with the infrastructure development trend. It has a strong portfolio of CPCB IV+ emission norms-compliant products to meet customer demand across the entire product range. The average price hike in CPCB IV-compliant products will be in the range of 15-25%.

Higher gross margin unlikely to sustain: Gross margin in 1QFY25 stood at 37.8%, the highest in the last five years, supported by a rising mix of CPCB IV-compliant products, effective pricing strategies, and cost reductions. However, due to rising commodity prices and competition, we believe it will be difficult to maintain a high gross margin in the coming quarters.

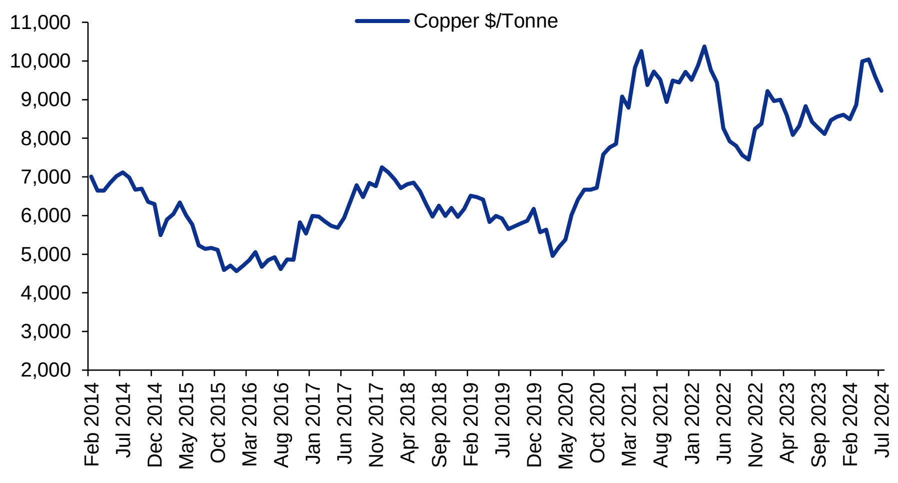
Outlook and valuation: Effective Jul 2024, there was a complete switchover to CPCB IV+ emission norms-compliant products in the powergen segment. Management expects double-digit revenue growth in FY24F. We lower our revenue estimates by 6%/7% and increase PAT estimates by 4%/5% for FY25F/FY26F, respectively, factoring in the higher margin at lower sales due to the shift to CPCB IV-compliant products. The stock delivered a strong 117% return in the last one year on robust demand and pre-purchases of CPCB IV-compliant products, which are unlikely to continue. We retain our REDUCE rating on Cummins India with a higher target price of Rs3,620 (Rs3,170 earlier), as we roll forward our valuation to Sep 2026F, valuing the stock at 42x EPS.

MTAR Technologies

Management sees highest revenue in 2Q, likely ramp-up from 2H: MTAR's management has given the highest revenue guidance in the company's history for 2QFY25F. It has maintained the annual guidance of 30-35% revenue growth coupled with a 22% EBITDA margin. We concur with this, as Bloom Energy has also maintained its yearly guidance during the quarterly results announced a couple of days ago. As Bloom Energy's business ramps up, this will result in revenue growth and operating leverage for MTAR Technologies, leading to an 80% PAT CAGR over FY24-27F.

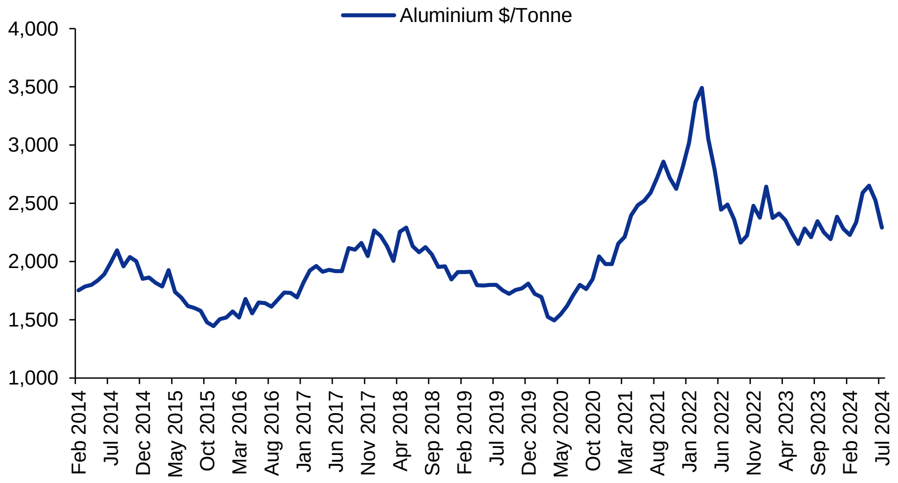
Outlook and Valuation: MTAR Technologies is likely to register a 41% topline growth over FY24-26F, with improvement in margins by roughly 500bp due to the operating leverage kicking in. Moreover, as Bloom Energy's ramp-up is imminent, this will act as the main growth trigger. MTAR Technologies' other revenue segments like nuclear and space are also bound to do well as the government has increased allocation for nuclear energy in the recent budget. The company has L1 status from Nuclear Power Corporation of India and is expecting Rs6bn of order inflow from the nuclear power segment in FY25F. MTAR is expected to register an 80% PAT CAGR over FY24-26F. We value the stock at 45x FY26F EPS of Rs59 to arrive at our target price of Rs2,644.

Figure 9: Copper prices



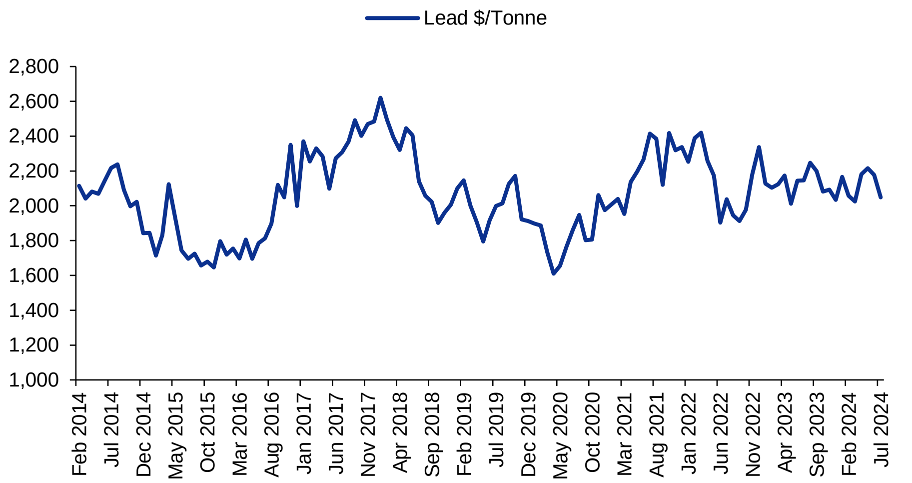
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 10: Aluminium prices



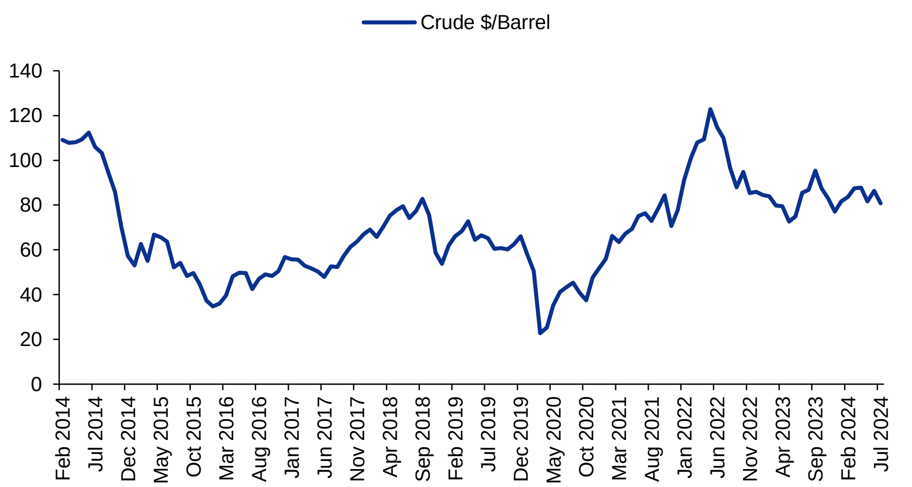
SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 11: Lead prices



SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 12: Crude oil prices



SOURCE: INCRED RESEARCH, BLOOMBERG

Figure 13: Valuation summary

Company	Rating	Mcap	Current Price	Target Price	Target P/E	Mean P/E	1+SD	1-SD	P/E (x)		ROE (%)	
Rs m		(Rs bn)	Rs	Rs	x	x	x	x	FY25F	FY26F	FY25F	FY26F
L&T	ADD	4,906	3,568	4,020	27	22	27	17	30.5	26.0	16.2%	16.4%
Siemens	ADD	2,560	7,189	7,565	75	56	71	42	79.6	64.6	18.0%	18.8%
ABB India	ADD	1,676	7,911	9,400	83	77	104	50	88.0	76.8	25.5%	23.7%
Thermax	HOLD	522	4,377	5,057	49	43	50	36	64.6	47.9	15.2%	17.6%
Cummins India	REDUCE	1,043	3,761	3,620	42	30	37	23	54.8	47.5	25.2%	23.9%
KEC International	ADD	210	817	1,035	23	22	22	22	27.7	21.0	16.2%	18.3%
Voltas	HOLD	508	1,535	1,620	42	46	74	74	52.6	43.4	14.9%	16.0%
Kalpataru Projects	ADD	198	1,221	1,575	23	15	19	12	24.8	19.0	12.4%	14.2%
Skipper	ADD	45	416	500	25	23	34	11	28.6	23.3	14.1%	15.1%
MTAR Technologies	ADD	53	1,714	2,644	45	50	68	32	54.8	29.2	14.2%	23.4%

SOURCE: COMPANY REPORTS, INCRED RESEARCH

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