India

Neutral *(Initiating coverage)*

Industrial - Overall

Recovery visible, but sustainability is key

- Demand uptick seen across varied sectors needs to sustain for capex recovery. Government spending on infrastructure is key to kickstart capex revival, in our view.
- We initiate coverage on the sector with a Neutral rating. We prefer companies with strong order backlogs, balance sheets and reasonable valuations. We have Add ratings on BEL, L&T, Schaeffler.

Lower capacity utilisations push back capex recovery

The RBI's capacity utilisation data has shown a declining trend since 4QFY19, before the pandemic, and touched decadal lows in 4Q20, which the lockdown aggravated in 1QFY21. Capex could get deferred due to lower utilisations in core industries like power, steel, cement (except oil & gas), even though orders from consumption sectors as well as productivity-enhancing orders/ enquiries were steady as at 2QFY21. Though there are economic indicators pointing to green shoots in demand recovery across various sectors, we need to monitor whether demand sustains. We believe defence sector expenditure concerns are unwarranted, considering ongoing border tensions, and have not been impacted by COVID-19 concerns.

Government capex on infra is key to kickstart investment cycle

With private capex taking a backseat, government capex on infra is key to kickstart economic revival. Central/ states government capital expenditure grew 13%/16% CAGR over FY05-20 respectively, with the states spending ~1.5x the Centre in FY20 (combined spend of Rs8.8tr in FY20). In YTD FY21 (till Sep), the Centre's capital expenditure was down 11.5% yoy, while available data (Source: CAG) shows it fell ~35% yoy for state governments.

Infrastructure pipeline target ambitious but provides strategic direction

To close the infrastructure deficit, the National Infrastructure Pipeline (NIP) has projected capital expenditure in infrastructure projects at Rs111tr over FY20-25F (Centre/states/private share 39%/40%/21%) which seems ambitious, in our view, though pipelines provide colour on estimated expenditure on varied sectors, project visibility and resource planning. Increased spending opportunities lie in water, metro rails, roads, renewable energy, urban infrastructure, data centres, healthcare infra. In our view, industrial revival would only follow increased infra spending and revival in consumption segment.

Neutral on sector with Add ratings on BEL, L&T, Schaeffler

The order backlog (OB) was thin for most companies considering the slowdown prevalent before the COVID-19 pandemic, while the capex push back is impacting new orders. We like companies with better revenue visibility, strong balance sheet, and reasonable valuations and initiate coverage with Add on BEL and L&T. We initiate coverage on Schaeffler/ SKF with Add as auto revival and increased content per vehicle will likely aid their financials, in our view. Private capex delays, expensive valuations lead us to initiate coverage on ABB with Reduce. Lower valuations reflect near-term uncertainties on new order inflows and thin OBs. Hence, we initiate coverage on the sector with a Neutral stance. Earlier-than-expected capex recovery is the upside risk. Higher commodity prices and demand revival delays are downside risks.

Figure 1: Valuation Summary

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	1,000	900	2,675	96	54	43	5.8	5.4	4.9	66	36	28	0.5	0.5	0.5
Bharat Heavy Electricals	BHEL IN	Hold	28	30	1,402	-10	37	12	0.3	0.3	0.3	-9	12	7	0.0	0.1	0.1
Cummins India	KKC IN	Hold	478	480	1,723	26	20	17	3.1	2.9	2.8	25	19	16	2.7	3.6	3.6
Larsen & Toubro	LT IN	Add	1,052	1,180	18,723	25	18	15	2.2	2.1	1.9	19	15	14	1.8	1.9	2.0
Siemens India	SIEM IN	Hold	1,370	1,380	6,125	70	44	35	5.2	4.8	4.4	47	29	23	0.7	0.9	0.9
Thermax	TMX IN	Hold	787	825	1,267	44	33	23	2.8	2.7	2.5	27	20	14	1.0	1.0	1.3
Voltas	VOLT IN	Hold	759	770	3,152	56	36	31	5.6	5.0	4.5	51	30	26	0.7	0.7	0.8
SKF	SKF IN	Add	1,498	1,720	1,008	35	25	21	5.0	4.4	3.7	24	17	14	8.7	0.9	1.0
Schaeffler	SCHFL IN	Add	3,782	4,200	1,535	46	30	24	3.8	3.5	3.1	23	16	14	0.8	0.9	1.1
Timken	TMKN IN	Hold	1,141	1,200	1,114	50	34	27	6.2	5.4	4.6	28	20	17	4.4	0.4	0.6
Bharat Electronics	BHE IN	Add	97	120	2,968	15	13	11	2.2	2.0	1.8	10	8	8	2.5	3.0	3.4
Bharat Dynamics	BDL IN	Hold	306	325	748	17	15	9	2.0	1.8	1.6	10	9	5	2.4	2.7	4.4
Hindustan Aeronautics	HNAL IN	Add	761	850	3,181	12	10	10	1.8	1.6	1.4	7	6	6	3.4	3.8	4.0

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG PRICED AT CLOSE OF 13 NOV 2020

Highlighted Companies

Bharat Electronics Ltd

ADD, TP Rs120, Rs97 close

BEL has better revenue visibility vs. other capital goods companies with orders unlikely to be deferred/cancelled amid COVID-19 concerns. Working capital and EBITDA margin concerns for FY21F have subsided and valuations are reasonable, in our view.

Larsen & Toubro Ltd

ADD, TP Rs1,180, Rs1052 close

We believe L&T's strong order backlog and strong balance sheet will insulate it from near-term uncertainties, while its core business valuations remain inexpensive.

Schaeffler India Ltd

ADD, TP Rs4,200, Rs 3782 close

The company's focus on increasing content per vehicle and localisation, building local R&D capabilities, export opportunities and cost measures augur well for revenue growth and margins with the revival in auto volumes, in our view.

Summary Valuation Metrics

P/E (x)	Mar-21F	Mar-22F	Mar-23F
Bharat Electronics Ltd	15.4	12.5	11.2
Larsen & Toubro Ltd	25.3	17.6	14.8
Schaeffler India Ltd	45.8	30.0	24.1
P/BV (x)	**Mar-21F**	**Mar-22F**	**Mar-23F**
Bharat Electronics Ltd	2.2	2.0	1.8
Larsen & Toubro Ltd	2.2	2.1	1.9
Schaeffler India Ltd	3.8	3.5	3.1
Dividend Yield	**Mar-21F**	**Mar-22F**	**Mar-23F**
Bharat Electronics Ltd	2.5	3.0	3.4
Larsen & Toubro Ltd	1.8	1.9	2.0
Schaeffler India Ltd	0.8	0.9	1.1

Analyst(s)

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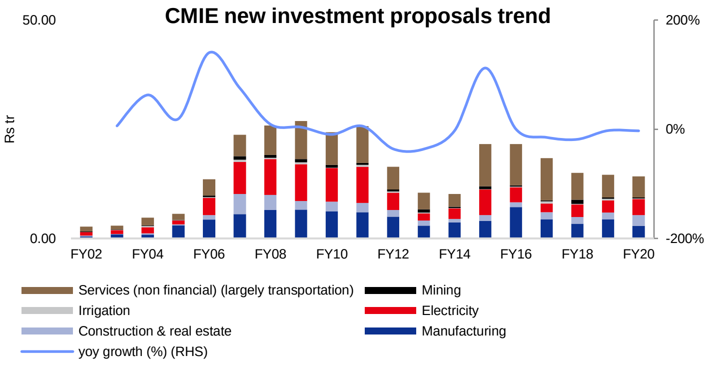
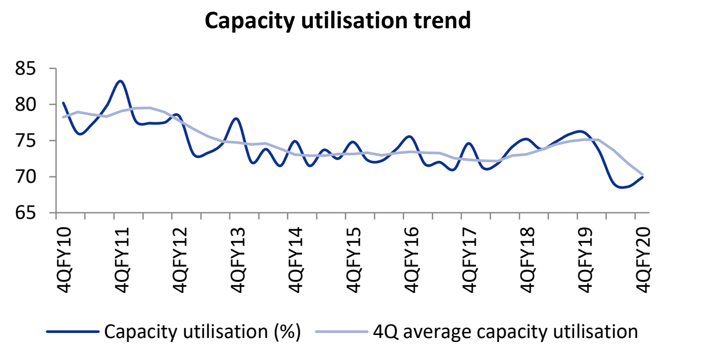
KEY CHARTS

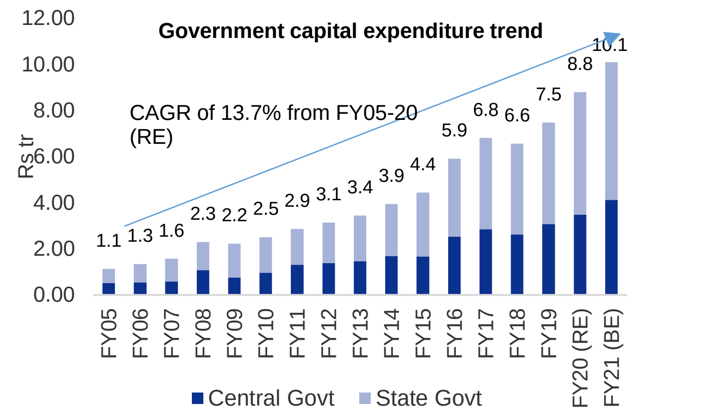
CMIE's new investment proposals have been flattish over the last three years at Rs14tr-15tr (47% lower than FY09 peak)
According to Centre for Monitoring Indian Economy (CMIE) data, the decline from the peak in FY09 was mainly impacted by the decline in conventional power sector orders. Projects completion fell by 21% yoy in FY20 (near peak in FY19) impacted by 27%/54% decline in electricity/services (largely transportation sector) respectively which was offset by a 17% increase in the manufacturing segment. Government sector projects completion was down 42% yoy, while it was up 4% yoy in FY20 for the private sector. Projects under implementation but stalled formed almost 12% (flat yoy) of projects under implementation.



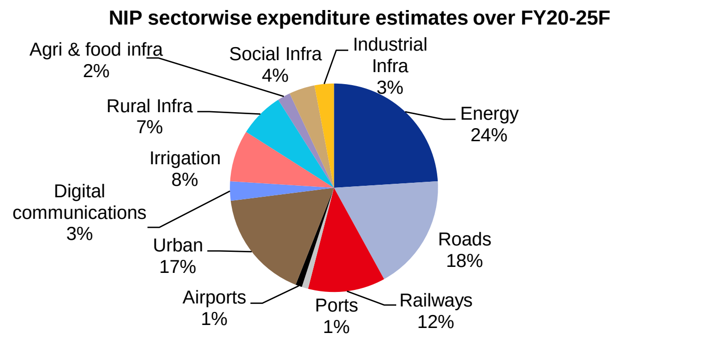
Lockdowns aggravated already declining capacity utilisation trend before pandemic and would push back capex revival
RBI data on capacity utilisation shows a declining trend since 4QFY19 and reported just below 70% utilisation in 4QFY20 (closer to decadal lows), indicating capex would be deferred till utilisation improves. This has been reflected in manufacturing IIP growth, sluggish since 4QFY19 and negative from 3QFY20. GDP growth at 4.2% in FY20 was the slowest since FY09, while the share of gross fixed capital formation (GFCF) in GDP was the lowest in FY20 since FY07 after improving in FY19.



Central government capex was flattish YTD FY21 (till Sept 2020) despite pandemic; states capex impacted
State government capital expenditure spends of ~Rs5.3tr in FY20 was ~1.5x the Centre's spend of ~Rs3.5tr in FY20. Central government/ state governments' capital expenditure grew at 13.4%/15.6% CAGR over FY05-20. From available data for majority of states from Apr-Aug/ Sept, like-to-like capital expenditure was down by ~35%. State government capex revival is essential in 2HFY21F for growth revival. For PSUs capex, the Centre has directed them to ensure their targeted capex in FY21F. Note that RE indicates revised estimates and BE budget estimates in the adjoining chart.



National Infrastructure Pipeline's target is ambitious, but infrastructure spending is key to kickstart economy
Infrastructure spending was to the tune of Rs80tr over FY08-19 (6% of GDP), with spends of ~Rs10tr in FY18-19. To close the infrastructure deficit, the NIP-2020-25 document has projected capital expenditure in infrastructure at Rs111tr over FY20-25F (average annual spend of Rs18tr), led by energy, transportation and urban infra sectors (Centre/states/private share 39%/40%/21%). The target spending seems to be ambitious in some sectors, in our view, though the pipeline provides colour on estimated expenditure on varied sectors, project visibility to developers, resource planning in terms of finance and project execution.



SOURCES: EIP RESEARCH ESTIMATES, CMIE, NIP DOCUMENT, RBI, COMPANY REPORTS

Figure 2: Valuation Summary

Company	Bloomberg Ticker	Recom.	Price Rs	TP Rs	Mkt cap (US$ m)	P/E (x)			P/BV (x)			EV/EBITDA (x)			Dividend Yield (%)		
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SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG. PRICED AT CLOSE OF 13 NOV 2020

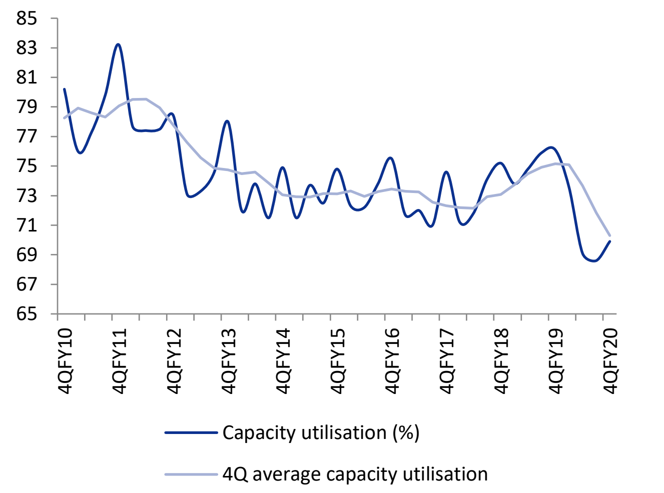
Capacity utilisation drop would hinder capex revival

RBI capacity utilisation data shows a declining trend since 4QFY19, before the pandemic

RBI data on capacity utilisation (CU) showed an improvement from 1QFY18 (71.2%) to 4QFY19 (76.1%) raising hopes of a revival in industrial capex. However, the capacity utilisation trend began to decline from 4QFY19 and was just below 70% utilisation in 4QFY20 (close to decadal lows) indicating capex would be pushed back /deferred till utilisation improves. This has been reflected in manufacturing IIP growth which has been sluggish since 4QFY19 and negative from 3QFY20. 1QFY21 capacity utilisations further dropped to 47% due to the lockdowns.

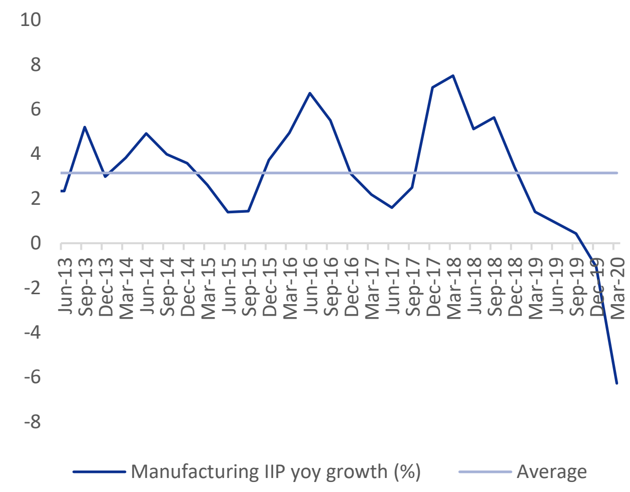
GDP growth at 4.2% in FY20 was the slowest since FY09, while the GFCF share in GDP was the lowest in FY20 since FY07 after improving in FY19.

Figure 3: RBI data on capacity utilisation show declining trend since 4QFY19; CU dropped to 47% in 1Q21 due to lockdown



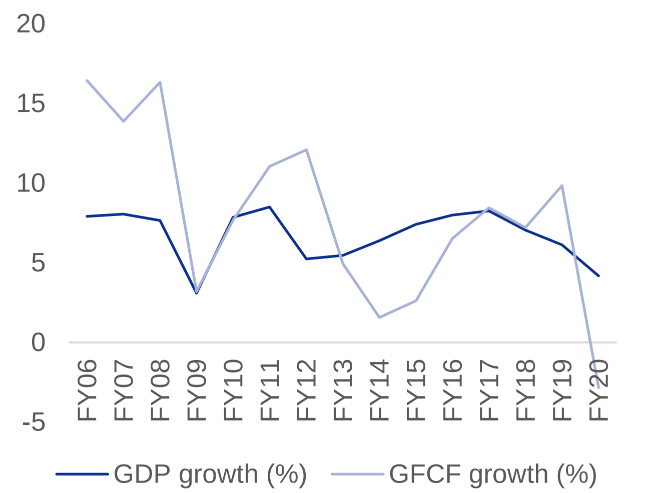
SOURCES: RBI, CMIE, EIP RESEARCH ESTIMATES

Figure 4: Manufacturing IIP yoy growth negative from 3QFY20; 40% yoy decline in 1QFY21



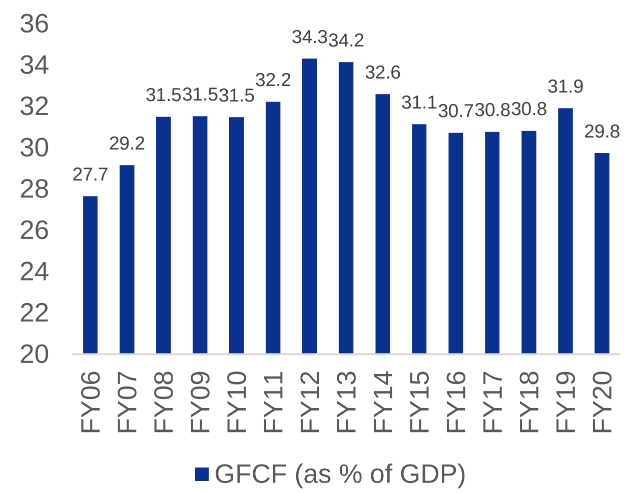
SOURCES: CMIE, EIP RESEARCH ESTIMATES

Figure 5: GDP and GFCF growth; 1Q21 GDP growth was -23.9%



SOURCES: CMIE, EIP RESEARCH ESTIMATES

Figure 6: GFCF as % of GDP, 1Q21 share dropped to 22.3%

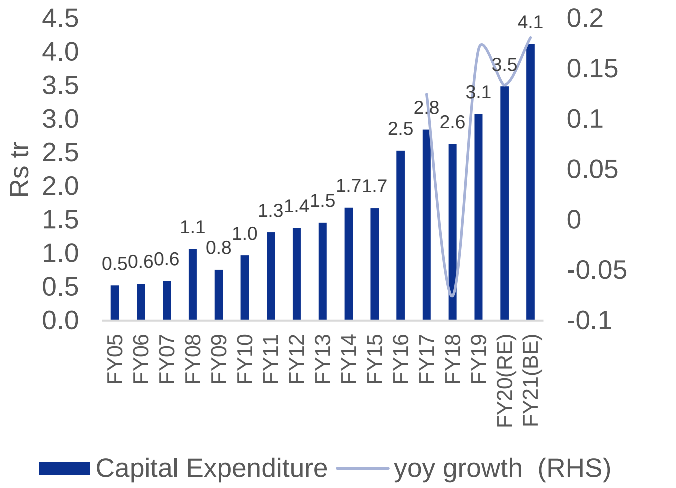


SOURCES: CMIE, EIP RESEARCH ESTIMATES

Central/ state government capital expenditure grew at 13.4%/15.6% CAGR over FY05-20. States' capital expenditure of ~Rs5.3tr in FY20 was ~1.5x central government spending ~Rs3.4tr in FY20.

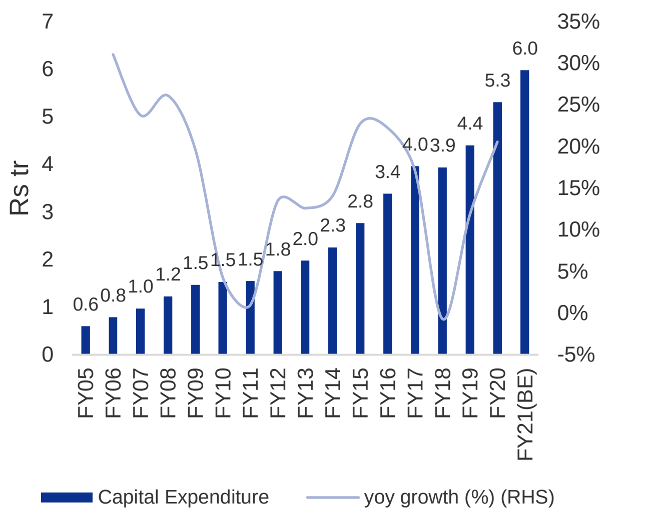
In FY21, from Apr-Sep, the Centre's capital expenditure was down 11.5%. However, according to available data (Source: Comptroller and Auditor general of India [CAG]) for the majority of states from Apr-Aug/ Sep, like-to-like capital expenditure fell by ~35%. We believe state government capex revival is essential for growth recovery in 2HFY21F. For PSU capex, the government has directed them to ensure they fulfil their targeted capex in FY21F.

Figure 7: Central government capital expenditure YTD Sep 2020 declined 11.5% yoy



SOURCES: INDIA BUDGET DOCUMENT. CMIE, EIP RESEARCH ESTIMATES

Figure 8: States capital expenditure rose in last few years

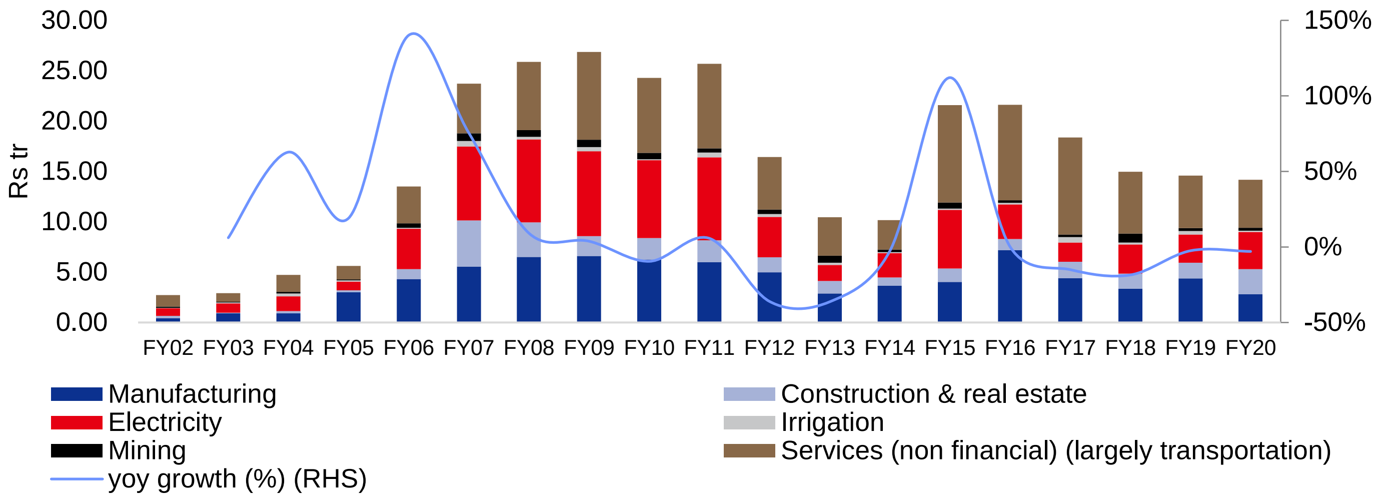


SOURCES: INDIA BUDGET DOCUMENT, CMIE, EIP RESEARCH ESTIMATES

CMIE's new investment proposals were flattish in last three years, while completion was hit in FY20

According to Centre for Monitoring Indian Economy (CMIE) capex data, new investment proposals were in the Rs14tr-15tr range over FY18-20, lower than ~Rs21tr in FY15-16 and the peak of Rs26tr in FY07-08. Excluding airport transport, new investment proposals declined over the last four years mainly impacted by the transportation sector (due to the high base over FY15-17). The decline from the peak in FY08 was mainly impacted by the decline in conventional power sector orders. New proposals in 1HFY21 fell by 73% yoy.

Figure 9: CMIE's new investment proposals were flattish over the last three years; in 1HFY21 new proposals fell by 73% yoy

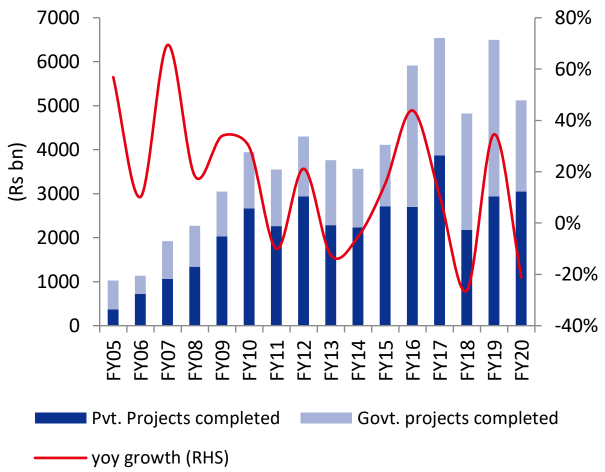


SOURCES: CMIE, EIP RESEARCH ESTIMATES

According to CMIE, projects (across sectors) completion fell by 21% yoy in FY20 to Rs5.1tr (FY19 was close to peak project completion) impacted by 27%/54% decline in electricity/ services (largely transportation sector) respectively, offset by 17% increase in the manufacturing segment. Government sector projects completion fell 42% yoy, while private sector projects completion was up 4% yoy in FY20. Project completions for 1HFY21 were down 68% yoy due to pandemic-related lockdowns.

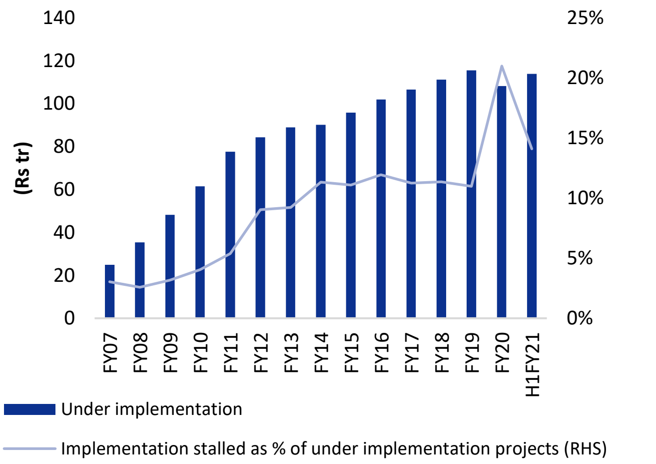
According to CMIE, projects under implementation but currently stalled were up 1% yoy to Rs14.2tr in 2QFY21F but declined in the last two quarters from a peak of Rs22.7tr in FY20 (an aberration due to the impact of the lockdown). Projects under implementation but stalled formed almost 12% (flat yoy) of projects under implementation. Projects under implementation improved 3.2% yoy as at 2QFY21 as some stalled projects have been revived. Electricity, transport and metal sectors were key contributors to projects under implementation but currently stalled.

Figure 10: As per CMIE, projects completion fell 21%/ 68% yoy in FY20/1HFY21 impacted by the COVID-19 pandemic



SOURCES: CMIE, EIP RESEARCH ESTIMATES

Figure 11: Implementation stalled as % of under implementation projects peaked in FY20 & improved in 1HFY21



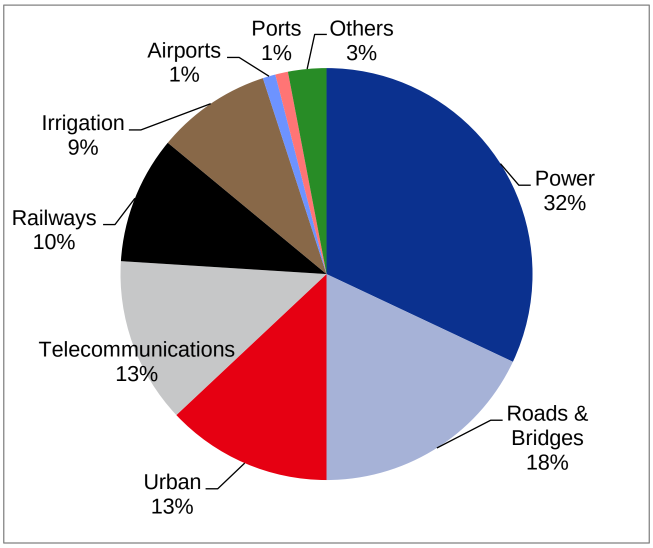
SOURCES: CMIE, EIP RESEARCH ESTIMATES

National Infrastructure pipeline (NIP): ambitious target, in our view, but infra spending is key to kickstart economy

We believe ramping up infrastructure spending is the best way to revive the economy as it helps trigger a virtuous cycle of higher investments, growth and employment generation in the economy. In our view, capacity utilisation will then catch up, resulting in an improved investment cycle. Infrastructure spending was to the tune of Rs80tr over FY08-19 (6% of GDP), with ~10tr of spend in FY18-19 (Source: NIP document). However, infra spend as a share of GDP dropped from 7.2% in the 11th Plan (FY08-12) to 5.7% in the 12th Plan (FY13-17) and 5.2% in FY19.

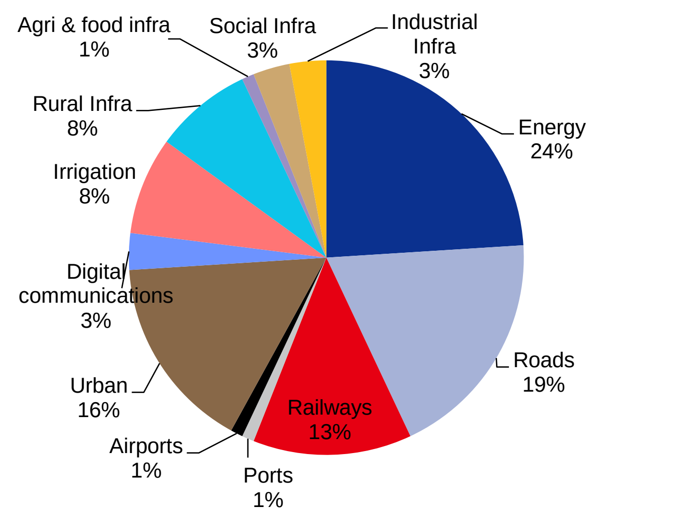
To close the infrastructure deficit, the NIP-2020-25 document has projected capital expenditure in infrastructure at Rs111tr over FY20-25F through the bottom-up approach, taking into account all projects under implementation, development and conceptual stages aggregated through various stakeholders. According to the NIP document, the Centre (39%) and states (40%) are estimated to have almost an equal share in implementing the NIP, followed by the private sector (21%).

Figure 12: Sectorwise infrastructure spending over FY08-19



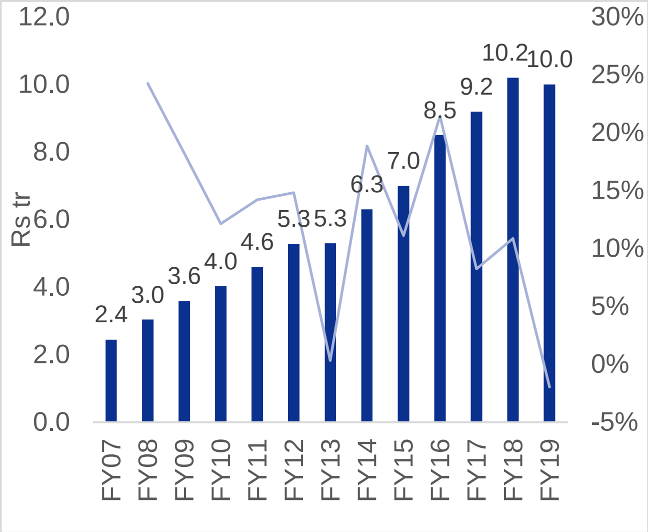
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 13: NIP projected Rs111tr infra spending over FY20-25F, led by energy, transportation and urban & rural infra



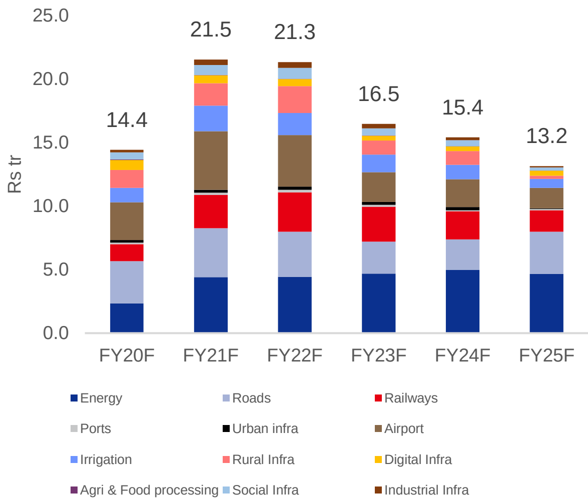
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 14: Share of infrastructure spending to GDP was 6% over FY07-19



SOURCE: NIP, EIP RESEARCH ESTIMATES

Figure 15: Significant step up to average annual capex of Rs18.5tr is estimated over FY20-25F despite near-term uncertainties



SOURCES: NIP, EIP RESEARCH ESTIMATES

A reading of the NIP indicates the next few years are likely to see increased public sector spends in water, metro rail networks, roads, renewable energy, urban infrastructure, apart from which L&T highlighted a prospects list from government buildings, data centres, healthcare infrastructure, airports, as well as onshore and offshore hydrocarbon projects. Projected investments by the private sector, however, appear optimistic, despite corporate tax cuts, in our view.

The target spending seems to be ambitious in some sectors (budgetary spending needs to increase at 21% CAGR over FY20-25F to support infrastructure pipeline), but directionally incremental focus on overall infrastructure spending with government framework for key monitorables and action plans would be positive in terms of execution due to cutting down on delays.

Figure 16: Sectorwise outlook

Sector	Outlook	View
Power		
Conventional power	Conventional power sector will continue to face challenges like availability of funds, falling plant load factor, muted demand from the private sector and excess manufacturing capacity of suppliers (which continue to put pressure on prices) and incremental focus on renewables.	
Renewable energy	Renewables has seen strong capacity addition in the last four years but slowed as investors have become wary of state government utilities not honouring PPAs. NIP's target looks ambitious but renewables could add ~8-10GW pa.	
Atomic energy	Nuclear fleet procurement opportunities (700 MWe PHWR projects) are expected as per L&T annual report but we think timelines are uncertain.	
Power T&D	Slowdown in conventional power has affected central transmission capex. A driver would be the green energy corridor, for the evacuation of renewable energy, expected to be finalised in the near term as per T&D companies. The Central Electricity Authority (CEA) has approved 24 projects worth Rs320 bn as per L&T annual report for bidding under tariff-based competitive bidding (TBCB), but the timelines are uncertain.	
Roads	Over the next 5 years, the government plans to expand the National Highway network by ~60,000 km, with about 20,000 km in major economic corridors, strategic areas and major tourist destinations.	
Railways	Tackling mainline capacity constraints, capacity augmentation, electrification, building MRT systems across cities, new dedicated freight corridors (packages worth Rs680bn expected [source: L&T annual report] in the next 5 years) would continue to drive investments in this segment.	
Urban infrastructure	Urban transport, Jal Jeevan mission and affordable housing would drive growth in the next few years.	
Airport construction	May slow in the near term and rebound only in the latter part of FY21F. However, the government envisages 100 new airports and a new cargo policy [source: NIP, L&T annual report], Rs1.43tr investments in airport in NIP over 5 years.	
Irrigation	Increase in the irrigation coverage area, use of efficient irrigation methods (penetration of micro-irrigation) and river interlinking projects likely to drive capex. However, the majority of capex has to come from the states which would be a challenge in the near term.	
Defence	The Ministry of Defence has identified an urgent need to upgrade the country's defence infrastructure, modernisation capex and is unlikely to defer capex with ongoing tensions at India's North-East border.	
Oil & gas	We expect volatility and uncertainty in oil prices to delay project awards in the hydrocarbons segment from the Middle East. However, domestic players would continue with their capex plans with some delays.	
Commercial and residential real estate	Could witness prolonged impact of pandemic.	
Industrial infrastructure	Low capacity utilisation would delay industrial capex. Becoming an alternative for manufacturing in China would be a key driver to monitor.	
Social infrastructure	Healthcare would see increased government spending.	

NOTE: GREEN DENOTES POSITIVE VIEW, YELLOW- NEUTRAL AND RED-WEAK OUTLOOK. SOURCES: NIP, L&T ANNUAL REPORT. EIP RESEARCH ESTIMATES

Power sector: Conventional power outlook muted; focus on renewables stays but with ambitious target

The power sector saw huge thermal capacity additions over FY11-18 (orders were robust over FY08-11) leading to healthy supply growth, while demand growth lagged supply growth. The power deficit fell from 8-10% over FY08-10 to below 1% from FY17, while thermal PLF (plant load factor) declined from peak 79% in FY08 to 56% in FY20. There was sluggish demand growth in the industrial and commercial sectors, discoms did not contract capacity leading to significant thermal capacities becoming surplus and there were no fresh power purchase agreements (PPAs). Given this – along with financial distress and technical constraints – discoms have resorted to load shedding, resulting in suppressed demand and lower capacity offtake. A further ~60 GW of thermal power is under construction, of which ~40 GW capacity under construction is from the Central and state public sector undertakings and 20 GW from private sector and incremental focus has shifted to renewables. Hence, the conventional power sector outlook remains muted for the next three to four years.

Renewables power has seen strong capacity addition in the last four years but has slowed as investors have become wary of state government utilities not honouring earlier PPAs. Some state governments have identified higher tariffs of wind and solar power PPAs as the reason for the financial woes of state discoms and attempted to renegotiate PPAs. We believe the sanctity of contracts and timely dispute resolution are key to retain and attract private sector participation besides protecting investments already made in these projects.

The green energy corridor intended to connect renewable capacities and state utilities upgrading their infrastructure has led to a stable outlook for the T&D sector. However, most investments come in the lower kVA range where competition remains intense.

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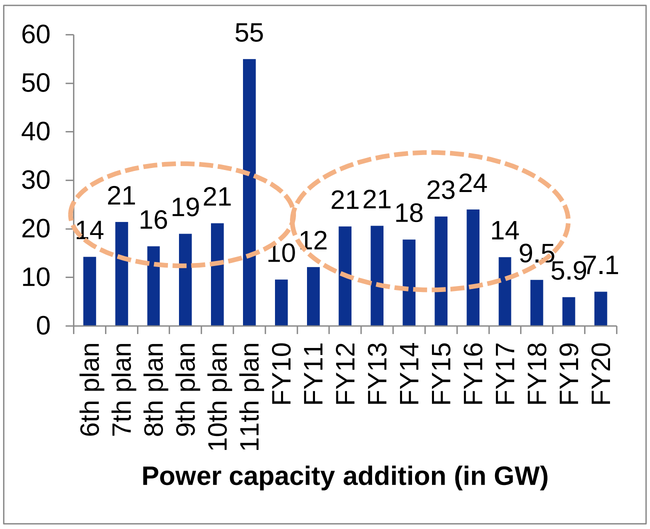
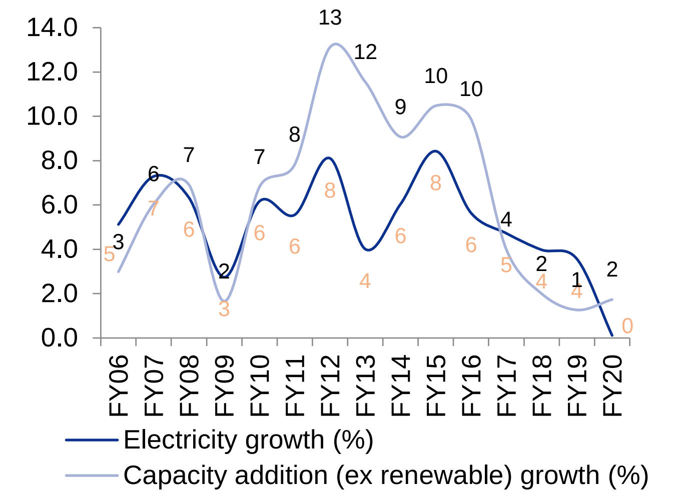
Figure 17: Huge capacity addition over FY11-18 (excluding renewables)



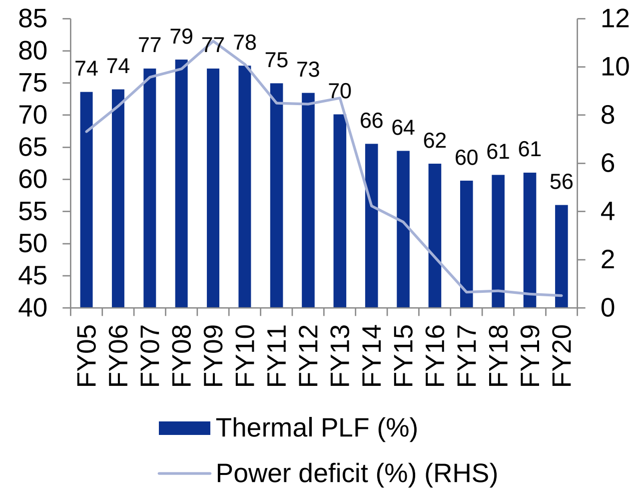
SOURCES: CENTRAL ELECTRICITY AUTHORITY, CMIE, EIP RESEARCH ESTIMATES

Figure 18: Leading to supply growth much higher than demand growth



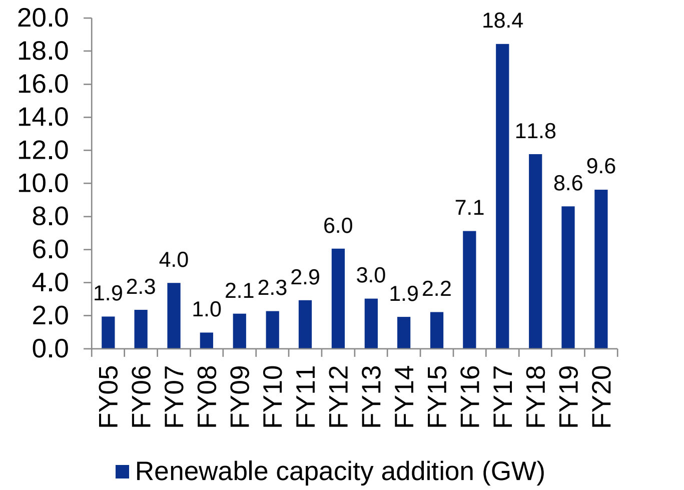
SOURCES: CEA, CMIE, EIP RESEARCH ESTIMATES

Figure 19: Thermal PLF at all-time low, ~60GW capacity is under construction and power deficit is already low



SOURCES: CEA, CMIE, EIP RESEARCH ESTIMATES

Figure 20: Greater focus on renewables exerts pressure on thermal capacity addition

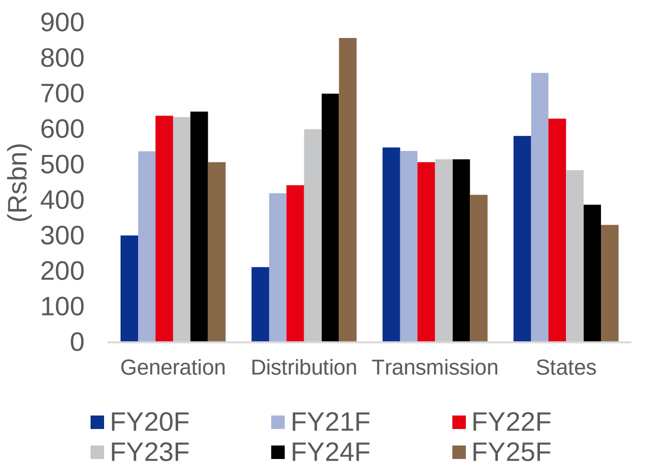


SOURCES: CEA, CMIE, EIP RESEARCH ESTIMATES

NIP – Ambitious capacity addition target for conventional and renewable energy

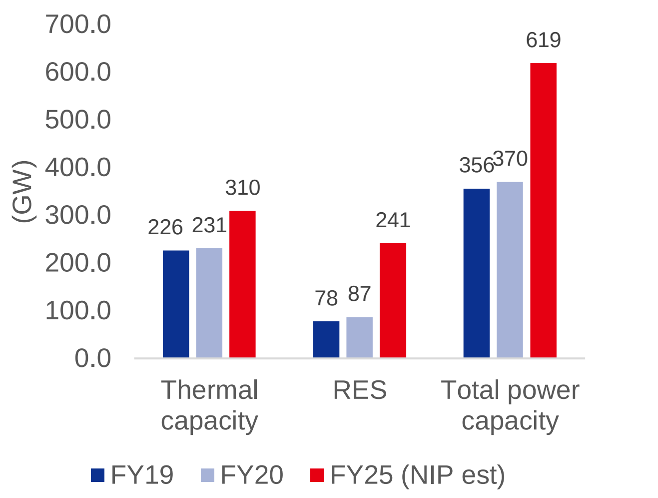
- NIP's estimated capacity of 619GW in FY25 vs 356 GW in FY19 (370 GW in FY20), ie, an annual addition of 43 GW (vs our base case annual addition of 15-16 GW), seems overambitious, in our view, as it expects 16GW annual addition in thermal capacity addition (~5-7GW in FY19-20) and 27GW in renewables (8-10GW in FY19-20). This is despite current thermal PLF being below 60%.
- Also, of the Rs14tr of investments over FY20-25F in conventional power, almost 51% comes from state governments (Source: NIP report), which have had reasonable chances to slip considering their balance sheets, in our view. The Central government accounts for 41% of this investment and the private sector 8%.
- Of the Rs9.3tr of investments over FY20-25F in renewable power, most of the capex would come from the private sector (Source: NIP report). The annual target of over 27-30 GW is ambitious considering the end customers are largely the state governments, however ~10 GW pa capacity addition could sustain.
- NIP estimates per capita electric consumption of 1,616 kWh in FY25 compared to 1,181 kWh in FY19 (CAGR of 5.4% over FY20-25F vs 4.3% over FY14-19).

Figure 21: NIP estimates Rs14tr will be spent over FY20-25F in conventional power



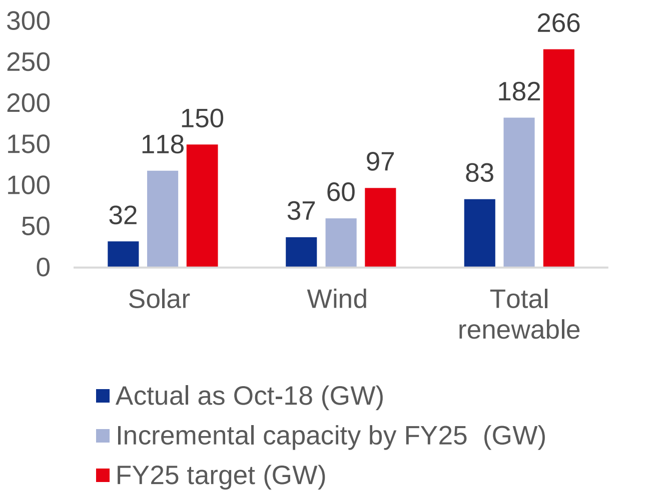
LSOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 22: NIP's annual capacity addition target in thermal/ renewables over FY20-25F is 16GW/27GW vs 6.7GW/9.6GW added in FY20



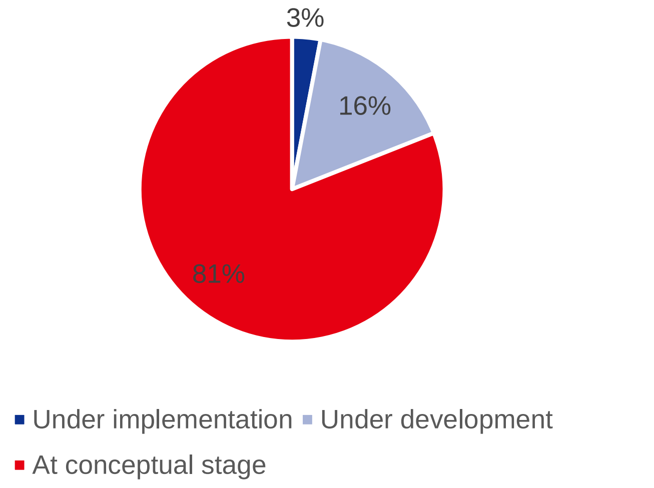
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 23: NIP estimated to spend Rs9.3tr over FY20-25F on renewables



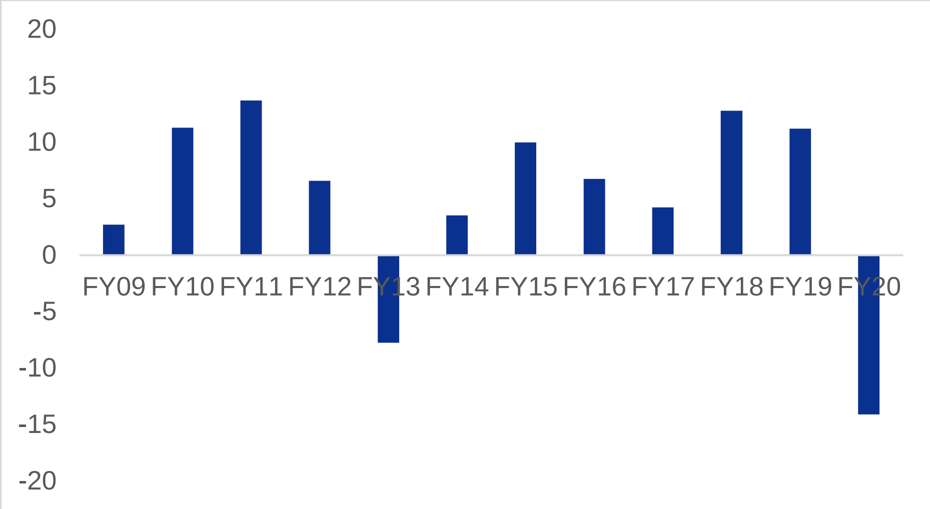
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 24: Spending was mostly at conceptual stage and in private sector as at FY20



SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 25: IEEMA electrical equipment index growth (%) – FY20 growth fell sharply after posting above-10% growth in FY18-19



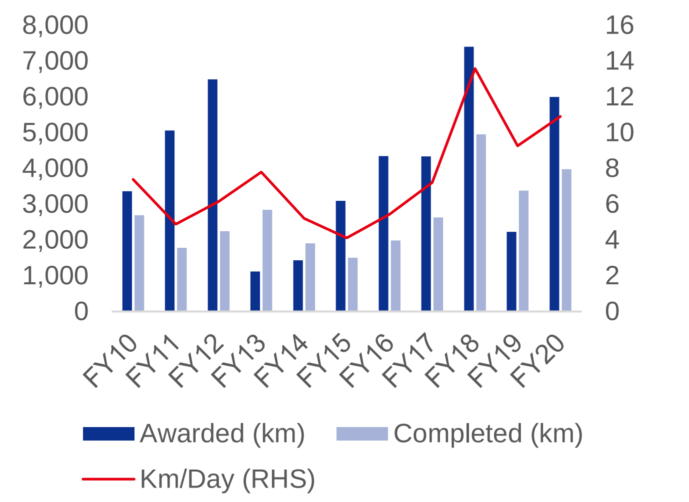
SOURCES: IEEMA, EIP RESEARCH ESTIMATES

Road sector: Focus on expanding national highways, connecting economic corridor & strategic areas

The roads sector has attracted significant investments over the past 10 years. The share of roads investments in the overall infrastructure investment was ~17% between FY13-17, according to NIP. The land acquisition cost tripled from around Rs8m per hectare to around Rs24m per hectare in the same period. To avoid project delays, the NHAI only issues tenders for projects that have achieved 80% land acquisition. NIP expects approximately 18% of the Rs111 tr investment targeted for FY20-25 by NIP to be made in the roads sector – the bulk of it augmenting road length and safety features. Over the next five years, the government plans to expand the National Highway network by ~60,000 km, with about 20,000 km in major economic corridors, strategic areas and major tourist destinations.

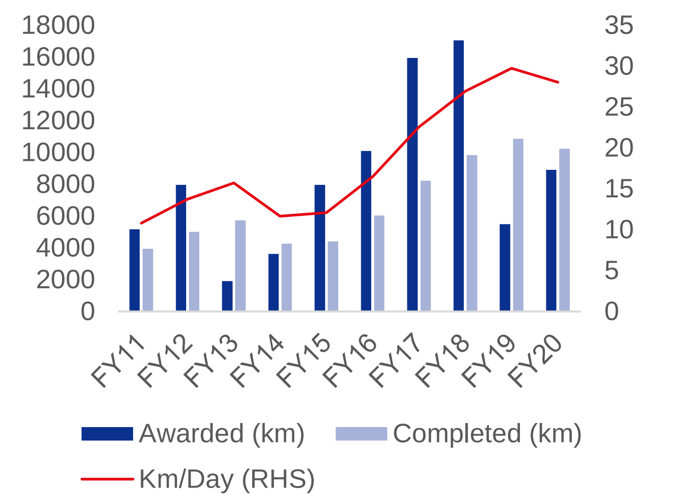
The Ministry of Road Transport and Highways (MoRTH) constructed 3,951km worth of roads in 1HFY21 (21.6 km per day) despite COVID-19 difficulties. The National Highways Authority of India (NHAI) awarded 40 projects for a total cumulative length of 1,330 km (1.6x awarded in 1HFY20) in 1HFY21 with a capital cost of Rs473bn.

Figure 26: NHAI annual project award and completion



SOURCES: NHAI, PIB, EIP RESEARCH ESTIMATES

Figure 27: MoRTH annual project award and completion



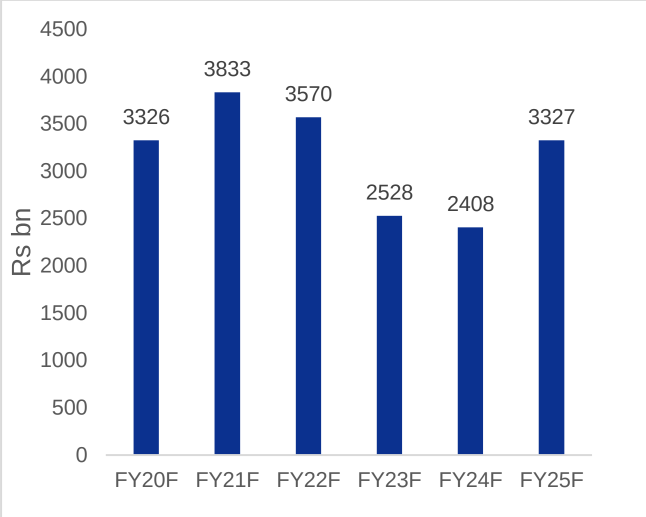
SOURCES: MORTH, PIB, EIP RESEARCH ESTIMATES

Figure 28: Road has the highest allocation from NIP of ~Rs20tr over FY20-25

	No of Projects	Length (Km)	Capex 2020-25 (Rs bn)
National Highways	1,815	87,162	12,806
Expressways	5	2,142	1,017
Center	**1,820**	**89,304**	**13,824**
States			**6,514**
Total			**20,338**

SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 29: NIP's funds allocation equals average annual capex of Rs3.1tr, ~38% of which was expected from private sector



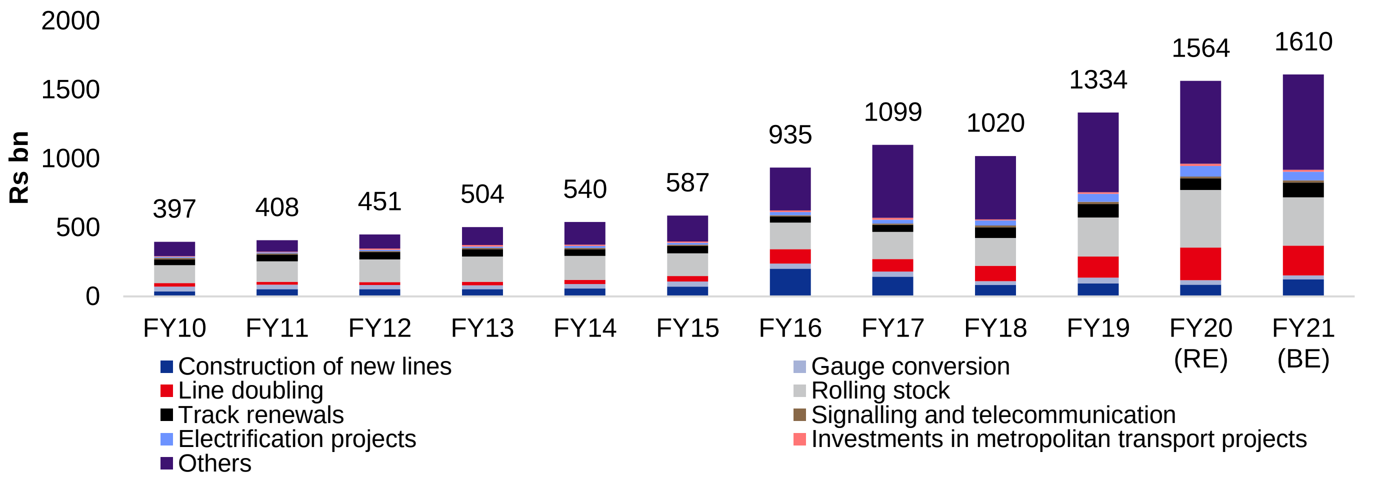
SOURCES: NIP, EIP RESEARCH ESTIMATES

Railways: Significant set-up in investment happened in FY16-20 and NIP expects trend to continue

Investments in railways saw a significant pick-up from FY16 as capex increased by 139% in FY16-20 over FY11-15 with the key focus areas decongestion of overutilised rail networks, construction of new lines, the doubling, tripling and quadrupling of rail lines and the purchase of rolling stock such as wagons, locomotives, coaches, etc.

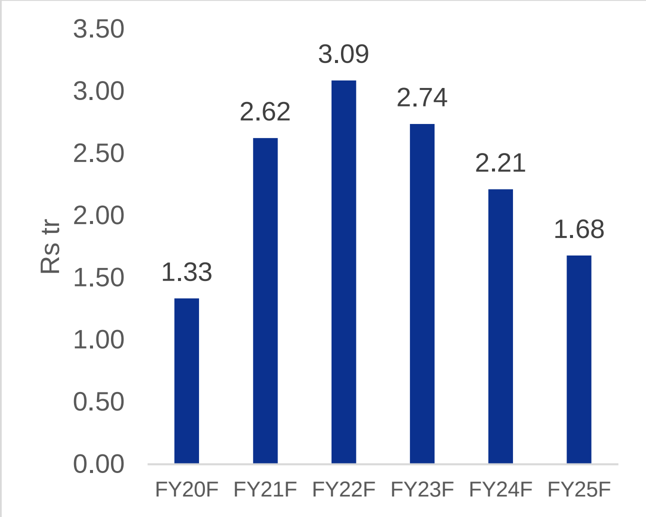
NIP estimated spends of Rs13.7tr over FY20-25 of which almost 87% would be implemented by central agencies and 60% of the projects considered for investment are under implementation. The bulk of the investments are in the construction of new lines, capacity augmentation and major projects like dedicated freight corridors and high-speed rail.

Figure 30: Railways annual investments rose significantly in FY16-20 compared to FY10-15



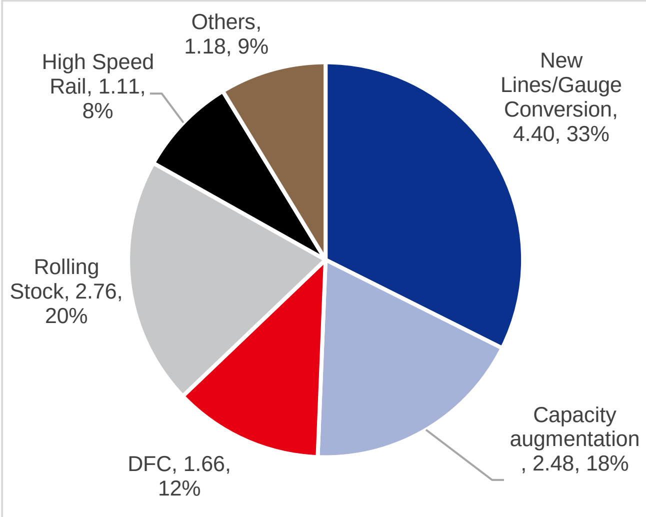
SOURCES: INDIA BUDGET DOCUMENT, CMIE, EIP RESEARCH ESTIMATES

Figure 31: NIP estimated railways to spend Rs13.7tr over FY20-25F; Rs2.3tr annually vs Rs1.6tr for FY21 (budgeted estimates)



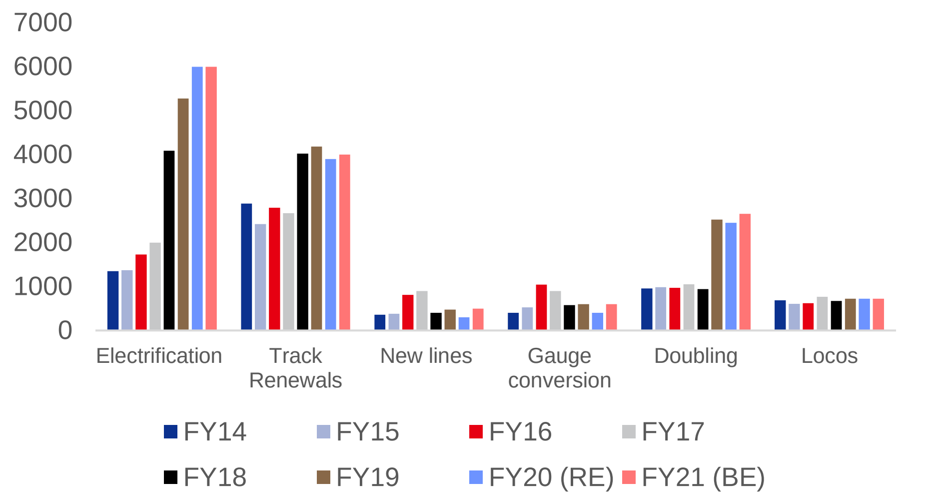
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 32: Investment in new lines, and rolling stock to be increased significantly over FY20-25F



SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 33: Physical infrastructure completions in last few years indicates sharp improvement in electrification, doubling of rail lines and track renewables



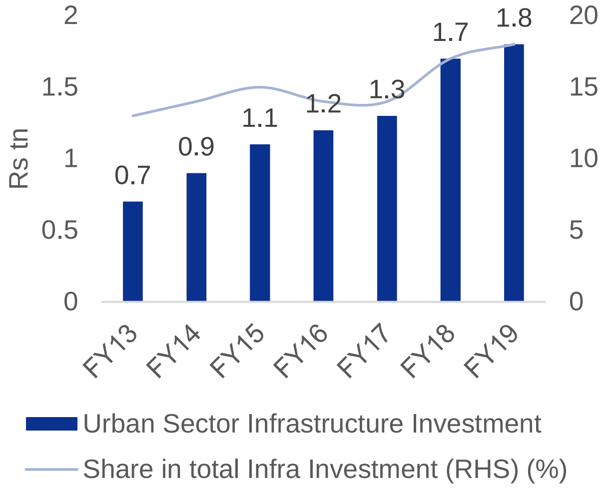
SOURCES: INDIA BUDGET DOCUMENT, CMIE, EIP RESEARCH ESTIMATES

Urban Infra: Metros, urban housing and smart cities will likely drive investments

Historical share of urban infra on overall infra spending was closer to 13-14% over FY13-17 as per NIP and in recent years increased with flagship programmes like Smart Cities, Atal Mission for Rejuvenation and Urban Transformation (AMRUT). Under Pradhan Mantri Awas Yojana (Urban) (PMAY), 10.7m houses have been sanctioned and 38 lac houses were constructed as on Oct 2020 with the Centre releasing Rs767.5bn of the committed Rs1.7tr.

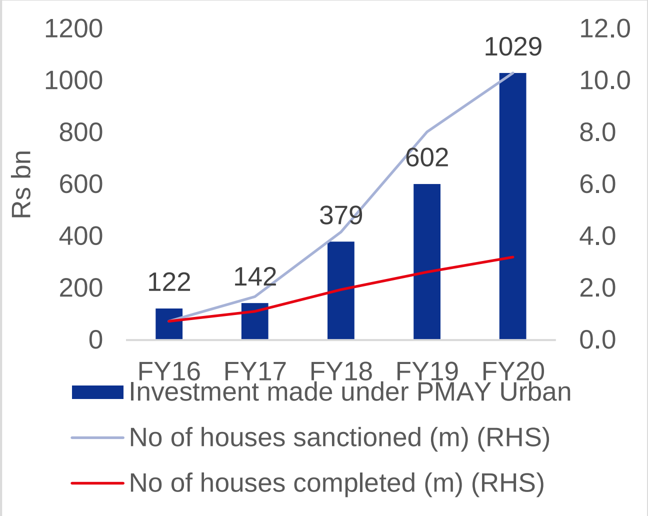
According to the NIP, of the Rs19tr to be spent over FY20-25F, ~Rs15.7tr will come from the Centre and Rs3.46tr from the states. Major projects include the Surat Metro Rail, Kanpur Metro, Affordable Housing and Jal Jeevan Mission (Urban).

Figure 34: Historical trend of urban infrastructure spending



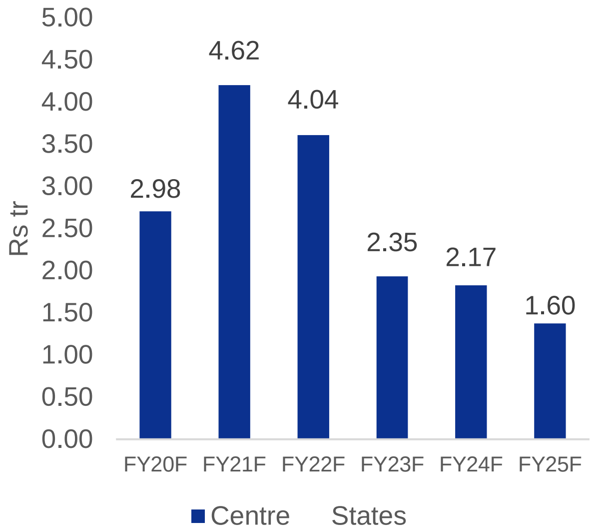
SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 35: Under PMAY (Urban)*, 1.07cr houses were sanctioned and 38 lac houses constructed as at Oct-20



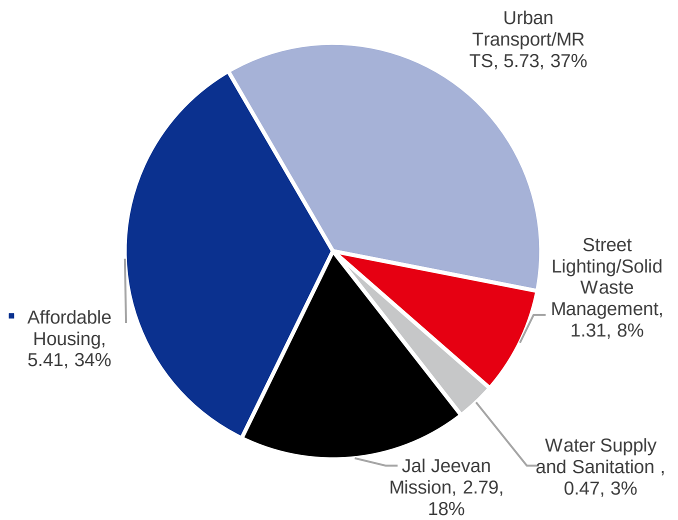
SOURCES: *PRADHAN MANTRI AWAS YOJANA (URBAN), NIP, EIP RESEARCH ESTIMATES

Figure 36: Centre to spend Rs15.7tr over FY20-25F



SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 37: Major NIP investments to be in urban transport (37%) and affordable housing (34%) over FY20-25F



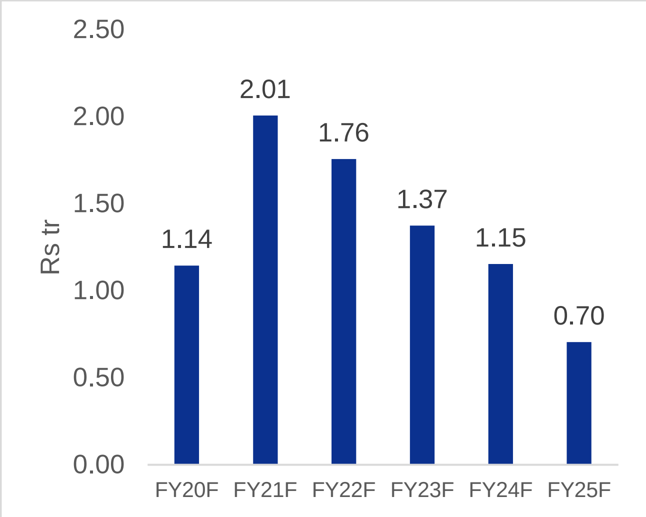
NOTE: NO ON CHARTS INDICATE INVESTMENT IN RS TR AND SHARE IN TOTAL INVESTMENTS

SOURCES: NIP, EIP RESEARCH ESTIMATES

Irrigation: Focus on increase in coverage, efficient method of irrigation and river linking

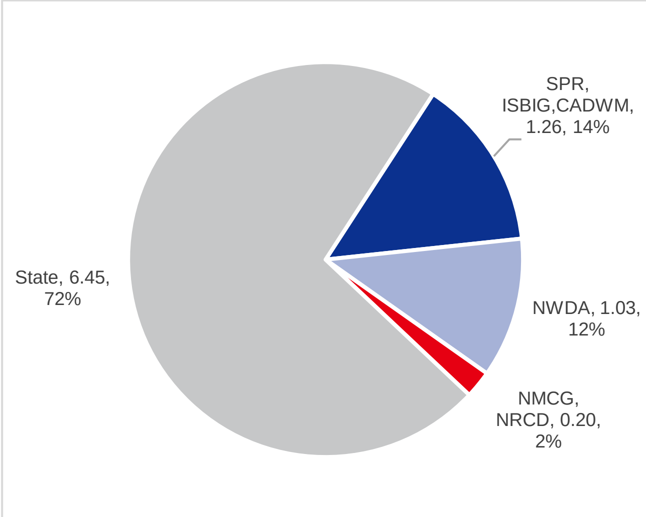
According to NIP, the irrigation capex focus over FY19-25 will increase irrigation coverage from ~68m hectare (49% of total) in FY19 to ~85m hectare (~61% of total), using efficient methods of irrigation (micro-irrigation penetration rose from ~12% in FY15 to ~17% in FY19 and is to be raised to ~28% by FY25), and river interlinking projects. The NIP identified the Ken-Betwa and the Godavari-Cauvery river linkings as priority.

Figure 38: NIP estimates overall spend of Rs8tr over FY20-25F on irrigation



SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 39: States account for most of the irrigation expenditure over FY20-25F



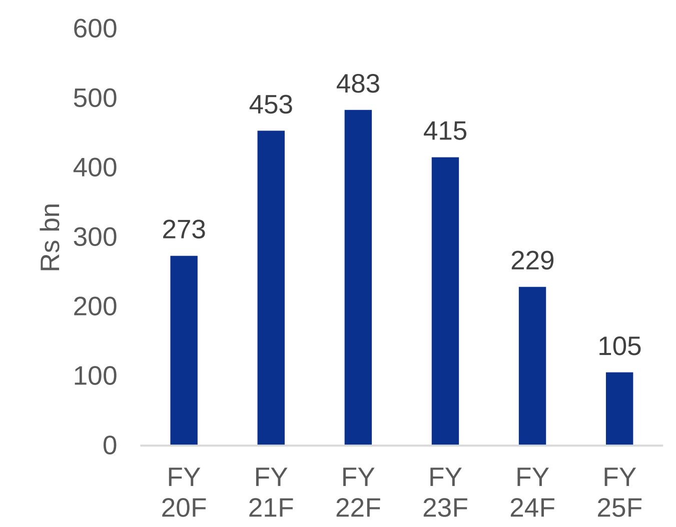
NOTE: SPR – STATE PROJECTS, ISBIG – INCENTIVISATION SCHEME FOR BRIDGING IRRIGATION GAP, CADWM – COMMAND AREA DEVELOPMENT AND WATER MANAGEMENT, NWDA – NATIONAL WATER DEVELOPMENT AUTHORITY, NMCG – NATIONAL MISSION FOR CLEAN GANGA, NRCD – NATIONAL RIVER CONSERVATION DIRECTORATE,

NOTE: NOS ON CHARTS INDICATE INVESTMENTS IN RS TR AND SHARE OF TOTAL INVESTMENT

SOURCES: NIP, EIP RESEARCH ESTIMATES

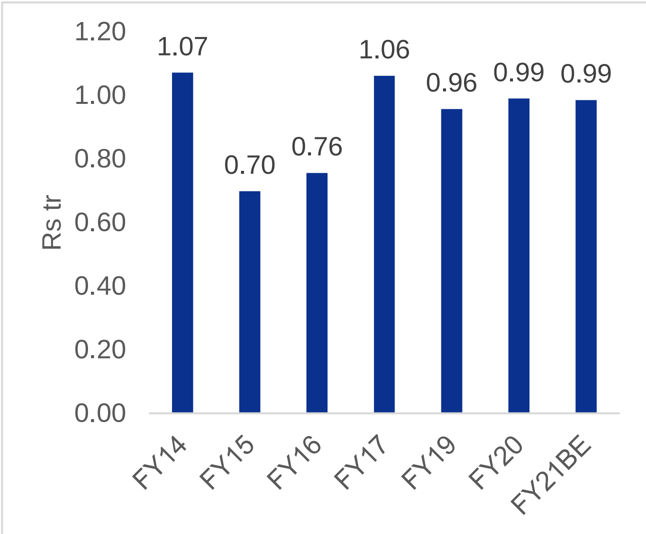
Oil & Gas: Steady capex to continue despite volatile oil prices

Figure 40: NIP's projected petroleum and natural gas capex of Rs1.9tr over FY20-25F only relates to gas & oil pipelines



SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 41: Overall PSU O&G capex steady at ~Rs1tr pa



SOURCE: INDIA BUDGET DOCUMENT, EIP RESEARCH ESTIMATES,

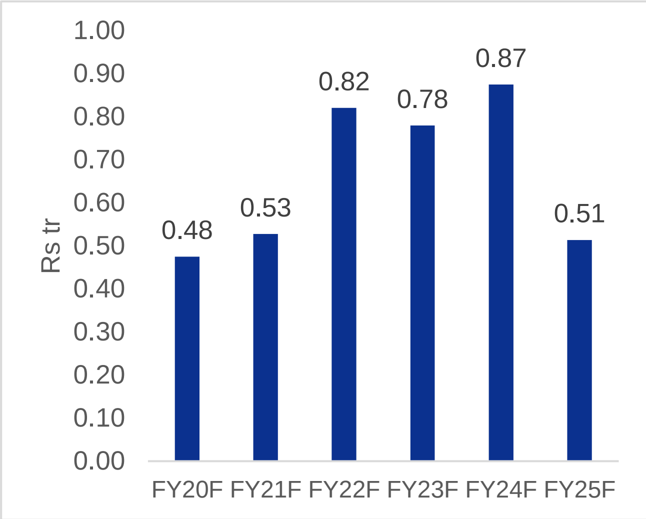
Airports: Capex to increase capacity and connectivity

Figure 42: Centre to spend Rs893bn on 58 projects over FY20-25

	No of Projects	Capex 2020-25 (Rs bn)
Greenfield Projects	8	361
Expansion and Modernisation of Existing Airports	50	532
Total	*58*	*893*

SOURCES: NIP, EIP RESEARCH ESTIMATES

Figure 43: NIP estimates overall capex of Rs1.4tr over FY20-25F; 39% to come from private sector

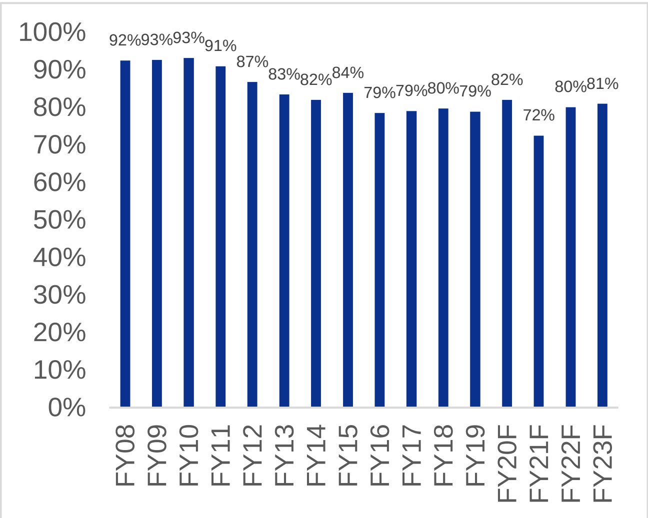


SOURCES: NIP, EIP RESEARCH ESTIMATES

Steel and cement drop in utilisations levels would lead to deferment in capex

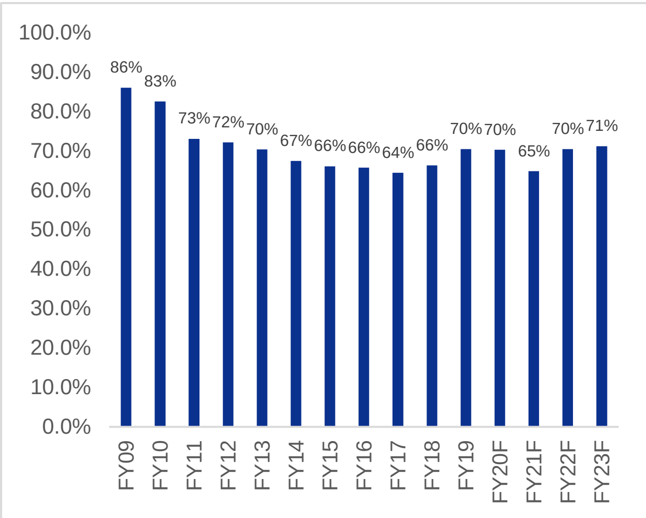
Steel and cement capacity utilisation levels will drop in FY21F due to the lockdowns vs FY20 levels and, even after considering the strong revival in FY22F, it is unlikely to surpass FY20 utilisation levels, as per our Commodities Team. Hence, this would defer any capex plans for both sectors, though opportunities lie in waste-heat recovery and emission-related orders in the cement sector.

Figure 44: Steel capacity utilisation trend



SOURCES: INDUSTRY DATA, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 45: Cement capacity utilisation trend



SOURCES: INDUSTRY DATA, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Auto: On course of demand recovery

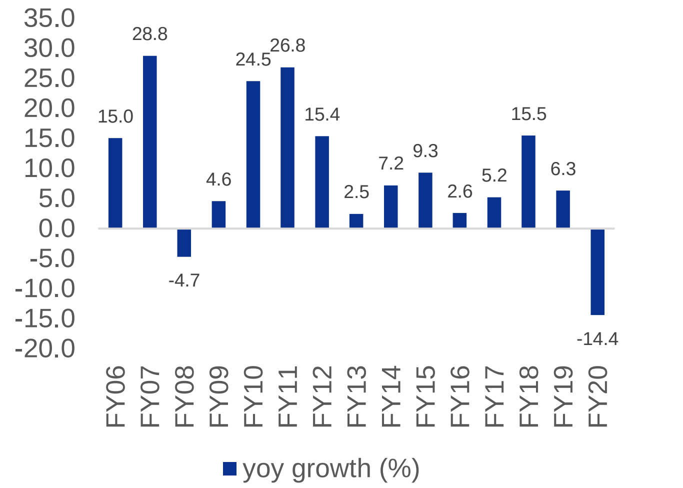
The COVID-19 shock in the Jun 2020 quarter led to the two-year cyclical demand bottoming, a decline beginning in Aug 2018. COVID-19's impact on the Mar-Jul 2020 demand and supply chain will continue to haunt YTD FY21F growth performance. However, with automobile purchases for personal consumption increasing and leading to strong demand recovery supported by festival demand, total automobile sales volume dipped just 2% yoy in the Sep quarter (led by car sector growth of 8% yoy and 2W +0.2%) overcoming macro challenges.

According to our Autos Team, pent-up demand and travel challenges resulting from COVID-19 will help sustain cyclical demand recovery in cars and 2Ws beyond festivals. Personal mobility demand rebounded quickly post the Unlock phases as consumers preferred vehicles to effect social distance and get around weak public transport availability. However, as per our Autos Team, considering challenges from GDP contraction and people movement restrictions, fleet demand for vehicles like trucks, buses, 3Ws and taxi cars will remain subdued and sharply underperform the rest of the segments.

Figure 46: Passenger vehicles yoy growth in India

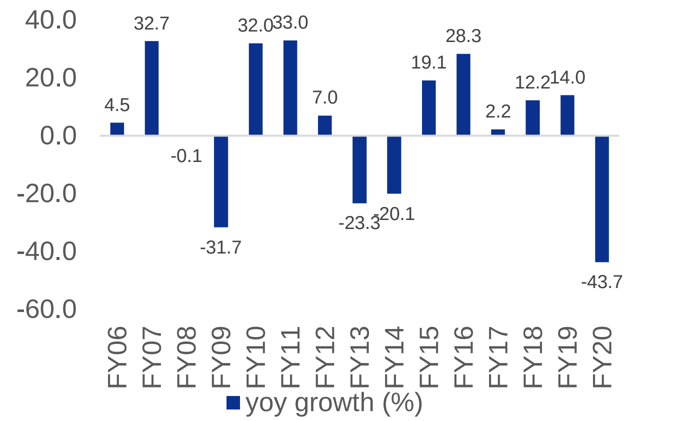
SOURCES: SIAM, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 47: Two-wheeler yoy growth in India



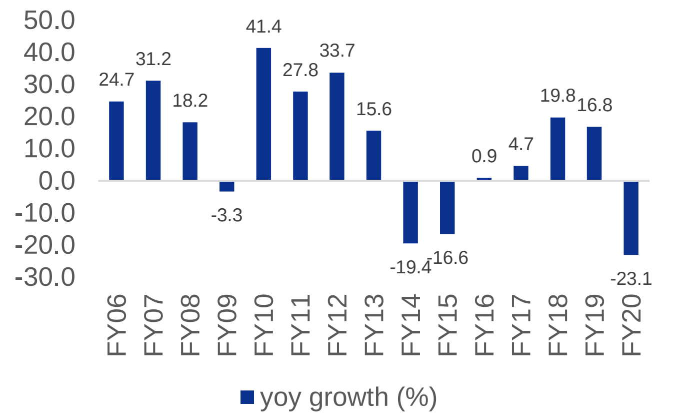
SOURCES: SIAM, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 48: MHCV annual yoy growth trend



SOURCES: SIAM, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 49: LCV annual yoy growth trend

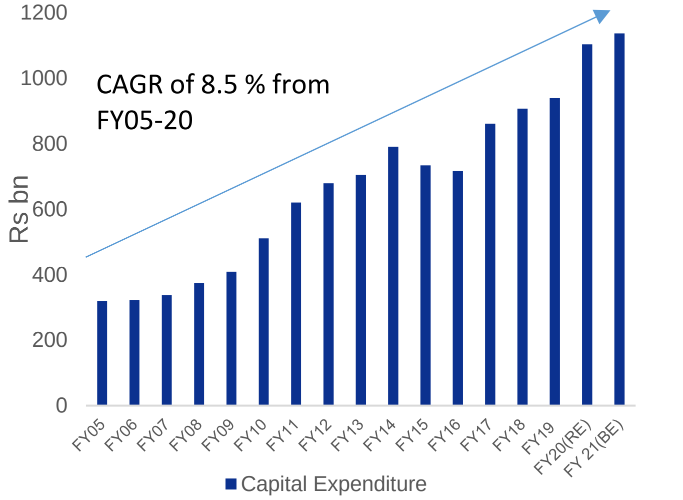


SOURCES: SIAM, EIP RESEARCH ESTIMATES, COMPANY REPORTS

Defence: Capex to be the least impacted despite pandemic and considering tensions near India's Line of Control

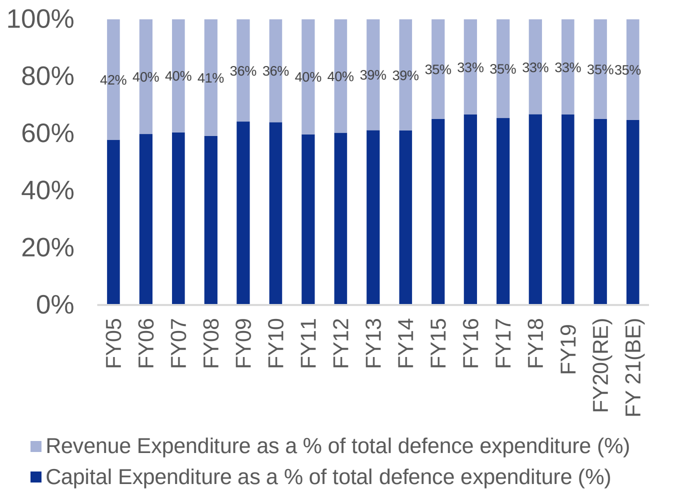
Capital outlay for defence rose by 3% to Rs1,137bn (vs FY20RE), but on a high base as FY20RE increased by 16% over FY19 and 7% higher than FY20BE (BE: Budget estimates and RE: Revised estimates). Considering current ongoing tensions at India's border, we believe the defence budget may not be curtailed heavily as was the concern among investors. With the focus on indigenisation and a recent proposal for a different domestic budget, some concerns with respect to payments to defence PSUs have lessened, in our view.

Figure 50: Defence capital expenditure grew 8.5% CAGR over FY05-20



SOURCES: INDIA BUDGET DOCUMENT, CMIE, EIP RESEARCH ESTIMATES

Figure 51: Capital expenditure's overall share to revenue expenditure fell to 33-35% over FY15-19 vs 39-40% in FY11-14



SOURCES: INDIA BUDGET DOCUMENT, CMIE, EIP RESEARCH ESTIMATES

Key risks on sector's Neutral call

Upside risk

- Government stimulus to boost infrastructure/ manufacturing spending.
- Stronger-than-expected revival aided by shift in manufacturing base to India due to geo-political tensions.
- Increased government steps for indigenisation by raising customs duty on imports would drive capex.
- Continued low interest rates

Downside risk

- Government (Central and states) postponing capital expenditure due to financial constraints would impact new orders and working capital.
- Increase in commodity prices before demand revival would have an adverse impact on margins.
- Delays in awarding orders due to demand uncertainties would impact overall growth for sector.
- Intense competition could lead to pricing pressure.

Companies section

ABB Ltd

Macro headwinds constrain justification of high valuations

ABB has laid out a strategy to manage macro headwinds by focusing on emerging high growth areas, deeply penetrating tier-2 markets, focusing on exports and services, digitalising its portfolio to optimise processes and efficiencies of various industrial customers, leveraging e-commerce models and addressing the mid-range market with new products and solutions. Management believes the market will consolidate and investments will go into productivity, robotics, automation and energy-efficient products and rapidly expanding data centres.

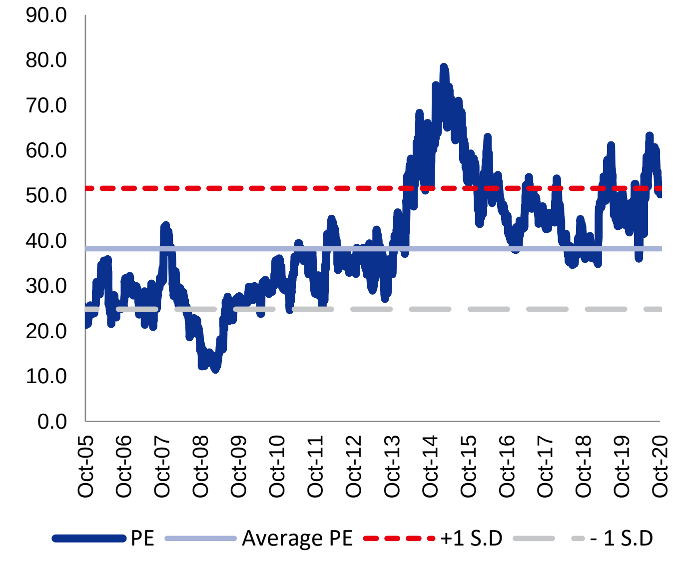
The 9MCY20 order inflow totalled Rs44.6bn (-17% yoy). ABB India sales grew by 6% CAGR over CY17-19, led by 23% CAGR in exports (18% of CY19 sales), while domestic sales grew by only 2.4%. 2QCY20 exports were impacted by delays in customer offtake and transportation, but management expects exports to benefit going forward given geopolitical tensions, like US-China tensions, which could lead to India becoming an alternative manufacturing source. However, we do not see the share of exports increasing materially from current levels. Current orders under execution were effected in good times before the pandemic. With the current market situation, the company will strive for similar gross margins for new orders despite higher competition.

Management's focus remains on cash and cost management by reducing discretionary expenses across 16 businesses, focusing on cash collection, and investing in only critical investments. Cost measures include reducing a) materials costs through localisation, cheaper raw material sources and optimising the use of inventory, b) employee expense, and c) discretionary spends like logistics costs, power and fuel and third-party service engagements, travel and rents.

Valuation and risks: We believe weak macros and intensifying competition could limit margin expansion. With a flattish order backlog and near-term headwinds to new order inflows, the stock remains expensive with downside risks to our earnings estimates. Hence, we initiate coverage on the stock with a Reduce rating and a 12-month TP of Rs900, valued at 40x P/E on Sep FY22F EPS (10-year average).

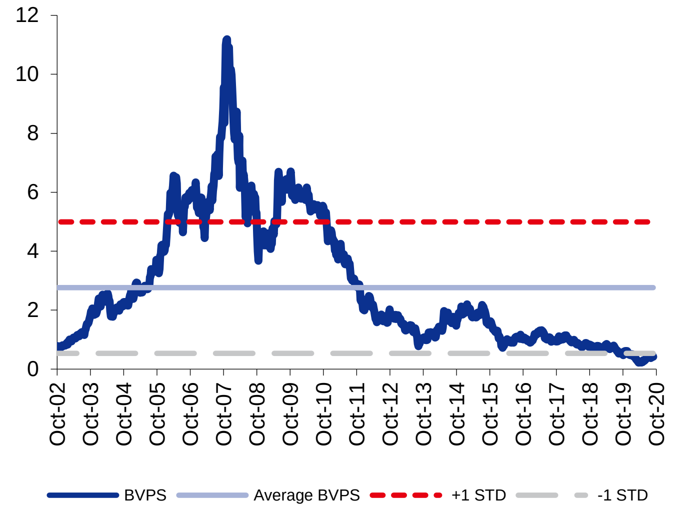
Key upside risks are a) strong traction in digital segment growth, and b) better-than-estimated orders inflow (OI) with higher margins leading to higher-than-estimated profitability for ABB. Continued margin pressure on the industrial automation segment impacting overall margins could be a de-rating catalyst.

Figure 52: ABB's current P/E (x) trading at +1SD historical trend



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 53: BHEL's current BVPS (x) trading at -1SD historical trend



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Bharat Heavy Electricals

Weak thermal power outlook continues to have a bearing on company till diversification plays out, if at all

We do not expect conventional power sector orders to pick up in the near to medium term considering lower capacity utilisation, weaker demand growth, incremental focus on renewables and almost 60GW still under construction (of which 20GW is from the Centre and 20GW from the states). Also, we believe supply side overcapacity puts pressure on margins. Highlights from the FY21 annual report included the company's focus on: a) maintaining leadership in the core business with a push into spares and services and strengthening the emissions control business; b) growing the non-power business; c) timely and cost-efficient project execution; d) cost optimisation; and e) receivables management. For diversification, management said the company has signed three MoUs in transportation, marine defence and armoured trucks, and is in talks for collaborations in propulsion, signalling and air defence guns. However, discussions are in preliminary stages and could take time; manufacturing of smaller contracts could start materially from year-end, according to management.

We believe risks to the orders timeline persist for thermal power orders. Emissions-related orders were the saving grace for the last two years, but most of the orders from NTPC have been completed. Emissions-related orders from the states and private sector remain, where liquidity is an issue. Successful diversification from thermal power is critical due to its weak outlook, where the company has not had major successes in the last few years.

Valuation and risks: We initiate coverage on Bharat Heavy Electricals with a Hold rating as current inexpensive valuations have factored in concerns with respect to the weak outlook for the thermal power business, while any success from diversification, though uncertain, could provide upside trigger from the current low valuations. Our 12-month TP is Rs30 as we value the stock at 0.35x FY21F P/BV, its two-year average. We use P/BV due to near-term earnings volatility, and have employed the two-year P/BV average as it rightly reflects the muted outlook on the thermal power sector.

Upside risks include a) success in diversification into new segments and b) improvements in receivables. Downside risks are a) continued margin pressure, and b) delays in new orders vs our current order inflows estimates. Improvement in receivables and increased capacity utilisation through diversifications aiding cash flows are re-rating catalysts**.**

Cummins

Putting its house in order for future growth

Our key concerns for Cummins India are its power gen sales growth outlook, competitive pressure and capital allocation. Cummins's FY20 annual report highlighted its focus on: a) new fit-for-market products (e.g., 40 kVA for enhanced power density, low kVA for Europe compliance), b) investing in new technologies: R&D expense of 3.7% of sales in FY20 (+5.3x yoy) due to higher R&D capex to prepare for the new upcoming emission norms, c) portfolio diversification and market penetration, and d) cost reduction measures to offset pressures from weak demand and higher competition. FY20 royalties and support services increased by 19% yoy to Rs1.67bn (+77bp to 3.3% of sales).

In the industrial segment, management expects the government's focus on infrastructure to aid the construction sector, while new railway products should offset any decline in the diesel portfolio. The implementation of new emission norms for construction equipment vehicle (CEV) applications has been pushed from Oct 2020 to Apr 2021, and the company expects a similar delay for the powergen CPCB IV+ norms. Unlike the last change in emission norms, the upcoming change (though delayed) could be a potential growth driver from FY22F and could open doors for higher exports. Any improvement in exports from a low base would be a trigger for sales/margins as witnessed in 2QFY21 (which was led by pent-up demand).

Valuation and risks: We initiate coverage on Cummins with a Hold rating, as our concerns with respect to the muted outlook for the powergen segment are factored into our valuations. We value its core business at 15x Sep FY22F EV/EBITDA (a 20% discount to its 15-year average due to muted outlook for the powergen segment) with SOP-based TP at Rs480, implying 18.5x Sep FY22F EPS. (We use the SOP to reflect valuations of JV/associate and cash on books).

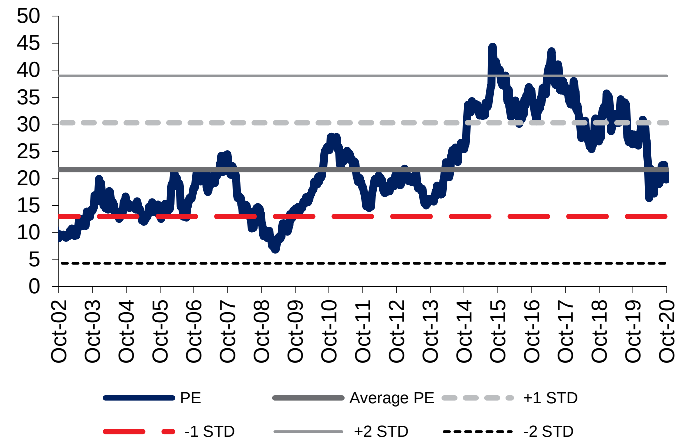
Upside risks are the upcoming change in new emission norms as potential growth drivers of domestic and export sales and concurrent margin uptick; while downside risks are continued pressure on power gen sales and any further delays in implementation of new emission norms.

Figure 54: SOP target price

Segment	Basis	Multiple (x)	EBITDA/ PAT (Rs m)	Value (Rs m)	Stake (%)	Cummins' stake value (Rs m)	Value per share (Rs)
Core business	20% discount to long term average EV/EBITDA	15x Sept-22 EBITDA	7,536	1,12,215	100.0%	1,12,215	405
Valvoline	P/E inline with peers	10x FY22F EPS	1,562	15,619	50.0%	7,810	28
Cummins Generator Technologies	P/E multiple discount to standalone	10x FY22F EPS	839	8,392	48.5%	4,070	15
Cash		1x FY21F net cash		9,051		9,051	33
Total value per share							**480**

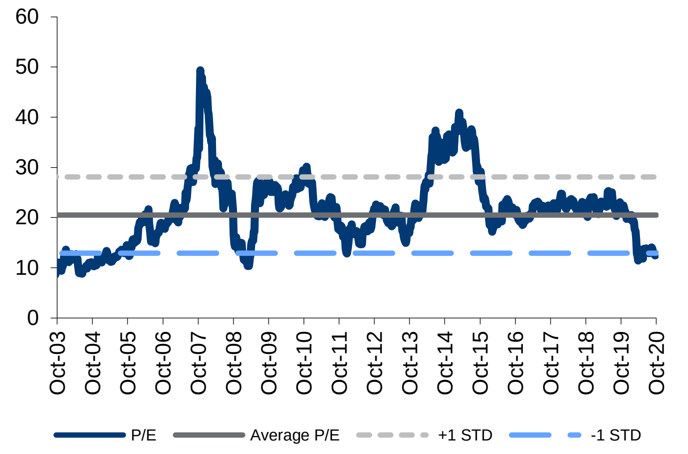
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

Figure 55: Cummins trading closer to 15-year average P/E (x)



SOURSCE: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 56: Larsen & Toubro is trading at -1s.d. historical trend



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Larsen & Toubro Ltd

Good show in tough times

Notwithstanding near-term uncertainties, the government's focus on infrastructure with a Rs111tr pipeline provides medium-term opportunities as the government's finances revive. In our view, government capex is the only way to revive the economy and create jobs, and, hence, the government is periodically reviewing Central and PSU capex execution plans. 1HFY21 ex-service order inflows were down by 54% yoy, however recent mega EPC orders for Mumbai Vadodara bullet trains packages provided a solid boost to curtail shortfall in order inflows for FY21. L&T still had solid order prospects of Rs6.1tr as at end 2QFY21 (Rs5.2tr as at end 2QFY20), of which Rs4tr was from the domestic market and Rs1.3tr from international orders. Domestic order prospects were from water, heavy civil, power T&D (each worth ~Rs1tr) and the remainder from building and factories and transportation segments. Currently our estimates have an ex service order inflow decline of 12% in FY21F. According to L&T's FY20 annual report, the combined budgetary capex spends (including PSU capex) amounted to over Rs16tr for FY21. However, post pandemic, there could be shortfall of ~20% in FY21 capex. Almost 82% of L&T's domestic OB came from the public sector and 18% from the private. Almost 13% of the domestic OB is from the

Central government, 37% from the states and 32% from PSUs. L&T's focus remains on cash flows and, hence, to curtail working capital requirements, we believe the company could go slow on execution in FY21F where project cash flows have dried. Incremental working capital was up by just Rs5bn in 1HFY21 and net cash from operations stood at Rs36.5bn in 1HFY21 vs. -Rs24bn in 1HFY20. The sale of the E&A deal completion will strengthen the balance sheet. Net borrowings as at end 1HFY21 stood at Rs998bn in 1HFY21 from Rs1,132bn in 4QFY20. Of the post-tax cash-flows of Rs110bn from E&A transactions, Rs50bn was earmarked for debt repayment, Rs20bn each for investments in the service business, Hyderabad Metro and special dividend. Also, we believe L&T would benefit from ordering in naval and land systems considering the import embargo on artillery guns, submarines, and various other missiles and rocket launchers. Any success for submarine orders would boost order inflows.

Valuation and risks: Concerns regarding near-term challenges due to the strain on government finances and losses in Hyderabad metro have been factored in. The stock currently trades at reasonable valuations as the ex service business trades at 13x FY22F, providing downward protection to the stock price. We initiate coverage on the stock with an Add rating and SOP-based 12-month target price of Rs1,180 as L&T would be a key beneficiary of the Government's focus on infrastructure spending apart from inexpensive valuations, in our view. Potential catalysts are a revival in execution, orders and any efforts to monetise Nabha Power Ltd and Hyderabad Metro. (SoP is used for the conglomerate business. The 16x multiple is used for the E&C ex services business which is at a 25% discount to the 10-year average P/E for the company due to uncertainties in the near term, Government finances and slower growth potential due to high base.)

Downside risks are a) slower-than-expected OI and execution, b) deterioration in working capital, and c) margin pressure on new incremental orders.

Figure 57: L&T SOP-based target price

	Basis	Multiple (x)	Earnings/Book (Rs m)	Value (Rs m)	Stake (%)	L&T's stake value (Rs m)	Value per share (Rs)
L&T E&C (ex-services)	**P/E**	**16**	**62,299**	**9,92,417**	**100.0**	**9,92,417**	**710**
Subsidaries/Associates							
L&T Infotech	Market price			5,17,460	74.4	3,84,783	274
L&T Technology Services	Market price			1,83,210	74.4	1,36,235	97
L&T Finance Holdings	Market price			1,26,713	63.7	80,678	58
Mindtree Limited	Market price			2,33,415	61.0	1,42,477	102
L&T IDPL							
- Road SPVs	P/BV	1.5	18,824	28,235	51.0	14,400	10
- Kudgi Transmission	P/BV	1.0	1,926	1,926	51.0	982	1
L&T Metro (Hyderabad)	P/BV	1.0	24,272	24,272	97.4	23,641	17
L&T Power Development	P/BV	1.0	32,451	32,451	100.0	32,451	23
Total						**7,83,196**	**582**
Holding company discount (%)		20%				1,56,639	112
Total (less holding co. disc) (B)						**6,26,556**	**469**
Total Fair value (A + B)							**1,180**

SOURCES: EIP RESEARCH ESTIMATES ESTIMATES, COMPANY REPORTS

Siemens Ltd

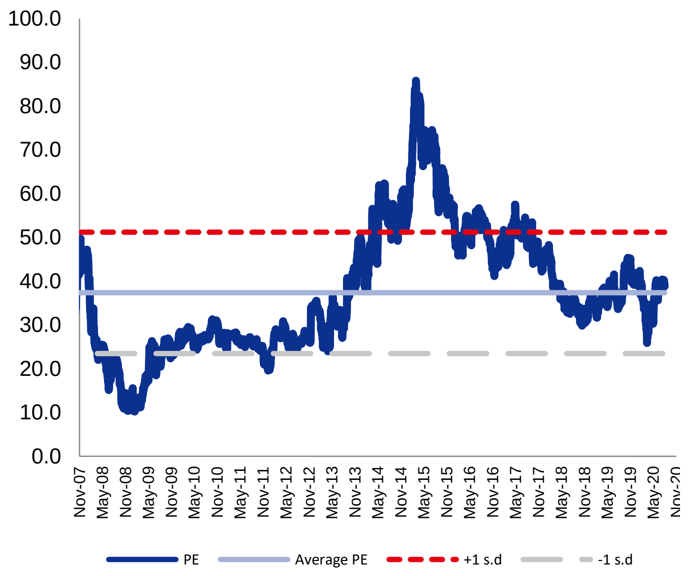
Near-term growth challenges

Siemens' sales from the private sector/ government stood at 73%/ 27% in FY19 (Sep-end) leaning heavily towards the private sector. However, the end customer could have exposure to the government sector. According to recent management commentary, the private sector has deferred its capex plans due to muted demand and uncertainty of revival in demand post COVID-19. Also, a lot of orders are being renegotiated due to pricing. According to management, only government spending on infrastructure can revive demand in the country. In our view, lower finalisations of large orders have led to lower OIs (9M OI fell by 20% yoy), while the order backlog was Rs131.4bn (~1x FY19 revenues). Some green shoots were visible as cement and steel saw demand uptick in recent months, though sustainability is key, in our view. Pharma, fertilisers and food have not seen a slowdown. The company's near-term priorities lie in stabilising factory production, digitalisation for remote solutions to customers, and optimising cost structures and cash flows. The focus on digitalisation and Industry 4.0 has become more relevant for the MSME sector. The government's focus on increasing localisation in some industries should aid orders in electrification, automation and digitalisation for the company. On the software side, the company already has 150 references with orders for digitalisation and growing. Challenges have been seen in private sector pick-up, and it is finding ways to save through digitalisation post pandemic. C&S Electric Ltd acquisition announced in Jan 2020 provides synergies in the low voltage segment where Siemens has been active in the industrial side and C&S in the utility and infrastructure side, while Siemens can also provide export linkages to C&S.

Valuation and risks: Given its flattish order book and dearth of large orders, we see sales growth challenges sustaining over the next two years. Balance sheet remains strong with cash of Rs44.6bn as at end 9MFY20. We believe growth challenges remain in the gas & power segment, where its sales/EBIT were 35%/47% in FY20F. Hence, we initiate coverage on the stock with a Hold rating and 12-month TP of Rs1,380, valued at 35x Sep FY22F EPS (10-year average).

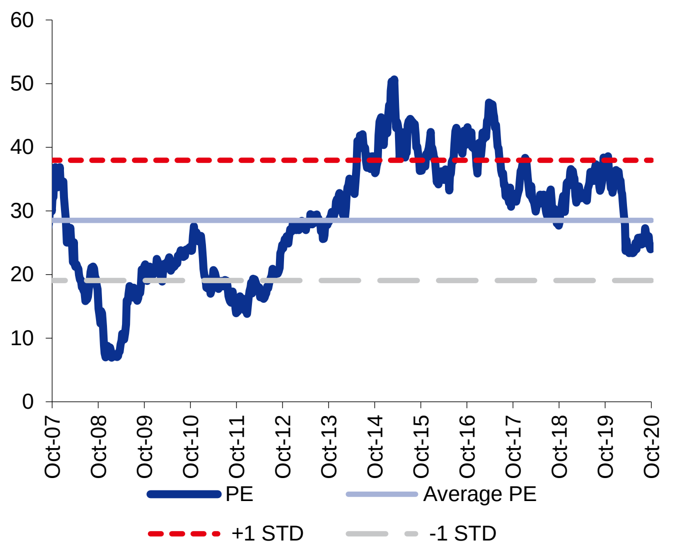
Key downside risks are a) subdued growth in its largest segment of gas & power, b) delays in new order inflows and margin pressure, while the upside risk is higher-than-expected pick-up in its digital industries segment with concurrent margin uptick.

Figure 58: Siemens trading closer to 15-year average P/E



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 59: Thermax trading below 15-year average P/E



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Thermax

Well-equipped to combat near-term uncertainties

Thermax is exposed to various industries and though consumption sector orders remain steady and provide base orders of Rs5bn-7bn per quarter, large bulk orders which come from heavy industries would take some time to revive due to lower capacity utilisations, except for likely orders from domestic oil & gas, and waste heat recovery orders in the cement sector. Emissions-related orders were the saving grace for the last two years, but most of the orders from NTPC have been completed, while emissions-related orders from the states and private sectors are yet to play out as both are facing liquidity issues. Thermax is focused on selective internationalisation and expanding its product footprint for growth and diversifying to reduce dependance on one particular market and product categories. The company stabilised production its new manufacturing facilities, both at Dahej, Gujarat, and in Indonesia and began commercial production at Sri City, Andhra Pradesh. Management expects these three units to generate Rs10bn revenue over the next five years. The chemicals business is a bright spot and the company expects it to grow double digits even in FY21 after missing ~40 days of production.

Valuation and risks: Considering the weak order backlog in the energy segment, revenue growth concerns would remain for FY21-22F. We believe Thermax is equipped to combat near-term uncertainties considering its diversified industry/geographical exposure, steady chemicals business and strong balance sheet (cash & equivalent form ~12% of current market cap). Hence, we initiate coverage on Thermax with a Hold rating and a 12-month TP of Rs825, based on a P/E of 28x Sep FY22F EPS (10-year average).

Key upside risks are a) margin uptick sustained in the chemical segment, b) better-than-expected improvement in profitability in new/ overseas ventures from a low base. Key downside risks are sustained margin pressure on new incremental orders and delays in large orders.

Voltas Ltd

Reaping benefits of leading key growing consumer segment

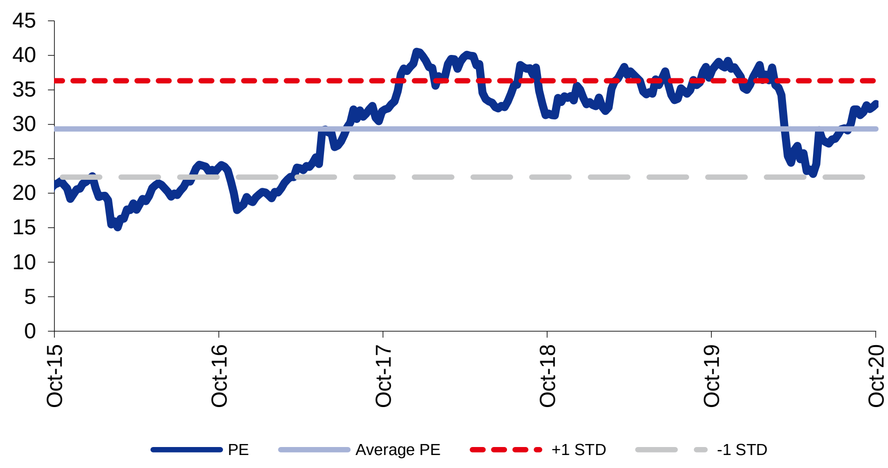
In the last few years, the company improved its market share in the competitive AC industry, which has strong players, and maintained unitary cooling products (UCP) segment margins of 12-14%. The company's AC market share was 26.4% YTD vs. 24.2% in FY20. This has led to significant operating leverage vs. the competition and bargaining power with suppliers, in our view. Though the high inventory due to the lockdown in a key seasonal period is a near-term concern, we expect this low-cost inventory to normalise in two quarters. Its electro-mechanical segment (EMP) enjoys the highest-ever order backlog, while near-term concerns on execution due to labour issues, delays in certifications, customers delaying project completion, idling costs and provisions could impact margins. But management does not see any risk to the order backlog especially in the domestic market as at 2QFY21.

Voltas Beko (50% JV) (not listed, NR) leverages Voltas's distribution with 6k touch points currently and will progressively increase as supply capacity improves. The company maintains its guidance of increasing market share to 10% by 2025 with likely breakeven by 2024.

Valuation and risks: We have a positive view on structural growth for ACs as a consumer category over the next few years where Voltas enjoys a strong competitive position. Due to the recent run-up in Voltas's stock price, we initiate coverage on Voltas with a Hold rating and 12-month TP of Rs770, which is 32x Sep FY22F EPS, based on a five-year average P/E (a five-year average of P/E is used, which we believe correctly depicts the strong competitive position of Voltas in the room AC segment).

Key downside risks are prolonged weak consumer sentiment and pressure on margins due to intensifying competition. Key upside risks are fringe players leaving the industry, leading to some pricing uptick and earlier-than-expected success in the Voltas Beko JV.

Figure 60: Voltas – current P/E above its 5-year average



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Defence companies

Bharat Electronics

Stable even in tough times

Bharat Electronics has guided for double-digit sales growth in FY21 despite COVID-19's impact on 1Q which will be aided by strong order backlog and the execution of large orders like LRSAM, Akash and coastal surveillance orders and ventilator orders. The company expects order inflows of ~Rs120-130bn in FY21 as it already has orders for sonars, communication systems and fast track orders from the defence forces. It expects more fast track orders and to execute some of them by FY21. The 1HFY21 order backlog stood at Rs521.5bn (4.13x FY20 sales), providing revenue visibility for the near term. Bharat Electronics also has a strong order pipeline of ~Rs400bn for the next three to four years.

It is constantly working to enter several new areas in defence and non-defence and expanding into new markets to sustain growth. The company is focused on enhancing capabilities and competitiveness through indigenisation, diversification, continuous modernisation, R&D and cost reduction. Bharat Electronics aims to increase its non-defence segment sales share to 20-25% in coming years (18% in FY20) and focus on increasing exports (achieved its highest export order inflow in FY20). Even after margins fell from 12% to 7.5% for nominated contracts, BEL expects long-term sustainable EBITDA margins of 17-18% as it has been able to pass on some costs which was not possible earlier.

Valuation and risks: At the current price, the stock is trading at 12x FY22F EPS estimates. We believe the current price more than factors in concerns with respect to high working capital and margins on new incremental nominated contracts, while BEL has substantially better revenue visibility vs. other capital goods companies. Hence, we initiate coverage on BEL with an Add rating and 12-month target price of Rs120, based on a P/E of 15x Sep FY22F EPS (10-year average).

Key downside risks are a) lower-than-expected order inflows and higher working capital due to stretched Government finances, b) lower-than-estimated EBITDA margins on new incremental orders. Any large order inflow and consistent operating margin beat could be the re-rating catalyst.

Hindustan Aeronautics Ltd

Delays in new orders, but strong prospects

Hindustan Aeronautics has a strong order pipeline of Rs2.8tr (US$37bn) over the next five to seven years. According to management, both LCA Mk1A and LCH orders could be finalised by Dec 2020, which has been delayed for two years. The Defence Acquisition Council (DAC) cleared procurement of 12 Su-30 MKI aircraft at an estimated cost of Rs107.3 bn (higher than our estimates, but we need to understand any additional payment to Russia for the same) and procurement of 106 Basic Trainer Aircraft from HAL worth Rs88bn. However, the timeline for the finalisation of orders post the DAC's approval is important as delays could push back revenues.

However, we believe a declining order backlog due to delays in order finalisation could strain near-term financials, with revenue likely declining in FY21F post order execution of Su-30. HAL's revenues in the last five years was led by 22% CAGR growth in service sales (43% of sales in FY20), while product sales declined over the last five years. However, it would be difficult to grow the service business at the current pace with a high base.

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Valuation and risks: Post stock correction by 23% after an offer of sale price of Rs1,001 as at 28 Aug 2020, vs the Nifty 50 gain of 9% during the same period, the stock trades at 10x FY22F EPS. We initiate coverage on HAL with an Add rating post the sharp correction in stock price and likely large order finalisation by December 2020. Our 12-month TP is at Rs850, based on a P/E of 12x FY22F – a 25% discount to BEL's 10-year average P/E due to lower revenue visibility for HAL vs BEL and HAL's limited trading history. Any order finalisation of HTT-40 order in FY21F and execution from FY22F and Sukhoi order execution from FY22F at prices indicated by the DAC approval could pose substantial upside in EPS and would be rerating catalysts.

Downside risks are a) continued delays in order inflows, b) government budget constraints due to the ongoing pandemic would continue to have a bearing on HAL's working capital.

Bharat Dynamics Ltd

Strong opportunities, but near-term pain

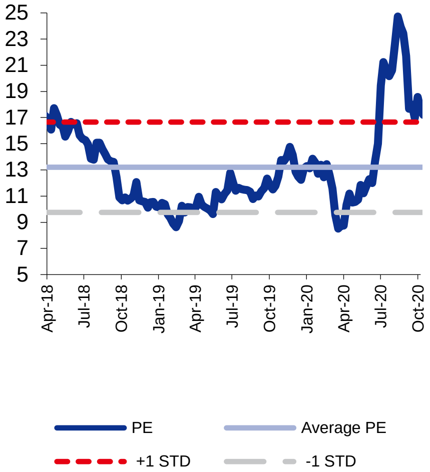
Bharat Dynamics Ltd (BDL) is the key manufacturer of missiles in India with products like surface-to-air missiles, anti-tank guided missiles and torpedoes. BDL's products addressed 54% of the US$24.5bn guided missile and torpedo market in India over CY17-26F, according to Frost & Sullivan. The company expects some high-value orders which are in advanced stages of order placement and include Akash (3rd & 4th Regiment), Akash (IAF), MRSAM (IAF), Milan2T, VSHORAD and refurbishment orders. We project a strong order pipeline of Rs400bn over the next two to three years. We believe the Defence Research and Development Organisation (DRDO) is in advanced stages of development for some of these missiles, which will subsequently go to production. According to BDL, it is developing lightweight torpedoes called TAL, heavyweight torpedos called Varunastra, the Akash Weapons System and the surface-to-air missile MR-SAM. To gain access to the latest technologies, the company is constantly trying to tie up with major foreign defence companies through MoUs with Almaz Antey, Russia (to create a JV where parts of the Russian weapons systems will be manufactured), Javelin, USA (JV to manufacture Javelin missiles in India and then export them), Roxel, France (to establish propulsion systems). Also, the company is looking to expand exports from a low base of 2% in FY19 to 5% in FY20 to 7-8% in the next few years.

However, we believe the timeline for finalisation of orders is key, as continued delays would have a substantial impact on the financials. Post a bulk order for Akash SAM in FY11, revenues/PAT recorded a CAGR of 25%/37% over FY11-18. But due to muted order inflows over FY12-20, order book/sales declined from 21x in FY11 to 2.4x in FY20.

Valuation and risks: BDL could have strong order inflows due to good order prospects over FY21-22F, but weak earnings, in our view. Hence, we initiate coverage on BDL with a Hold rating and 12-month TP of Rs325 based on 12x Sep FY22F EPS (a 25% discount to BEL's 10-year average P/E due to lower revenue visibility for BDL vs BEL and BDL's limited trading history).

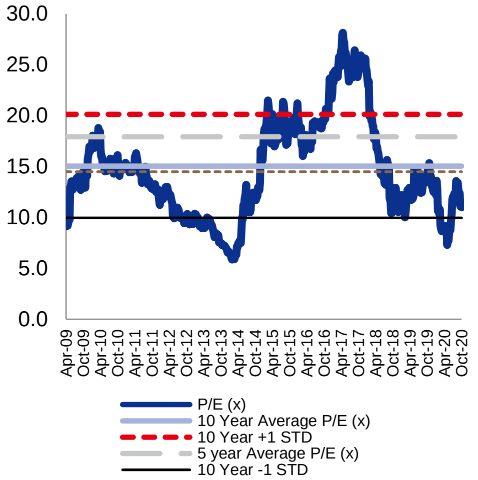
Key downside risks are continued delays in awarding order inflows and lower-than-expected margins. Key upside risks are large order finalisations and success in tying up with new JVs providing consistent new orders. Any finalisation of large orders could be rerating catalysts.

Figure 61: Bharat Dynamics one-year forward P/E



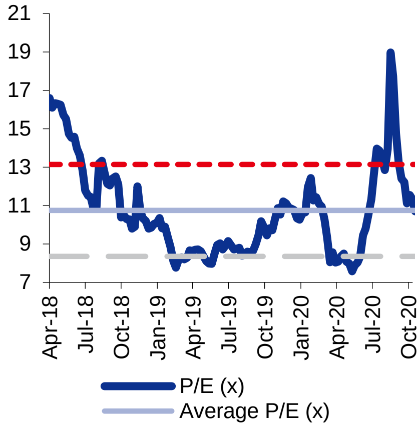
SOURCE: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 62: Bharat Electronics one-year forward P/E – currently trading below its 10-year average



SOURCE: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 63: Hindustan Aeronautics one-year forward P/E



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Bearings companies

Schaeffler India Ltd

Future growth drivers in place

The demand slump in autos, decline in diesel car share and slowdown in the industrial segment has impacted Schaeffler's financials over the last few quarters, aggravated by the lockdowns in 1Q-2QCY20. The share of diesel cars in the overall mix declined from 36% in FY19 to 30% in FY20 and is continuing to fall. However, some clients are working on BS-VI emission compliant diesel engines for some higher cc vehicles, which provides business continuity for Schaeffler India. To offset the loss of sales due to the decline in diesel cars, the company has increased its offerings with a range of products for petrol cars in engine and transmission applications with the largest OEM. The company has increased content per vehicle in light CVs; however, content per passenger car has also improved, though there is room for further improvement as there have been project delays at the customer end, in our view. New product launches (across engine, chassis, and transmission segments) helped Schaeffler protect its market share, and it wants to increase its content per vehicle by 30% by CY21. Schaeffler India does not expect any significant changes in exports in CY20 but sees an improvement in CY21. Exports offer good opportunities from CY21 in the Asia-Pacific region. Schaeffler India is now part of the parent's Asia-Pacific region (previously under Europe), which has increased the scope for exports to Asia Pacific. The company sees potential in the Australian market for exports from India which is currently catered to by Europe. It plans to leverage product offerings for cylindrical bearings, large bearings and a large part of roller bearings.

Valuation and risks: Schaeffler India plans to further strengthen local manufacturing (enhancing capacity), increase localisation (to rationalise cost), build local R&D capabilities (develop innovative products locally vs depending on parent), and optimise its logistics network (save 6.4% in freight costs in CY19). All these steps will aid revenue growth and margins as auto volumes revives. Hence, we initiate coverage on the stock with an Add rating and 12-month TP of Rs4,200, valued at 28x Sep FY22F EPS (10-year average P/E).

Potential re-rating catalysts are a strong margin uptick from CY21F, with better export outlook, costs normalising to a low level, and higher content per vehicle.

Key downside risks are a) revival in auto/industrial demand not sustaining, b) increase in content per vehicle not materialising vs our expectations, and c) higher commodity prices impacting margins.

SKF India Ltd

Better cost controls to ride tough environment

The auto/ industrial share of SKF India's 1HFY21 revenues was ~47%/53%. With auto sales declining more sharply than industrial goods in FY20, the traded goods share increased to 47% in FY20 from 45% of sales in FY19 and 40% in FY18 as industrials largely depended on traded goods. However, the company's effort at cost control measures arrested the decline in margins due to adverse sales mix and lower volumes. The SKF 2025 strategy revolves around six focus areas – digitalisation (faster product development, automated manufacturing processes, digitising service platforms), new business models (expanding the portfolio of fee-based Rotating Equipment Performance (REP) contracts will help reduce the impact of commoditisation, which is critical to sustain margins in the long-term), innovation, world-class manufacturing, cleantech (strives to reduce the use of natural resources), and future workforce (reskilling workforce, develop competencies). The company's REP solutions has evolved into a knowledge-driven integrated solutions provider through a combination of digitalised insights, advanced predictive diagnostics and technologically superior products. The increasing demand for precision bearing from aerospace, the miniature bearings requirement in industrial robots, and in office automation, medical equipment, and audiovisual equipment are demand drivers for the future. Also, the development of application-specific bearings is a factor enabling growth. This, in turn, is encouraging manufacturers to offer customised bearings. Exports form 10.7% in FY20 vs 6.5% in FY19 vs 9.8% in FY18 (export share average was 8.2% in last ten years). Exports are mainly to automotive customers in Europe where the products are delivered mainly to four-wheeler OEMs and the automotive & industrial aftermarket in Europe, Asia and USA. In FY20, the company developed and launched some products in the Australia market for industrial application.

Valuation and risks: We expect SKF's revenue to benefit from reviving auto demand, increase in demand for third-generation bearings (HUB3) for passenger cars, increasing market share, increasing scope for bearing supply for freight railways, while indigenisation, cost measures, mix change (as auto revives) would aid margins from a low base. SKF has resorted to buybacks and special dividends that reward shareholders. Hence, we initiate coverage on the stock with an Add rating and our 12-month TP to Rs1,720, valued at 26x Sep FY22F EPS (10-year average P/E).
Key downside risks are a) revival in auto growth not sustaining, with an adverse impact on margins, and b) higher commodity prices passed on through price hikes to OEMs coming with lags and negotiations.

Timken India Ltd

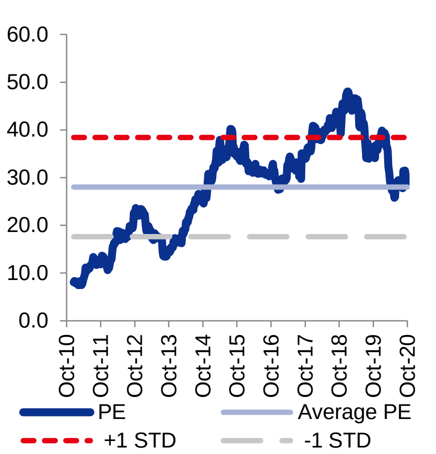
Valuations likely factoring in most of the positives

Timken has done fairly well vs peers in terms of strong margin uptick barring last quarter (impacted by lockdown) led by a) gradual improvement in supply chain with localisation and improving yield with aid of technology, b) Improving product mix with cutting of low margin business, c) further expanding exports market and d) improving utilisation of recently acquired ABC bearings. Though sales have seen negative growth in last four quarters due to downturn in the CV market which affected its mobility and ABC bearings segments, according to management, the company has done well in railways, wind and export market. It expects exports to be 50% in the next few years with the addition of the Bharuch capacity for exports. Timken India is the most cost competitive among Timken's global counterparts, which aided exports despite end markets not being encouraging. Exports from Jamshedpur would be used to replace products made globally in other regions, while the Bharuch capacity is largely for new business. Over the years, Timken has doubled its capacity at the Jamshedpur plant, which has become a centre for rail mobility serving The Timken Company (ultimate parent company) and its global affiliates. The merger with ABC Bearings has enabled enhanced capacity and is likely to serve customers better, in our view.

Valuation and risks: ABC sales could increase by 2x in the next two to three years with the revival of the Indian commercial vehicles (CV) market and exports, in our view. Segments such as railways and distribution are expected to post steady growth. Considering the higher valuation providing limited upside potential, we initiate coverage on the stock with a Hold rating and our 12-month TP of Rs1,200, valued at 30x Sep FY22F EPS (10-year average P/E).

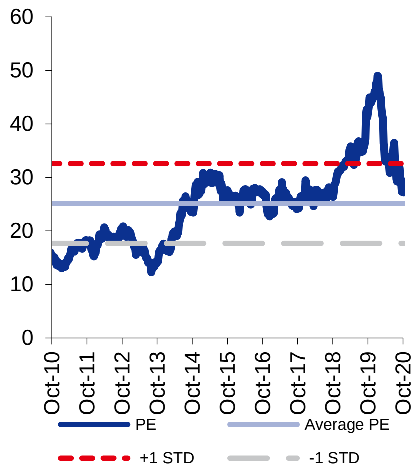
Key downside risks are a) lower-than-expected growth in its key segment of railways and exports, b) the company not being able to sustain its high margins due to competition and higher commodity prices. Upside risks include faster-than-expected revival in CVs and increase in exports share with a concurrent improvement in margins.

Figure 64: Schaeffler current P/E at 10-year average



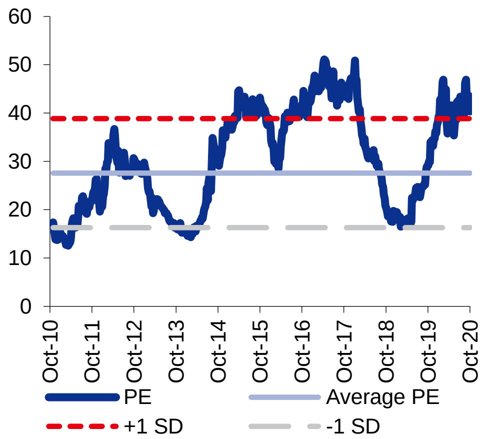
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

Figure 65: SKF current P/E at 10-year average



SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

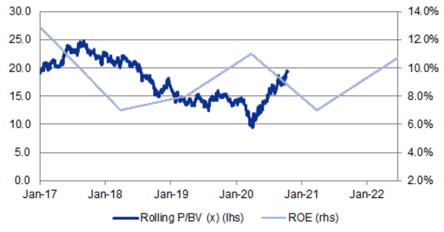
Figure 66: Timken current P/E trading at +1SD 10-year average



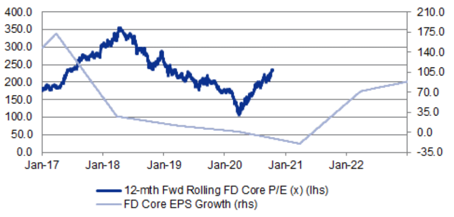
SOURCE: EIP RESEARCH ESTIMATES, COMPANY REPORTS, BLOOMBERG

BY THE NUMBERS (ABB Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	**66,901**	**73,151**	**59,996**	**69,486**	**78,807**
Gross Profit	**21,765**	**24,539**	**20,399**	**23,625**	**26,794**
Operating EBITDA	**4,578**	**5,312**	**3,007**	**5,402**	**6,863**
Depreciation And Amortisation	(928)	(904)	(1,016)	(1,041)	(1,110)
Operating EBIT	**3,650**	**4,408**	**1,990**	**4,361**	**5,752**
Financial Income/(Expense)	(539)	(214)	(130)	(151)	(171)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	840	943	1,246	1,180	1,223
Profit Before Tax (pre-EI)	**3,951**	**5,137**	**3,107**	**5,391**	**6,804**
Exceptional Items					
Pre-tax Profit	**3,951**	**5,137**	**3,107**	**5,391**	**6,804**
Taxation	(1,410)	(1,418)	(901)	(1,455)	(1,837)
Exceptional Income - post-tax		(697)	588		
Profit After Tax	**2,542**	**3,022**	**2,794**	**3,935**	**4,967**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**2,542**	**3,022**	**2,794**	**3,935**	**4,967**
Recurring Net Profit	2,542	3,719	2,206	3,935	4,967
Fully Diluted Recurring Net Profit	**2,542**	**3,719**	**2,206**	**3,935**	**4,967**

Cash Flow

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	4,578	5,312	3,007	5,402	6,863
Cash Flow from Invt. & Assoc.					
Change In Working Capital	(1,641)	2,846	(2,766)	642	(1,143)
(Incr)/Decr in Total Provisions	126	(238)			
Other Non-Cash (Income)/Expense	1,458	1,040	1,016	1,041	1,110
Other Operating Cashflow	3,982	(553)	(735)	(860)	(929)
Net Interest (Paid)/Received	(539)	(214)	(130)	(151)	(171)
Tax Paid	(2,248)	(1,738)	(901)	(1,455)	(1,837)
Cashflow From Operations	**5,716**	**6,455**	**(509)**	**4,619**	**3,892**
Capex	(2,437)	(1,374)	(1,500)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	576	160			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	3,298	(2,693)	965	999	1,042
Cash Flow From Investing	**1,437**	**(3,907)**	**(535)**	**(501)**	**(458)**
Debt Raised/(repaid)	(6,000)				
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,124)	(1,226)	(1,165)	(1,165)	(1,165)
Preferred Dividends					
Other Financing Cashflow	(260)	(78)			
Cash Flow From Financing	**(7,384)**	**(1,304)**	**(1,165)**	**(1,165)**	**(1,165)**
Total Cash Generated	(231)	1,244	(2,209)	2,952	2,269
Free Cashflow To Equity	**1,153**	**2,548**	**(1,043)**	**4,118**	**3,434**
Free Cashflow To Firm	**7,692**	**2,762**	**(913)**	**4,268**	**3,606**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Debtors	16,869	19,475	17,000	18,776	21,314
Inventories	9,279	8,617	10,207	9,383	10,607
Total Other Current Assets	10,935	19,598	20,892	20,473	21,109
Total Current Assets	**51,834**	**63,667**	**62,524**	**65,079**	**71,907**
Fixed Assets	9,762	8,012	8,495	8,955	9,344
Total Investments	2	1	1	1	1
Intangible Assets					
Total Other Non-Current Assets	29,172	5,329	5,329	5,329	5,329
Total Non-current Assets	**38,935**	**13,342**	**13,825**	**14,285**	**14,674**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	18,745	19,016	17,810	17,837	20,248
Other Current Liabilities	10,668	19,969	18,817	19,965	20,808
Total Current Liabilities	**29,413**	**38,985**	**36,627**	**37,802**	**41,056**
Total Long-term Debt	55	106	106	106	106
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	21,227	2,716	2,716	2,716	2,716
Total Non-current Liabilities	**21,282**	**2,823**	**2,823**	**2,823**	**2,823**
Total Provisions					
Total Liabilities	**50,696**	**41,807**	**39,450**	**40,624**	**43,879**
Shareholders' Equity	40,073	35,201	36,829	39,599	43,401
Minority Interests					
Total Equity	**40,073**	**35,201**	**36,829**	**39,599**	**43,401**
Total Debtors	16,869	19,475	17,000	18,776	21,314

Key Ratios

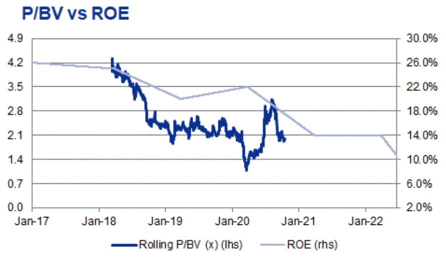
	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	9.9%	9.3%	(18.3%)	16.0%	13.5%
Operating EBITDA Growth	10.4%	16.0%	(43.4%)	79.7%	27.0%
Operating EBITDA Margin	6.9%	7.3%	5.1%	7.9%	8.8%
Net Cash Per Share	69.4	74.9	67.6	77.1	88.6
BVPS	189.1	166.1	173.8	186.9	204.8
Gross Interest Cover	6.77	20.63	15.31	28.93	33.61
Effective Tax Rate	35.7%	27.6%	29.0%	27.0%	27.0%
Net Dividend Payout Ratio	36.7%	27.3%	52.8%	29.6%	23.5%
Accounts Receivables Days	132.15	133.19	142.08	122.53	88.42
Inventory Days	73.66	67.63	90.38	83.24	69.77
Accounts Payables Days	165.32	161.69	181.51	178.95	136.82
ROIC (%)	5.0%	14.5%	5.6%	12.7%	15.8%
ROCE (%)	9.7%	11.4%	5.1%	11.2%	14.7%
Return On Average Assets	3.6%	4.7%	2.8%	4.9%	6.2%

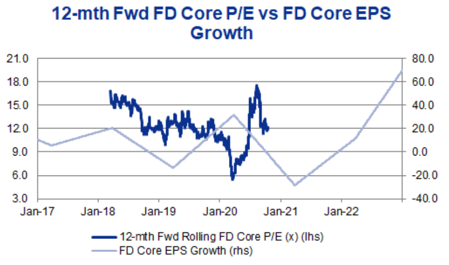
Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Order inflow (Rs m)	67290	69710	61254	70992	82569
yoy growth (%)	-29	4	-12	16	16
Order backlog (Rs m)	42270	41230	43080	44817	48860
yoy growth (%)	-63	-2	4	4	9
Revenue (Rs m)					
Robotics & Discrete Automation	2,526.7	2,718.2	1,707.7	2,428.9	2,818.8
Motion	22,495.2	26,184.6	23,194.8	26,418.1	30,471.7
Electrification products	26,160.7	30,193.8	23,153.3	27,276.1	30,537.9
Industrial Automation	15,400	15,632	12,889	14,926	16,751
Revenue growth (%)					
Robotics & Discrete Automation		8	(37)	42	16
Motion	16	16	(11)	14	15
Electrification products	7	15	(23)	18	12
Industrial Automation	9	2	(18)	16	12
EBIT margin (%)					
Robotics & Discrete Automation	12	9	3	9	11
Motion	9	9	8	10	10
Electrification products	10	10	9	10	11
Industrial Automation	12	6	3	9	11

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Bharat Dynamics Ltd)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**30,693**	**30,952**	**27,428**	**29,914**	**42,429**
Gross Profit	**14,163**	**15,555**	**12,891**	**13,910**	**18,669**
Operating EBITDA	**6,221**	**7,276**	**4,755**	**5,285**	**8,408**
Depreciation And Amortisation	(825)	(964)	(999)	(1,030)	(1,074)
Operating EBIT	**5,396**	**6,311**	**3,756**	**4,255**	**7,335**
Financial Income/(Expense)	(42)	(47)	(40)	(40)	(40)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,360	1,160	995	1,120	1,220
Profit Before Tax (pre-EI)	**6,714**	**7,425**	**4,712**	**5,335**	**8,515**
Exceptional Items					
Pre-tax Profit	**6,714**	**7,425**	**4,712**	**5,335**	**8,515**
Taxation	(2,488)	(2,076)	(1,317)	(1,491)	(2,380)
Exceptional Income - post-tax					
Profit After Tax	**4,226**	**5,349**	**3,394**	**3,844**	**6,135**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**4,226**	**5,349**	**3,394**	**3,844**	**6,135**
Recurring Net Profit	4,226	5,349	3,394	3,844	6,135
Fully Diluted Recurring Net Profit	**4,226**	**5,349**	**3,394**	**3,844**	**6,135**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	6,221	7,276	4,755	5,285	8,408
Cash Flow from Invt. & Assoc.	492	149	(43)	50	107
Change In Working Capital	(2,856)	(868)	(1,300)	1,031	2,971
(Incr)/Decr in Total Provisions	121	192			
Other Non-Cash (Income)/Expense	825	964	999	1,030	1,074
Other Operating Cashflow	(979)	(897)	(915)	(1,040)	(1,140)
Net Interest (Paid)/Received	(42)	(47)	(40)	(40)	(40)
Tax Paid	(2,948)	(1,727)	(1,317)	(1,491)	(2,380)
Cashflow From Operations	**834**	**5,042**	**2,138**	**4,824**	**8,999**
Capex	(883)	(569)	(800)	(800)	(800)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	2,581	237	995	1,120	1,220
Cash Flow From Investing	**1,698**	**(332)**	**195**	**320**	**420**
Debt Raised/(repaid)	(28)	(33)	(40)	(40)	(40)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(2,653)	(1,867)	(1,358)	(1,537)	(2,454)
Preferred Dividends					
Other Financing Cashflow		(9)			
Cash Flow From Financing	**(2,681)**	**(1,909)**	**(1,398)**	**(1,577)**	**(2,494)**
Total Cash Generated	(149)	2,802	935	3,567	6,925
Free Cashflow To Equity	**2,504**	**4,678**	**2,293**	**5,105**	**9,379**
Free Cashflow To Firm	**2,574**	**4,757**	**2,373**	**5,185**	**9,459**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	3,713	6,635	7,549	11,116	18,042
Total Debtors	5,872	3,384	3,382	4,508	5,231
Inventories	16,645	8,565	8,266	8,278	11,741
Total Other Current Assets	17,659	27,942	25,221	26,933	36,109
Total Current Assets	**43,889**	**46,526**	**44,418**	**50,835**	**71,123**
Fixed Assets	10,040	9,744	9,546	9,315	9,042
Total Investments	37	39	39	39	39
Intangible Assets					
Total Other Non-Current Assets	718	543	543	543	543
Total Non-current Assets	**10,795**	**10,326**	**10,127**	**9,897**	**9,623**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	5,195	3,455	3,062	3,339	4,736
Other Current Liabilities	26,786	27,307	23,378	26,981	41,918
Total Current Liabilities	**31,981**	**30,762**	**26,440**	**30,320**	**46,654**
Total Long-term Debt	18	22			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**18**	**22**			
Total Provisions					
Total Liabilities	**31,999**	**30,783**	**26,440**	**30,320**	**46,654**
Shareholders' Equity	22,685	26,068	28,105	30,411	34,092
Minority Interests					
Total Equity	**22,685**	**26,068**	**28,105**	**30,411**	**34,092**

Key Ratios

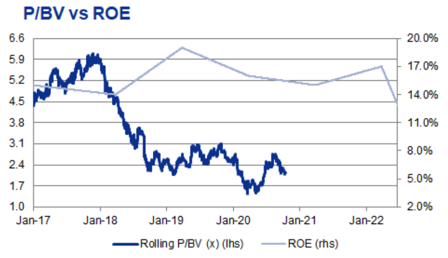
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	(32.9%)	0.8%	(11.4%)	9.1%	41.8%
Operating EBITDA Growth	(6.9%)	16.9%	(34.6%)	11.2%	59.1%
Operating EBITDA Margin	20.3%	23.5%	17.3%	17.7%	19.8%
Net Cash Per Share	20.2	36.1	41.2	60.7	98.4
BVPS	123.8	142.2	153.3	165.9	186.0
Gross Interest Cover	127.55	135.55	93.90	106.37	183.36
Effective Tax Rate	37.1%	28.0%	28.0%	28.0%	28.0%
Net Dividend Payout Ratio	60.9%	28.3%	40.0%	40.0%	40.0%
Accounts Receivables Days	80.72	54.57	45.01	48.13	41.89
Inventory Days	396.38	298.81	211.30	188.65	153.76
Accounts Payables Days	169.02	102.52	81.81	72.99	62.02
ROIC (%)	28.5%	32.5%	18.3%	22.1%	45.8%
ROCE (%)	25.5%	25.9%	13.9%	14.5%	22.7%
Return On Average Assets	7.1%	9.7%	6.2%	6.7%	8.7%

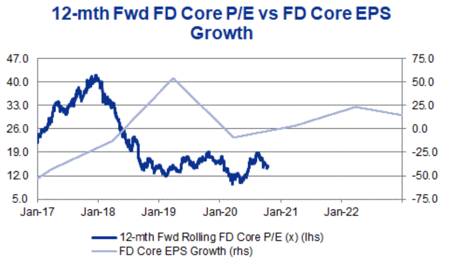
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Order inflows	26860	32500	30000	130000	105000
yoy growth (%)	23.5	21.0	-7.7	333.3	-19.2
Sales	30693	30950	27428	29914	42429
yoy growth (%)	(33.1)	0.8	(11)	9	42
Order backlog	72,580	74,130	76,702	176,788	239,359
yoy growth (%)	(18.3)	2.1	3.5	130.5	35.4
EBITDA margin(%)	20.3	23.5	17.3	17.7	19.8

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Bharat Electronics Ltd)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**117,892**	**126,078**	**125,255**	**148,850**	**166,363**
Gross Profit	**58,415**	**55,026**	**55,738**	**64,005**	**70,704**
Operating EBITDA	**25,667**	**24,168**	**23,658**	**28,761**	**31,959**
Depreciation And Amortisation	(3,162)	(3,496)	(3,979)	(4,409)	(4,879)
Operating EBIT	**22,505**	**20,671**	**19,679**	**24,353**	**27,080**
Financial Income/(Expense)	(122)	(33)			
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,695	1,019	1,235	1,439	1,735
Profit Before Tax (pre-EI)	**24,078**	**21,658**	**20,915**	**25,792**	**28,814**
Exceptional Items					
Pre-tax Profit	**24,078**	**21,658**	**20,915**	**25,792**	**28,814**
Taxation	(7,759)	(6,853)	(5,647)	(6,964)	(7,780)
Exceptional Income - post-tax					
Profit After Tax	**16,319**	**14,805**	**15,268**	**18,828**	**21,034**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**16,319**	**14,805**	**15,268**	**18,828**	**21,034**
Recurring Net Profit	16,319	14,805	15,268	18,828	21,034
Fully Diluted Recurring Net Profit	**16,319**	**14,805**	**15,268**	**18,828**	**21,034**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	25,667	24,168	23,658	28,761	31,959
Cash Flow from Invt. & Assoc.	1,365	624	(2,744)	(2,970)	(3,145)
Change In Working Capital	(7,796)	3,013	2,645	(4,152)	(3,099)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	3,162	3,496	3,979	4,409	4,879
Other Operating Cashflow	375	(233)	(1,235)	(1,439)	(1,735)
Net Interest (Paid)/Received	(122)	(33)			
Tax Paid	(7,669)	(5,684)	(5,647)	(6,964)	(7,780)
Cashflow From Operations	**14,982**	**25,351**	**20,657**	**17,646**	**21,081**
Capex					
Disposals Of FAs/subsidiaries	3	9			
Acq. Of Subsidiaries/investments	(8,537)	(8,852)	(7,000)	(7,000)	(7,000)
Other Investing Cashflow	(325)	2,298	1,235	1,439	1,735
Cash Flow From Investing	**(8,860)**	**(6,546)**	**(5,765)**	**(5,561)**	**(5,265)**
Debt Raised/(repaid)	(333)	(250)			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(5,463)	(9,793)	(5,802)	(7,155)	(7,993)
Preferred Dividends					
Other Financing Cashflow	(489)	(534)			
Cash Flow From Financing	**(6,285)**	**(10,577)**	**(5,802)**	**(7,155)**	**(7,993)**
Total Cash Generated	(163)	8,229	9,090	4,930	7,822
Free Cashflow To Equity	**5,789**	**18,556**	**14,892**	**12,085**	**15,815**
Free Cashflow To Firm	**6,244**	**18,839**	**14,892**	**12,085**	**15,815**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	8,840	15,577	24,667	29,597	37,419
Total Debtors	53,692	67,329	66,917	73,405	82,042
Inventories	44,548	39,628	39,464	46,898	52,416
Total Other Current Assets	54,592	67,961	62,407	70,084	73,772
Total Current Assets	**161,672**	**190,495**	**193,455**	**219,985**	**245,650**
Fixed Assets	28,057	32,025	35,046	37,637	39,758
Total Investments	10,194	11,618	11,618	11,618	11,618
Intangible Assets					
Total Other Non-Current Assets	4,712	4,974	4,974	4,974	4,974
Total Non-current Assets	**42,962**	**48,616**	**51,637**	**54,229**	**56,349**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	87,521	112,362	105,631	117,152	127,497
Other Current Liabilities	26,924	28,220	31,466	37,393	41,793
Total Current Liabilities	**114,445**	**140,582**	**137,097**	**154,545**	**169,289**
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions					
Total Liabilities	**114,445**	**140,582**	**137,097**	**154,545**	**169,289**
Shareholders' Equity	90,189	98,529	107,995	119,669	132,710
Minority Interests					
Total Equity	**90,189**	**98,529**	**107,995**	**119,669**	**132,710**

Key Ratios

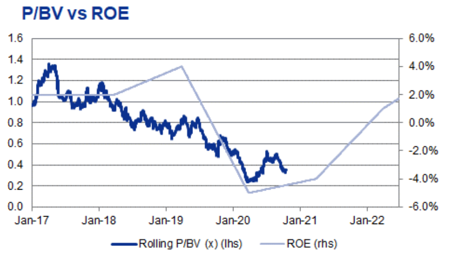
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	17.8%	6.9%	(0.7%)	18.8%	11.8%
Operating EBITDA Growth	52.4%	(5.8%)	(2.1%)	21.6%	11.1%
Operating EBITDA Margin	21.8%	19.2%	18.9%	19.3%	19.2%
Net Cash Per Share	3.6	6.3	10.0	12.0	15.2
BVPS	36.7	40.1	44.0	48.7	54.0
Gross Interest Cover	184.31	634.09			
Effective Tax Rate	32.2%	31.6%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	31.4%	51.0%	38.0%	38.0%	38.0%
Accounts Receivables Days	161.28	175.18	195.60	172.04	170.53
Inventory Days	282.11	216.21	207.64	185.76	189.47
Accounts Payables Days	87.03	99.15	125.37	110.65	112.86
ROIC (%)	31.6%	29.0%	27.4%	31.0%	32.4%
ROCE (%)	26.8%	21.9%	19.1%	21.4%	21.5%
Return On Average Assets	8.4%	6.7%	6.3%	7.3%	7.3%

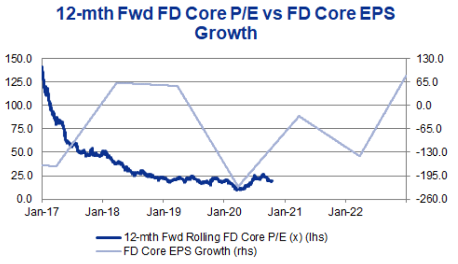
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Order inflows	234310	132000	118800	160380	176418
yoy growth (%)	134.3	-43.7	-10.0	35.0	10.0
Sales	120846	129211	125248	148843	166358
yoy growth (%)	16.2	6.9	(3)	19	12
Book to bill ratio	30.1	24.9	24.1	29.0	31.7
Order backlog	517,980	519,700	513,252	524,789	534,849
yoy growth (%)	29.1	0.3	(1.2)	2.2	1.9
EBITA margin	23.68%	21.13%	18.89%	19.32%	19.21%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Bharat Heavy Electricals)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**304,227**	**214,861**	**187,239**	**249,873**	**267,691**
Gross Profit	**125,762**	**77,745**	**67,406**	**89,954**	**96,369**
Operating EBITDA	**21,320**	**(2,329)**	**(9,522)**	**6,821**	**11,064**
Depreciation And Amortisation	(4,748)	(5,029)	(4,684)	(4,852)	(5,053)
Operating EBIT	**16,572**	**(7,357)**	**(14,206)**	**1,970**	**6,011**
Financial Income/(Expense)	(2,873)	(5,070)	(4,374)	(4,064)	(3,239)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	6,776	5,806	4,401	4,742	5,090
Profit Before Tax (pre-EI)	**20,475**	**(6,621)**	**(14,179)**	**2,647**	**7,862**
Exceptional Items					
Pre-tax Profit	**20,475**	**(6,621)**	**(14,179)**	**2,647**	**7,862**
Taxation	(8,389)	(8,109)	4,805		
Exceptional Income - post-tax					
Profit After Tax	**12,087**	**(14,730)**	**(9,374)**	**2,647**	**7,862**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**12,087**	**(14,730)**	**(9,374)**	**2,647**	**7,862**
Recurring Net Profit	12,087	(14,730)	(9,374)	2,647	7,862
Fully Diluted Recurring Net Profit	**12,087**	**(14,730)**	**(9,374)**	**2,647**	**7,862**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	21,320	(2,329)	(9,522)	6,821	11,064
Cash Flow from Invt. & Assoc.	(845)	(4,292)	(4,657)	(4,174)	(3,202)
Change In Working Capital	(75,892)	(26,195)	7,512	5,395	4,636
(Incr)/Decr in Total Provisions	19,754	2,444			
Other Non-Cash (Income)/Expense	4,748	5,029	4,684	4,852	5,053
Other Operating Cashflow	(151)	(162)			
Net Interest (Paid)/Received	(3,283)	(185)	(27)	(677)	(1,851)
Tax Paid	(4,207)	(3,219)	4,805		
Cashflow From Operations	**(38,556)**	**(28,910)**	**2,795**	**12,216**	**15,700**
Capex	(4,240)	(4,252)	(3,500)	(5,000)	(5,000)
Disposals Of FAs/subsidiaries					
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	23,389	22,617	4,401	4,742	5,090
Cash Flow From Investing	**19,149**	**18,365**	**901**	**(258)**	**90**
Debt Raised/(repaid)	24,862	24,767	(1,754)	(5,000)	(10,000)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,870)	(5,046)		(1,323)	(3,931)
Preferred Dividends					
Other Financing Cashflow	(950)	(3,104)	(4,374)	(4,064)	(3,239)
Cash Flow From Financing	**16,042**	**16,617**	**(6,128)**	**(10,388)**	**(17,170)**
Total Cash Generated	(3,365)	6,073	(2,431)	1,570	(1,380)
Free Cashflow To Equity	**5,455**	**14,223**	**1,943**	**6,958**	**5,790**
Free Cashflow To Firm	**(16,124)**	**(10,359)**	**3,724**	**12,635**	**17,641**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	75,033	64,186	56,449	57,591	55,044
Total Debtors	157,960	123,781	115,421	123,225	124,678
Inventories	77,973	89,055	84,642	85,573	91,675
Total Other Current Assets	259,653	270,156	266,238	262,538	259,257
Total Current Assets	**570,619**	**547,176**	**522,750**	**528,927**	**530,654**
Fixed Assets	32,024	31,281	30,096	30,245	30,191
Total Investments	6,694	6,695	6,695	6,695	6,695
Intangible Assets					
Total Other Non-Current Assets	34,974	27,562	27,562	27,562	27,562
Total Non-current Assets	**73,692**	**65,538**	**64,354**	**64,502**	**64,449**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	189,177	166,191	162,990	168,146	175,000
Other Current Liabilities	115,544	104,624	98,646	103,920	105,976
Total Current Liabilities	**304,721**	**270,815**	**261,636**	**272,066**	**280,976**
Total Long-term Debt	25,272	50,088	48,334	43,334	33,334
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**25,272**	**50,088**	**48,334**	**43,334**	**33,334**
Total Provisions					
Total Liabilities	**329,993**	**320,902**	**309,970**	**315,400**	**314,310**
Shareholders' Equity	314,318	291,812	282,438	283,762	287,693
Minority Interests					
Total Equity	**314,318**	**291,812**	**282,438**	**283,762**	**287,693**

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	5.6%	(30.4%)	(13.4%)	34.9%	7.3%
Operating EBITDA Growth	10.4%	(110.9%)	308.9%	(171.6%)	62.2%
Operating EBITDA Margin	7.2%	(1.1%)	(5.4%)	2.8%	4.3%
Net Cash Per Share	14.3	4.0	2.3	4.1	6.2
BVPS	90.3	83.8	81.1	81.5	82.6
Gross Interest Cover	5.77	-1.45	-3.25	0.48	1.86
Effective Tax Rate	41.0%				
Net Dividend Payout Ratio	54.0%	-28.4%		50.0%	50.0%
Accounts Receivables Days	199.74	239.31	233.15	174.30	169.01
Inventory Days	143.74	222.31	264.53	194.25	188.81
Accounts Payables Days	236.67	292.52	294.44	221.65	218.75
ROIC (%)	3.6%	(-5.7%)	(-3.6%)	0.5%	1.6%
ROCE (%)	5.0%	(-2.2%)	(-4.2%)	0.6%	1.9%
Return On Average Assets	2.1%	(-0.7%)	(-1.1%)	0.9%	1.7%

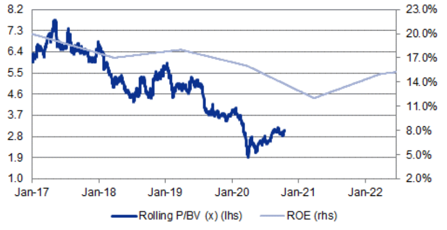
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Order Intake (Rs m)					
Power	154900	137840	129670	148529	184529
Industry	70160	87570	61299	73559	80915
Order intake growth (%)					
Power	(53.5)	(11.0)	(5.9)	14.5	24.2
Industry	(6.6)	24.8	(30.0)	20.0	10.0
Revenues (Rs m)					
Power	234,739	149,604	124,944	176,803	187,346
Industry	59,490	55,302	52,515	62,658	69,697
Revenue growth					
Power	2.6	(36.3)	(16.5)	41.5	6.0
Industry	19.7	(7.0)	(5.0)	19.3	11.2

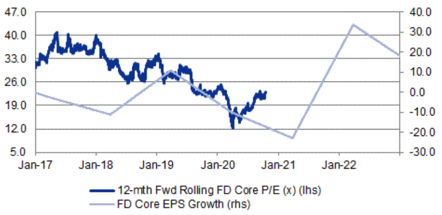
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Cummins India Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**56,590**	**51,577**	**43,618**	**53,065**	**59,664**
Gross Profit	**20,455**	**17,899**	**15,921**	**18,838**	**21,479**
Operating EBITDA	**8,641**	**5,862**	**5,277**	**6,898**	**8,174**
Depreciation And Amortisation	(1,103)	(1,187)	(1,266)	(1,337)	(1,397)
Operating EBIT	**7,537**	**4,676**	**4,011**	**5,562**	**6,776**
Financial Income/(Expense)	(162)	(203)	(180)	(180)	(180)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,928	3,315	2,975	3,298	3,544
Profit Before Tax (pre-EI)	**10,303**	**7,789**	**6,806**	**8,680**	**10,141**
Exceptional Items					
Pre-tax Profit	**10,303**	**7,789**	**6,806**	**8,680**	**10,141**
Taxation	(3,078)	(1,297)	(1,624)	(2,083)	(2,438)
Exceptional Income - post-tax					
Profit After Tax	**7,225**	**6,492**	**5,182**	**6,597**	**7,703**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**7,225**	**6,492**	**5,182**	**6,597**	**7,703**
Recurring Net Profit	7,225	6,492	5,182	6,597	7,703
Fully Diluted Recurring Net Profit	**7,225**	**6,492**	**5,182**	**6,597**	**7,703**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	8,641	5,862	5,277	6,898	8,174
Cash Flow from Invt. & Assoc.	1,663	1,728	1,529	1,782	1,967
Change In Working Capital	319	144	(138)	(382)	(1,269)
(Incr)/Decr in Total Provisions	24	123			
Other Non-Cash (Income)/Expense	1,103	1,187	1,266	1,337	1,397
Other Operating Cashflow	(1,219)	(1,399)	(2,795)	(3,118)	(3,364)
Net Interest (Paid)/Received	(162)	(203)	(180)	(180)	(180)
Tax Paid	(2,361)	(1,609)	(1,624)	(2,083)	(2,438)
Cashflow From Operations	**8,008**	**5,834**	**3,336**	**4,254**	**4,287**
Capex	(2,823)	(2,577)	(2,000)	(1,700)	(1,500)
Disposals Of FAs/subsidiaries	89	210			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(1,084)	232	2,975	3,298	3,544
Cash Flow From Investing	**(3,817)**	**(2,135)**	**975**	**1,598**	**2,044**
Debt Raised/(repaid)	576	1,762			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(5,641)	(5,681)	(3,604)	(4,712)	(4,712)
Preferred Dividends					
Other Financing Cashflow	(121)	(190)	(180)	(180)	(180)
Cash Flow From Financing	**(5,186)**	**(4,109)**	**(3,784)**	**(4,892)**	**(4,892)**
Total Cash Generated	(996)	(410)	527	960	1,439
Free Cashflow To Equity	**4,767**	**5,461**	**4,310**	**5,852**	**6,332**
Free Cashflow To Firm	**4,352**	**3,902**	**4,490**	**6,032**	**6,512**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	10,079	6,038	6,745	7,885	9,504
Total Debtors	12,727	11,316	11,711	12,358	13,894
Inventories	6,254	5,729	5,378	5,815	6,539
Total Other Current Assets	4,910	4,774	4,037	4,912	5,522
Total Current Assets	**33,970**	**27,857**	**27,871**	**30,969**	**35,459**
Fixed Assets	21,713	23,444	24,177	24,541	24,643
Total Investments	2,853	8,240	8,240	8,240	8,240
Intangible Assets					
Total Other Non-Current Assets					
Total Non-current Assets	**24,566**	**31,683**	**32,417**	**32,780**	**32,883**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	8,251	6,964	6,931	7,560	8,500
Other Current Liabilities	4,901	5,173	4,374	5,322	5,984
Total Current Liabilities	**13,152**	**12,137**	**11,306**	**12,882**	**14,484**
Total Long-term Debt	3,092	4,854	4,854	4,854	4,854
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**3,092**	**4,854**	**4,854**	**4,854**	**4,854**
Total Provisions	988	800	800	800	800
Total Liabilities	**17,231**	**17,791**	**16,960**	**18,536**	**20,138**
Shareholders' Equity	41,305	41,750	43,328	45,214	48,204
Minority Interests					
Total Equity	**41,305**	**41,750**	**43,328**	**45,214**	**48,204**

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	11.6%	(8.4%)	(15.5%)	21.7%	12.4%
Operating EBITDA Growth	18.0%	(32.2%)	(10.0%)	30.7%	18.5%
Operating EBITDA Margin	15.6%	11.6%	12.3%	13.2%	14.0%
Net Cash Per Share	25.2	4.3	6.8	10.9	16.8
BVPS	149.0	150.6	156.3	163.1	173.9
Gross Interest Cover	46.53	23.09	22.28	30.90	37.65
Effective Tax Rate	29.9%	16.7%	23.9%	24.0%	24.0%
Net Dividend Payout Ratio	65.2%	64.1%	69.5%	71.4%	61.2%
Accounts Receivables Days	83.81	85.07	96.35	82.78	80.30
Inventory Days	58.73	64.93	73.18	59.68	59.04
Accounts Payables Days	79.96	82.45	91.56	77.27	76.76
ROIC (%)	16.7%	12.1%	9.1%	12.2%	14.1%
ROCE (%)	17.1%	10.1%	8.3%	11.1%	12.9%
Return On Average Assets	12.9%	11.3%	8.9%	10.9%	11.9%

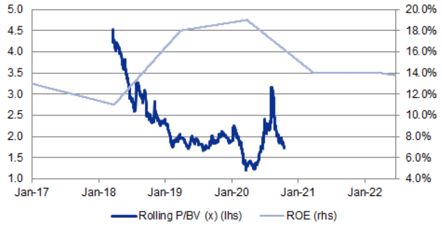
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Segmental Revenues (Rs m)					
Powergen	15920.0	14340.0	10468.2	14132.1	15827.9
Industrial	9380	9750	7800	10062	11773
Auto					
Distribution	13,450.0	13,440.0	12,230.4	13,942.7	15,336.9
Domestic	38,730	37,710	30,962	38,623	43,448
Exports	16,520	12,910	11,815	13,451	15,102
Revenue growth					
Powergen	19.4	(9.9)	(27.0)	35.0	12.0
Industrial	23.4	3.9	(20.0)	29.0	17.0
Auto					
Distribution	8.2	(0.1)	(9.0)	14.0	10.0
Domestic	14.7	(2.6)	(17.9)	24.7	12.5
Exports	5.0	(21.9)	(8.5)	13.8	12.3

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Hindustan Aeronautics Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth

Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**200,085**	**214,384**	**203,240**	**224,024**	**240,550**
Gross Profit	**111,723**	**120,422**	**112,798**	**120,525**	**127,492**
Operating EBITDA	**45,609**	**48,621**	**40,964**	**43,860**	**46,372**
Depreciation And Amortisation	(10,245)	(9,976)	(10,378)	(11,018)	(11,658)
Operating EBIT	**35,364**	**38,645**	**30,587**	**32,842**	**34,714**
Financial Income/(Expense)	(1,696)	(3,484)	(3,700)	(3,000)	(2,550)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)					
Profit Before Tax (pre-EI)	**33,668**	**35,161**	**26,887**	**29,842**	**32,164**
Exceptional Items					
Pre-tax Profit	**33,668**	**35,161**	**26,887**	**29,842**	**32,164**
Taxation	(13,963)	(10,960)	(7,678)	(8,590)	(9,220)
Exceptional Income - post-tax					
Profit After Tax	**19,706**	**24,201**	**19,208**	**21,252**	**22,944**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**23,461**	**27,134**	**21,854**	**24,448**	**26,240**
Recurring Net Profit	19,706	24,201	19,208	21,252	22,944
Fully Diluted Recurring Net Profit	**19,706**	**24,201**	**19,208**	**21,252**	**22,944**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	45,609	48,621	40,964	43,860	46,372
Cash Flow from Invt. & Assoc.	(8,186)	(9,338)	(11,432)	(10,822)	(10,912)
Change In Working Capital	(128,247)	(32,680)	(1,536)	7,144	(25,160)
(Incr)/Decr in Total Provisions	28	366			
Other Non-Cash (Income)/Expense	12,736	10,294	10,378	11,018	11,658
Other Operating Cashflow	13,742	6,312	4,754	2,804	1,804
Net Interest (Paid)/Received	(1,696)	(3,484)	(3,700)	(3,000)	(2,550)
Tax Paid	(10,922)	(18,199)	(7,678)	(8,590)	(9,220)
Cashflow From Operations	**(76,936)**	**1,893**	**31,750**	**42,413**	**11,992**
Capex	(10,887)	(8,899)	(8,000)	(8,000)	(8,000)
Disposals Of FAs/subsidiaries	16	16			
Acq. Of Subsidiaries/investments	848	(750)			
Other Investing Cashflow	(396)	(3,608)	2,646	3,196	3,296
Cash Flow From Investing	**(10,418)**	**(13,241)**	**(5,354)**	**(4,804)**	**(4,704)**
Debt Raised/(repaid)	32,889	16,414		(15,000)	
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(7,982)	(13,404)	(8,579)	(9,597)	(10,301)
Preferred Dividends					
Other Financing Cashflow	(1,696)	(3,483)	(3,700)	(3,000)	(2,550)
Cash Flow From Financing	**23,212**	**(473)**	**(12,279)**	**(27,597)**	**(12,851)**
Total Cash Generated	(64,143)	(11,822)	14,117	10,012	(5,563)
Free Cashflow To Equity	**(54,465)**	**5,065**	**26,396**	**22,609**	**7,288**
Free Cashflow To Firm	**(85,659)**	**(7,865)**	**30,096**	**40,609**	**9,838**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	954	2,979	21,797	31,809	26,247
Total Debtors	124,590	115,834	116,933	122,753	131,808
Inventories	196,848	194,539	194,888	202,542	217,484
Total Other Current Assets	83,335	110,630	112,002	117,318	125,973
Total Current Assets	**405,727**	**423,982**	**445,619**	**474,422**	**501,512**
Fixed Assets	89,533	93,916	91,538	88,521	84,863
Total Investments	9,018	9,402	9,402	9,402	9,402
Intangible Assets					
Total Other Non-Current Assets	29,172	0	0	0	0
Total Non-current Assets	**98,551**	**103,318**	**100,940**	**97,922**	**94,265**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	26,328	40,892	38,767	42,731	45,883
Other Current Liabilities	318,632	301,457	304,866	326,836	331,176
Total Current Liabilities	**344,960**	**342,349**	**343,632**	**369,567**	**377,059**
Total Long-term Debt	41,162	57,752	57,752	42,752	42,752
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	21,227	2,716	2,716	2,716	2,716
Total Non-current Liabilities	**41,162**	**57,752**	**57,752**	**42,752**	**42,752**
Total Provisions	(0)				
Total Liabilities	**386,121**	**400,101**	**401,384**	**412,319**	**419,811**
Shareholders' Equity	120,750	131,900	145,175	160,026	175,966
Minority Interests					
Total Equity	**120,750**	**131,900**	**145,175**	**160,026**	**175,966**

Key Ratios

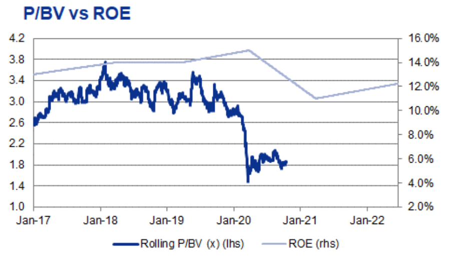
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	8.0%	7.1%	(5.2%)	10.2%	7.4%
Operating EBITDA Growth	32.0%	6.6%	(15.7%)	7.1%	5.7%
Operating EBITDA Margin	22.8%	22.7%	20.2%	19.6%	19.3%
Net Cash Per Share	(120.2)	(163.8)	(107.5)	(32.7)	(49.4)
BVPS	361.1	394.5	434.2	478.6	526.2
Gross Interest Cover	20.85	11.09	8.27	10.95	13.61
Effective Tax Rate	41.5%	31.2%	28.6%	28.8%	28.7%
Net Dividend Payout Ratio	33.6%	45.9%	44.7%	45.2%	44.9%
Accounts Receivables Days	175.22	204.67	209.01	195.26	193.13
Inventory Days	806.73	760.18	785.81	700.79	678.01
Accounts Payables Days	88.84	130.56	160.74	143.71	143.04
ROIC (%)	23.7%	22.4%	17.8%	20.3%	19.0%
ROCE (%)	25.7%	22.0%	15.6%	16.2%	16.5%
Return On Average Assets	4.4%	5.4%	4.3%	4.3%	4.4%

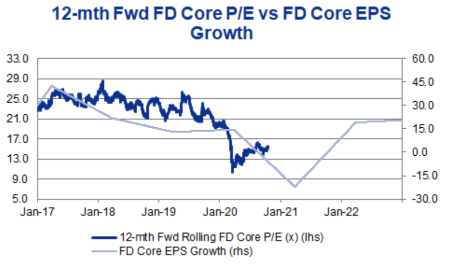
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Sales of products	117348	116096	99644	110652	118510
yoy growth (%)	-4.1	-1.1	-14.2	11.0	7.1
Sales of services	79698	96914	101762	109904	118698
yoy growth (%)	29.5	21.6	5	8	8
Total Sales (yoy growth%)	197,046	213,010	201,407	220,556	237,208
Book to bill ratio	3.0	2.5	4.4	4.0	3.6
Order backlog	585,880	529,650	888,244	880,687	856,479
yoy growth (%)		(9.6)	67.7	(0.9)	(2.7)
EBITDA margin	22.4	22.7	19.6	18.9	18.6

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Larsen & Toubro Ltd)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**1,352,203**	**1,454,524**	**1,393,479**	**1,556,448**	**1,740,346**
Gross Profit	**395,873**	**480,897**	**470,996**	**535,418**	**598,679**
Operating EBITDA	**153,296**	**163,290**	**141,615**	**174,654**	**198,642**
Depreciation And Amortisation	(19,230)	(24,623)	(27,336)	(28,414)	(29,681)
Operating EBIT	**134,066**	**138,667**	**114,279**	**146,240**	**168,961**
Financial Income/(Expense)	(18,026)	(27,967)	(41,492)	(36,992)	(35,360)
Pretax Income/(Loss) from Assoc.	(210)	720	(1,400)	400	800
Non-Operating Income/(Expense)	18,365	23,609	25,500	27,000	28,000
Profit Before Tax (pre-EI)	**134,196**	**135,029**	**96,887**	**136,648**	**162,400**
Exceptional Items	2,948		(35,076)		
Pre-tax Profit	**137,143**	**135,029**	**61,811**	**136,648**	**162,400**
Taxation	(40,671)	(32,632)	(25,555)	(35,424)	(42,016)
Exceptional Income - post-tax					
Profit After Tax	**96,473**	**102,397**	**36,257**	**101,224**	**120,384**
Minority Interests	(13,115)	(13,453)	(12,942)	(17,433)	(20,460)
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax		6,546	81,531		
Net Profit	**83,358**	**95,490**	**104,845**	**83,791**	**99,924**
Recurring Net Profit	81,285	95,490	125,420	83,791	99,924
Fully Diluted Recurring Net Profit	**81,285**	**95,490**	**125,420**	**83,791**	**99,924**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	153,296	163,290	141,615	174,654	198,642
Cash Flow from Invt. & Assoc.	(10,435)	(20,148)	(43,328)	(38,406)	(37,042)
Change In Working Capital	(20,913)	(77,914)	(63,826)	2,376	(40,400)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense					
Other Operating Cashflow	(122,327)	37,298	31,536	(23,614)	(60,511)
Net Interest (Paid)/Received	(22,369)	(18,896)	(15,992)	(9,992)	(7,360)
Tax Paid	(48,828)	(40,465)	(25,555)	(35,424)	(42,016)
Cashflow From Operations	**(71,576)**	**43,165**	**24,451**	**69,594**	**11,313**
Capex	(34,994)	(32,994)	(27,100)	(18,500)	(19,100)
Disposals Of FAs/subsidiaries	6,534	22,453	(10,000)	(10,000)	(10,000)
Acq. Of Subsidiaries/investments	(18,624)	(18,706)			
Other Investing Cashflow	(70,606)	(61,816)			
Cash Flow From Investing	**(117,690)**	**(91,063)**	**(37,100)**	**(28,500)**	**(29,100)**
Debt Raised/(repaid)	178,653	138,176	229,929	5,000	55,000
Proceeds From Issue Of Shares	113	176	2	2	
Shares Repurchased					
Dividends Paid	(26,471)	(45,513)	(27,017)	(28,421)	(29,825)
Preferred Dividends					
Other Financing Cashflow	31,938	2,482	(13,992)	(34,144)	(17,117)
Cash Flow From Financing	**184,233**	**95,321**	**188,921**	**(57,564)**	**8,058**
Total Cash Generated	(5,033)	47,423	176,272	(16,470)	(9,729)
Free Cashflow To Equity	**(10,613)**	**90,278**	**217,279**	**46,094**	**37,213**
Free Cashflow To Firm	**(159,435)**	**(20,501)**	**28,843**	**78,085**	**17,574**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	117,262	151,178	292,024	292,665	280,392
Total Debtors	368,459	407,315	427,588	477,595	534,024
Inventories	64,139	57,467	64,902	72,492	81,057
Total Other Current Assets	635,948	710,057	708,639	748,873	837,354
Total Current Assets	**1,185,808**	**1,326,016**	**1,493,153**	**1,591,625**	**1,732,827**
Fixed Assets	351,208	513,317	513,081	503,166	492,585
Total Investments	1,212,268	1,203,603	1,225,395	1,297,414	1,404,967
Intangible Assets					
Total Other Non-Current Assets	31,078	23,935	23,935	23,935	23,935
Total Non-current Assets	**1,594,554**	**1,740,855**	**1,762,411**	**1,824,516**	**1,921,488**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	802,793	859,453	823,383	919,679	1,028,340
Other Current Liabilities	30,008	34,906	33,441	37,352	41,765
Total Current Liabilities	**832,802**	**894,359**	**856,824**	**957,031**	**1,070,106**
Total Long-term Debt	1,255,552	1,410,071	1,640,000	1,645,000	1,700,000
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**1,255,552**	**1,410,071**	**1,640,000**	**1,645,000**	**1,700,000**
Total Provisions					
Total Liabilities	**2,088,353**	**2,304,431**	**2,496,824**	**2,602,031**	**2,770,106**
Shareholders' Equity	623,748	667,232	663,531	718,902	789,001
Minority Interests	68,261	95,208	95,208	95,208	95,208
Total Equity	**692,009**	**762,441**	**758,739**	**814,110**	**884,209**

Key Ratios

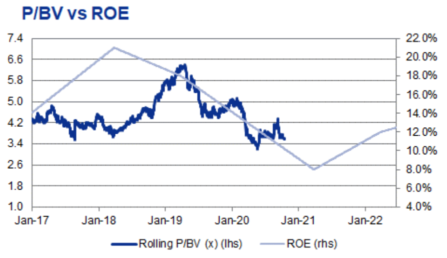
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	13.0%	7.6%	(4.2%)	11.7%	11.8%
Operating EBITDA Growth	12.4%	6.5%	(13.3%)	23.3%	13.7%
Operating EBITDA Margin	11.3%	11.2%	10.2%	11.2%	11.4%
Net Cash Per Share	(811.5)	(896.7)	(960.2)	(963.3)	(1,011.2)
BVPS	444.7	475.3	472.6	512.1	562.0
Gross Interest Cover	7.44	4.96	2.75	3.95	4.78
Effective Tax Rate	29.7%	24.2%	41.3%	25.9%	25.9%
Net Dividend Payout Ratio	27.9%	41.2%	19.3%	33.9%	29.8%
Accounts Receivables Days	94.43	97.34	109.34	106.14	106.08
Inventory Days	21.49	22.79	24.21	24.56	24.55
Accounts Payables Days	291.54	311.58	332.92	311.56	311.40
ROIC (%)	14.5%	11.4%	8.7%	11.3%	12.6%
ROCE (%)	7.4%	6.7%	5.0%	6.0%	6.7%
Return On Average Assets	4.1%	4.4%	5.7%	3.8%	4.1%

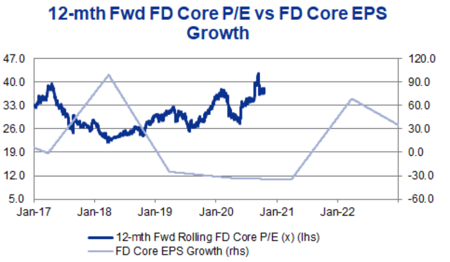
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue (Rs m)	1410071	1454524	1469998	1641374	1819374
Growth(%)	17.8	3.2	1.1	11.7	10.8
EBITDA margin(%)	11.6	11.2	10.2	11.1	11.8
Core PAT	86,104	89,880	70,056	90,657	1,08,901
Growth(%)	18.8	4.4	(22.1)	29.4	20.1
Order data (Rs m)					
Order inflow	17,68,340.0	18,63,560.0	17,99,964.1	20,14,498.3	22,37,411.8
Growth(%)	16	5	(3)	12	11
Total OI (ex Services)	14,47,570.0	15,21,557.5	13,60,593.4	15,29,078.3	16,85,204.4
Growth(%)	14	5	(11)	12	10
Order backlog	29,34,270.0	30,38,570.0	33,25,101.8	36,21,499.3	39,55,089.5
Growth(%)	11.5	3.6	9.4	8.9	9.2

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Schaeffler India Ltd)





Profit & Loss

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Net Revenues	**45,615**	**43,606**	**36,452**	**44,874**	**51,239**
Gross Profit	**16,880**	**16,110**	**13,633**	**16,828**	**19,215**
Operating EBITDA	**7,396**	**6,336**	**4,848**	**6,776**	**8,096**
Depreciation And Amortisation	(1,485)	(1,587)	(1,920)	(2,034)	(2,157)
Operating EBIT	**5,911**	**4,749**	**2,928**	**4,742**	**5,939**
Financial Income/(Expense)	(70)	(35)	(35)	(35)	(35)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	908	632	641	692	827
Profit Before Tax (pre-EI)	**6,749**	**5,346**	**3,534**	**5,400**	**6,731**
Exceptional Items	(432)	(3)			
Pre-tax Profit	**6,317**	**5,343**	**3,534**	**5,400**	**6,731**
Taxation	(2,119)	(1,666)	(954)	(1,458)	(1,817)
Exceptional Income - post-tax					
Profit After Tax	**4,198**	**3,676**	**2,580**	**3,942**	**4,914**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**4,198**	**3,676**	**2,580**	**3,942**	**4,914**
Recurring Net Profit	4,485	3,679	2,580	3,942	4,914
Fully Diluted Recurring Net Profit	**4,485**	**3,679**	**2,580**	**3,942**	**4,914**

Cash Flow

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
EBITDA	7,396	6,336	4,848	6,776	8,096
Cash Flow from Invt. & Assoc.	(1,079)	(993)	(1,314)	(1,376)	(1,365)
Change In Working Capital	(2,473)	231	(728)	244	(1,325)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	1,485	1,587	1,920	2,034	2,157
Other Operating Cashflow	(730)	(465)	(641)	(692)	(827)
Net Interest (Paid)/Received	(70)	(35)	(35)	(35)	(35)
Tax Paid	(2,287)	(1,633)	(954)	(1,458)	(1,817)
Cashflow From Operations	**2,241**	**5,028**	**3,097**	**5,493**	**4,884**
Capex	(2,439)	(3,203)	(3,000)	(3,000)	(1,500)
Disposals Of FAs/subsidiaries		4			
Acq. Of Subsidiaries/investments	(17)	(1,030)			
Other Investing Cashflow	622	606	641	692	827
Cash Flow From Investing	**(1,834)**	**(3,622)**	**(2,359)**	**(2,308)**	**(673)**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(282)	(937)	(938)	(1,094)	(1,250)
Preferred Dividends					
Other Financing Cashflow	(245)	(804)	35	35	35
Cash Flow From Financing	**(527)**	**(1,741)**	**(903)**	**(1,059)**	**(1,216)**
Total Cash Generated	(119)	(335)	(165)	2,125	2,995
Free Cashflow To Equity	**408**	**1,406**	**738**	**3,184**	**4,210**
Free Cashflow To Firm	**478**	**1,441**	**772**	**3,219**	**4,245**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Total Cash And Equivalents	8,981	9,745	9,580	11,705	14,699
Total Debtors	7,513	6,319	6,491	7,131	8,142
Inventories	9,101	7,205	6,991	7,377	8,423
Total Other Current Assets	122	174	174	174	174
Total Current Assets	**25,717**	**23,443**	**23,236**	**26,385**	**31,438**
Fixed Assets	8,921	10,606	11,685	12,652	11,995
Total Investments					
Intangible Assets	3	3	3	3	3
Total Other Non-Current Assets	3,032	2,401	3,231	2,940	3,323
Total Non-current Assets	**11,956**	**13,009**	**14,919**	**15,594**	**15,321**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	7,878	4,992	4,993	5,532	6,317
Other Current Liabilities	2,157	1,839	1,898	2,336	2,667
Total Current Liabilities	**10,035**	**6,831**	**6,891**	**7,868**	**8,984**
Total Long-term Debt	577	106	106	106	106
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities	21,227	2,716	2,716	2,716	2,716
Total Non-current Liabilities	**577**	**2,823**	**2,823**	**2,823**	**2,823**
Total Provisions					
Total Liabilities	**10,612**	**6,831**	**6,891**	**7,868**	**8,984**
Shareholders' Equity	27,061	29,622	31,264	34,111	37,774
Minority Interests					
Total Equity	**27,061**	**29,622**	**31,264**	**34,111**	**37,774**

Key Ratios

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
Revenue Growth	15.9%	(3.2%)	(16.4%)	23.1%	14.2%
Operating EBITDA Growth	8.4%	(14.3%)	(23.5%)	39.8%	19.5%
Operating EBITDA Margin	16.4%	14.5%	13.3%	15.1%	15.8%
Net Cash Per Share	268.8	311.7	306.4	374.4	470.2
BVPS	865.7	947.6	1,000.1	1,091.2	1,208.4
Gross Interest Cover	83.97	136.85	84.37	136.67	171.15
Effective Tax Rate	33.5%	31.2%	27.0%	27.0%	27.0%
Net Dividend Payout Ratio	6.1%	25.5%	36.4%	27.8%	25.4%
Accounts Receivables Days	55.67	57.89	64.14	55.40	54.40
Inventory Days	95.95	108.23	113.53	93.49	90.04
Accounts Payables Days	87.73	85.42	79.86	68.49	67.53
ROIC (%)	31.7%	23.9%	13.5%	21.2%	25.7%
ROCE (%)	22.9%	16.6%	9.6%	14.5%	16.5%
Return On Average Assets	13.5%	10.0%	7.0%	9.9%	11.2%

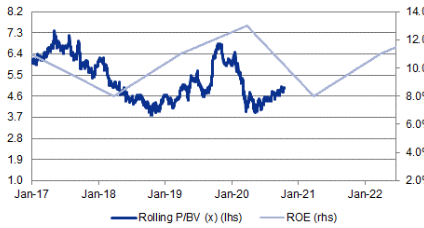
Key Drivers

	Dec-18A	Dec-19A	Dec-20F	Dec-21F	Dec-22F
yoy growth					
Passenger Cars	10.5%	-15.0%	-20.0%	27.0%	12.0%
Two-Wheelers	9.5%	-16.0%	-20.0%	30.0%	12.0%
CV	21.5%	-30.0%	-25.0%	35.0%	20.0%
Tractors	7.7%	0.4%	-20.0%	27.0%	10.0%
Auto AM	23.1%		-13.0%	15.0%	12.0%
Automotive segment	13.2%	-13.7%	-19.4%	26.3%	12.7%
Industrial OE	20.7%	13.7%	-13.8%	21.3%	16.4%
Industrial AM	17.7%	8.0%	-10.0%	14.0%	16.0%
Industrial segment	19.6%	11.6%	-12.4%	18.6%	16.3%
TOTAL	15.5%	-4.4%	-16.4%	22.8%	14.2%
Exports	8.6%	-1.7%	-20.0%	30.0%	10.0%

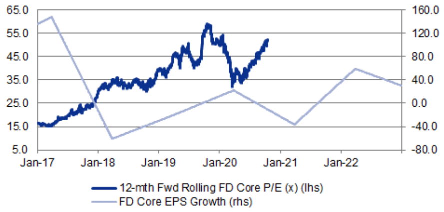
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Siemens Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rsm)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Total Net Revenues	**127,953**	**137,672**	**103,230**	**127,808**	**144,997**
Gross Profit	**41,677**	**43,950**	**36,131**	**44,094**	**50,024**
Operating EBITDA	**13,273**	**14,903**	**9,173**	**14,422**	**18,385**
Depreciation And Amortisation	(1,977)	(2,182)	(2,761)	(2,810)	(2,932)
Operating EBIT	**11,296**	**12,721**	**6,412**	**11,612**	**15,454**
Financial Income/(Expense)	(82)	(117)	(300)	(300)	(300)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	2,801	3,990	3,385	3,793	3,946
Profit Before Tax (pre-EI)	**14,015**	**16,594**	**9,497**	**15,105**	**19,099**
Exceptional Items					
Pre-tax Profit	**14,015**	**16,594**	**9,497**	**15,105**	**19,099**
Taxation	(5,003)	(5,600)	(2,517)	(4,003)	(5,061)
Exceptional Income - post-tax					
Profit After Tax	**9,012**	**10,994**	**6,980**	**11,102**	**14,038**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**9,012**	**10,994**	**6,980**	**11,102**	**14,038**
Recurring Net Profit	9,012	10,994	6,980	11,102	14,038
Fully Diluted Recurring Net Profit	**9,012**	**10,994**	**6,980**	**11,102**	**14,038**

Cash Flow

(Rsm)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
EBITDA	13,273	14,903	9,173	14,422	18,385
Cash Flow from Invt. & Assoc.	742	1,691	324	683	714
Change In Working Capital	(7,885)	4,973	3,857	(4,446)	(3,510)
(Incr)/Decr in Total Provisions	257	378			
Other Non-Cash (Income)/Expense	1,977	2,182	2,761	2,810	2,932
Other Operating Cashflow	(1,628)	(5,025)	(3,085)	(3,493)	(3,646)
Net Interest (Paid)/Received	(82)	(117)	(300)	(300)	(300)
Tax Paid	(5,846)	(6,185)	(2,517)	(4,003)	(5,061)
Cashflow From Operations	**808**	**12,800**	**10,213**	**5,674**	**9,514**
Capex	(1,906)	(1,197)	(1,494)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	115	861			
Acq. Of Subsidiaries/investments	1,019				
Other Investing Cashflow	5	(11,192)	3,385	3,793	3,946
Cash Flow From Investing	**(767)**	**(11,528)**	**1,891**	**2,293**	**2,446**
Debt Raised/(repaid)					
Proceeds From Issue Of Shares			(0)		
Shares Repurchased					
Dividends Paid	(3,000)	(3,005)	(3,560)	(4,272)	(4,272)
Preferred Dividends					
Other Financing Cashflow	(53)	(111)	(300)	(300)	(300)
Cash Flow From Financing	**(3,053)**	**(3,116)**	**(3,860)**	**(4,572)**	**(4,572)**
Total Cash Generated	(3,012)	(1,844)	8,244	3,395	7,388
Free Cashflow To Equity	**41**	**1,272**	**12,104**	**7,967**	**11,960**
Free Cashflow To Firm	**123**	**1,389**	**12,404**	**8,267**	**12,260**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Total Cash And Equivalents	36,916	50,019	58,102	63,204	70,350
Total Debtors	37,469	38,841	30,132	37,441	42,579
Inventories	11,504	11,197	9,588	11,232	12,774
Total Other Current Assets	40,340	38,315	27,553	34,236	38,933
Total Current Assets	**126,229**	**138,372**	**125,375**	**146,114**	**164,636**
Fixed Assets	14,437	12,493	11,226	9,916	8,485
Total Investments		550	550	550	550
Intangible Assets					
Total Other Non-Current Assets	2,697	2,442	2,410	2,410	2,410
Total Non-current Assets	**17,134**	**15,485**	**14,186**	**12,876**	**11,445**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	49,340	51,579	37,234	46,266	52,614
Other Current Liabilities	11,034	11,784	8,905	11,065	12,583
Total Current Liabilities	**60,374**	**63,363**	**46,139**	**57,331**	**65,197**
Total Long-term Debt					
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities					
Total Provisions					
Total Liabilities	**60,374**	**63,363**	**46,139**	**57,331**	**65,197**
Shareholders' Equity	82,989	90,494	93,914	100,745	110,511
Minority Interests					
Total Equity	**82,989**	**90,494**	**93,914**	**100,745**	**110,511**

Key Ratios

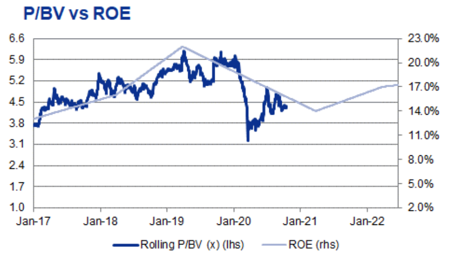
	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Revenue Growth	11.2%	8.4%	(25.4%)	24.3%	13.7%
Operating EBITDA Growth	25.9%	12.3%	(38.4%)	57.2%	27.5%
Operating EBITDA Margin	10.7%	11.1%	9.2%	11.6%	13.0%
Net Cash Per Share	103.7	140.5	163.2	177.5	197.6
BVPS	233.1	254.2	263.8	283.0	310.4
Gross Interest Cover	137.76	108.73	21.37	38.71	51.51
Effective Tax Rate	35.7%	33.7%	26.5%	26.5%	26.5%
Net Dividend Payout Ratio	27.7%	22.7%	51.0%	38.5%	30.4%
Accounts Receivables Days	103.20	101.16	121.94	96.49	100.72
Inventory Days	45.94	44.20	56.53	45.39	46.13
Accounts Payables Days	(197.88)	(196.51)	(241.56)	(182.03)	(190.01)
ROIC (%)	20.1%	18.3%	11.8%	22.4%	27.3%
ROCE (%)	14.1%	14.7%	7.0%	11.9%	14.6%
Return On Average Assets	6.6%	7.5%	4.9%	7.6%	8.5%

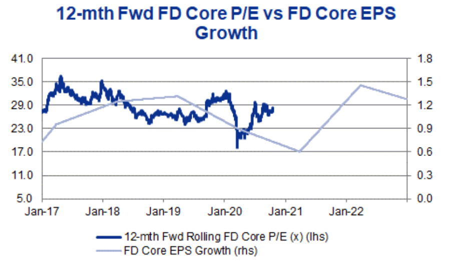
Key Drivers

	Sep-18A	Sep-19A	Sep-20F	Sep-21F	Sep-22F
Revenues	127251	136838	103230	127808	144997
yoy growth (%)	16.2	7.5	-24.6	24	13
EBIT	11194	12584	6412	11612	15454
EBIT margins (%)	8.8	9.2	6	9	11
Order inflow	1,27,413	1,32,377	1,11,972	1,33,032.7	1,51,855.1
yoy growth (%)	(5.6)	3.9	(15.4)	18.8	14.1
Order backlog	1,23,520.0	1,18,790.0	1,27,531.6	1,32,755.9	1,39,613.8
yoy growth (%)	0.7	(3.8)	7.4	4.1	5.2
Bill to Book ratio (x)	0.68	0.72	0.59	0.66	0.69

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (SKF India Ltd)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**30,731**	**28,873**	**25,031**	**29,591**	**33,249**
Gross Profit	**12,966**	**10,968**	**9,337**	**11,245**	**12,801**
Operating EBITDA	**5,245**	**3,952**	**2,981**	**4,065**	**4,848**
Depreciation And Amortisation	(464)	(571)	(601)	(681)	(742)
Operating EBIT	**4,781**	**3,381**	**2,379**	**3,383**	**4,106**
Financial Income/(Expense)	(77)	(95)	(50)		
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	924	1,039	466	556	707
Profit Before Tax (pre-EI)	**5,628**	**4,325**	**2,795**	**3,940**	**4,813**
Exceptional Items					
Pre-tax Profit	**5,628**	**4,325**	**2,795**	**3,940**	**4,813**
Taxation	(1,884)	(978)	(707)	(996)	(1,217)
Exceptional Income - post-tax					
Profit After Tax	**3,744**	**3,347**	**2,089**	**2,944**	**3,596**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**3,744**	**3,347**	**2,089**	**2,944**	**3,596**
Recurring Net Profit	3,744	3,347	2,089	2,944	3,596
Fully Diluted Recurring Net Profit	**3,744**	**3,347**	**2,089**	**2,944**	**3,596**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	5,245	3,952	2,981	4,065	4,848
Cash Flow from Invt. & Assoc.	(3)	(84)	(185)	(125)	(35)
Change In Working Capital	(1,072)	906	106	(298)	(552)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	464	571	601	681	742
Other Operating Cashflow	(624)	(737)	(466)	(556)	(707)
Net Interest (Paid)/Received	(77)	(95)	(50)		
Tax Paid	(2,123)	(1,215)	(707)	(996)	(1,217)
Cashflow From Operations	**1,810**	**3,298**	**2,280**	**2,771**	**3,079**
Capex	(457)	(953)	(900)	(800)	(500)
Disposals Of FAs/subsidiaries	45	361			
Acq. Of Subsidiaries/investments	1,094	(1,530)			
Other Investing Cashflow	2,382	582	466	556	707
Cash Flow From Investing	**3,064**	**(1,540)**	**(434)**	**(244)**	**207**
Debt Raised/(repaid)	50	(969)	(218)		
Proceeds From Issue Of Shares					
Shares Repurchased	(3,996)				
Dividends Paid	(743)	(715)	(6,427)	(643)	(742)
Preferred Dividends					
Other Financing Cashflow	(77)	(95)			
Cash Flow From Financing	**(4,765)**	**(1,779)**	**(6,645)**	**(643)**	**(742)**
Total Cash Generated	109	(21)	(4,799)	1,884	2,545
Free Cashflow To Equity	**4,924**	**789**	**1,628**	**2,527**	**3,286**
Free Cashflow To Firm	**4,951**	**1,852**	**1,896**	**2,527**	**3,286**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	6,034	6,183	1,434	3,318	5,863
Total Debtors	5,213	4,357	4,800	4,864	5,466
Inventories	4,610	4,518	4,252	4,864	5,283
Total Other Current Assets	2,977	3,568	2,781	2,894	3,094
Total Current Assets	**18,834**	**18,626**	**13,267**	**15,940**	**19,706**
Fixed Assets	3,463	3,927	4,226	4,345	4,102
Total Investments	442	1,972	1,972	1,972	1,972
Intangible Assets					
Total Other Non-Current Assets	228	228	228	228	228
Total Non-current Assets	**4,133**	**6,127**	**6,426**	**6,545**	**6,302**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	3,491	4,120	3,772	4,054	4,555
Other Current Liabilities	1,605	1,303	1,148	1,357	1,525
Total Current Liabilities	**5,097**	**5,423**	**4,919**	**5,410**	**6,079**
Total Long-term Debt	900	218			
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**900**	**218**			
Total Provisions					
Total Liabilities	**5,997**	**5,641**	**4,919**	**5,410**	**6,079**
Shareholders' Equity	16,970	19,053	14,714	17,015	19,869
Minority Interests					
Total Equity	**16,970**	**19,053**	**14,714**	**17,015**	**19,869**

Key Ratios

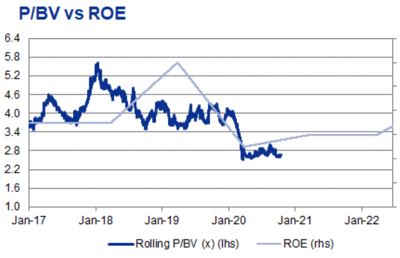
	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	11.8%	(6.4%)	(11.9%)	18.2%	12.4%
Operating EBITDA Growth	20.6%	(24.7%)	(24.6%)	36.4%	19.3%
Operating EBITDA Margin	17.3%	13.9%	11.9%	13.7%	14.6%
Net Cash Per Share	103.8	120.6	29.0	67.1	118.6
BVPS	343.2	385.4	297.6	344.2	401.9
Gross Interest Cover	62.41	35.66	47.59		
Effective Tax Rate	33.5%	22.6%	25.3%	25.3%	25.3%
Net Dividend Payout Ratio	15.8%	17.7%	307.7%	21.8%	20.6%
Accounts Receivables Days					
Inventory Days					
Accounts Payables Days					
ROIC (%)	42.0%	30.3%	20.9%	28.7%	33.9%
ROCE (%)	26.8%	17.5%	16.2%	19.9%	20.7%
Return On Average Assets	16.6%	13.9%	10.9%	13.1%	13.8%

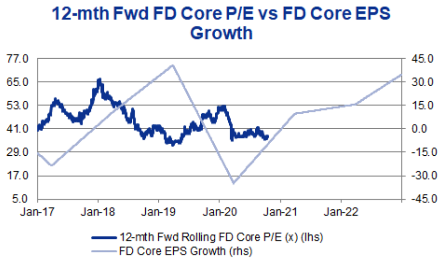
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Two-wheeler	6.0%	-20.0%	-13.0%	28.0%	11.0%
Four-wheeler	11.2%	-25.0%	-3.0%	20.0%	11.0%
After market	20.5%	-8.0%	-6.0%	15.0%	12.0%
Auto	12.1%	-17.8%	-7.5%	20.7%	11.3%
Exports	-27.2%	60.0%	-20.0%	10.0%	10.0%
Total Auto Segment	4.8%	-7.7%	-10.3%	18.6%	11.1%
OEM	15.7%	-6.0%	-17.0%	20.0%	12.0%
After market	16.5%	-4.0%	-10.0%	16.0%	15.0%
Total Industrials	15.7%	-6.0%	-17.0%	20.0%	12.0%
Total Sales	10.1%	-6.8%	-13.8%	19.3%	11.6%

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Thermax Ltd)





Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**59,732**	**57,313**	**48,192**	**52,602**	**62,953**
Gross Profit	**26,365**	**26,456**	**22,168**	**24,407**	**29,462**
Operating EBITDA	**4,573**	**4,061**	**2,843**	**3,787**	**5,351**
Depreciation And Amortisation	(920)	(1,166)	(1,210)	(1,288)	(1,366)
Operating EBIT	**3,653**	**2,895**	**1,633**	**2,499**	**3,985**
Financial Income/(Expense)	(143)	(150)	(127)	(127)	(127)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,499	1,000	1,130	1,265	1,404
Profit Before Tax (pre-EI)	**5,008**	**3,745**	**2,635**	**3,637**	**5,262**
Exceptional Items			(247)		
Pre-tax Profit	**5,008**	**3,745**	**2,389**	**3,637**	**5,262**
Taxation	(849)	(1,621)	(597)	(931)	(1,347)
Exceptional Income - post-tax	(895)				
Profit After Tax	**3,264**	**2,124**	**1,792**	**2,706**	**3,915**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax	(11)				
Other Adjustments - post-tax					
Net Profit	**3,253**	**2,124**	**1,792**	**2,706**	**3,915**
Recurring Net Profit	4,148	2,124	1,976	2,706	3,915
Fully Diluted Recurring Net Profit	**4,148**	**2,124**	**1,976**	**2,706**	**3,915**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	4,573	4,061	2,843	3,787	5,351
Cash Flow from Invt. & Assoc.	(459)	(316)	(453)	(149)	(88)
Change In Working Capital	(4,485)	218	1,302	(98)	(1,398)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	920	1,166	1,210	1,288	1,366
Other Operating Cashflow	(1,059)	(382)	(1,003)	(1,138)	(1,277)
Net Interest (Paid)/Received	(143)	(150)	(127)	(127)	(127)
Tax Paid	(1,870)	(1,313)	(597)	(931)	(1,347)
Cashflow From Operations	**(2,522)**	**3,285**	**3,175**	**2,631**	**2,479**
Capex	(1,547)	(480)	(1,500)	(1,500)	(1,500)
Disposals Of FAs/subsidiaries	5,465	14			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	(233)	(1,219)	1,130	1,265	1,404
Cash Flow From Investing	**3,686**	**(1,685)**	**(370)**	**(235)**	**(96)**
Debt Raised/(repaid)	159	(397)	(127)	(127)	(127)
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(813)	(1,901)	(901)	(901)	(1,126)
Preferred Dividends					
Other Financing Cashflow		(28)			
Cash Flow From Financing	**(654)**	**(2,325)**	**(1,028)**	**(1,028)**	**(1,253)**
Total Cash Generated	510	(725)	1,777	1,369	1,130
Free Cashflow To Equity	**1,322**	**1,204**	**2,678**	**2,270**	**2,256**
Free Cashflow To Firm	**1,306**	**1,750**	**2,931**	**2,524**	**2,510**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	3,691	4,761	6,665	8,161	9,418
Total Debtors	14,385	14,785	12,543	13,691	16,385
Inventories	5,086	4,546	4,225	4,612	5,174
Total Other Current Assets	20,805	11,772	11,436	12,483	13,732
Total Current Assets	**43,967**	**35,864**	**34,869**	**38,946**	**44,710**
Fixed Assets	13,520	13,390	13,680	13,891	14,025
Total Investments	8,293	8,752	8,752	8,752	8,752
Intangible Assets					
Total Other Non-Current Assets	2,120	1,510	1,510	1,510	1,510
Total Non-current Assets	**23,933**	**23,651**	**23,941**	**24,153**	**24,287**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	13,994	10,000	9,687	10,477	11,211
Other Current Liabilities	21,563	17,121	15,837	17,531	19,905
Total Current Liabilities	**35,557**	**27,120**	**25,525**	**28,008**	**31,116**
Total Long-term Debt	2,201	2,115	2,115	2,115	2,115
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**2,201**	**2,115**	**2,115**	**2,115**	**2,115**
Total Provisions					
Total Liabilities	**37,758**	**29,236**	**27,640**	**30,123**	**33,232**
Shareholders' Equity	30,143	30,279	31,170	32,976	35,765
Minority Interests					
Total Equity	**30,143**	**30,279**	**31,170**	**32,976**	**35,765**

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	34.7%	(3.9%)	(14.8%)	9.2%	19.7%
Operating EBITDA Growth	14.1%	(11.2%)	(30.0%)	33.2%	41.3%
Operating EBITDA Margin	7.8%	7.2%	5.9%	7.2%	8.5%
Net Cash Per Share	13.2	23.5	40.4	53.7	64.8
BVPS	267.7	268.9	276.8	292.8	317.6
Gross Interest Cover	25.51	19.27	12.86	19.69	31.39
Effective Tax Rate	17.0%	43.3%	25.0%	25.6%	25.6%
Net Dividend Payout Ratio	9.1%	37.1%	23.5%	16.6%	14.4%
Accounts Receivables Days	83.65	92.88	103.49	91.02	87.19
Inventory Days	47.87	56.97	61.51	57.20	53.33
Accounts Payables Days	134.55	141.91	138.06	130.52	118.18
ROIC (%)	10.6%	11.7%	7.6%	9.2%	13.5%
ROCE (%)	11.8%	8.9%	5.0%	7.3%	10.9%
Return On Average Assets	11.8%	6.8%	6.7%	9.0%	12.0%

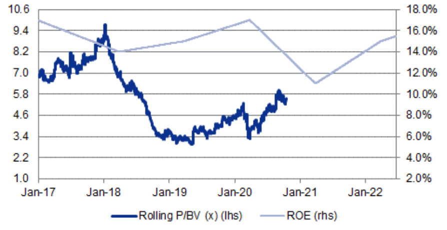
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenues (Rs m)					
-Energy	47995	46770	35340	35328	43512
-Environment	8283	7220	8804	12352	13812
-Chemical	4,151	4,213	4,634	5,561	6,395
Revenue growth (%)					
-Energy	37.2	(2.6)	(24.4)	(0.0)	23.2
-Environment	19.4	(12.8)	21.9	40.3	11.8
-Chemical	15.0	1.5	10.0	20.0	15.0
EBIT margin (%)					
-Energy	6.7	5.3	4.5	4.8	6.5
-Environment	6.8	5.3	5.0	6.4	6.8
-Chemical	14.9	18.5	22.5	20.0	20.0

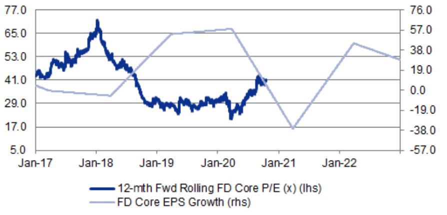
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Timken Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**16,644**	**16,178**	**14,111**	**17,905**	**20,896**
Gross Profit	**7,358**	**7,583**	**6,491**	**8,200**	**9,570**
Operating EBITDA	**2,886**	**3,633**	**2,902**	**3,995**	**4,767**
Depreciation And Amortisation	(793)	(769)	(756)	(782)	(800)
Operating EBIT	**2,093**	**2,864**	**2,147**	**3,213**	**3,968**
Financial Income/(Expense)	(18)	(28)	(28)	(28)	(28)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	163	227	206	221	317
Profit Before Tax (pre-EI)	**2,238**	**3,064**	**2,325**	**3,407**	**4,257**
Exceptional Items					
Pre-tax Profit	**2,238**	**3,064**	**2,325**	**3,407**	**4,257**
Taxation	(752)	(603)	(593)	(869)	(1,086)
Exceptional Income - post-tax					
Profit After Tax	**1,487**	**2,461**	**1,732**	**2,538**	**3,172**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax					
Net Profit	**1,487**	**2,461**	**1,732**	**2,538**	**3,172**
Recurring Net Profit	1,487	2,461	1,732	2,538	3,172
Fully Diluted Recurring Net Profit	**1,487**	**2,461**	**1,732**	**2,538**	**3,172**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	2,886	3,633	2,902	3,995	4,767
Cash Flow from Invt. & Assoc.	(648)	(569)	(577)	(588)	(510)
Change In Working Capital	(796)	326	(33)	(325)	(561)
(Incr)/Decr in Total Provisions					
Other Non-Cash (Income)/Expense	793	769	756	782	800
Other Operating Cashflow	(76)	(184)	(178)	(194)	(290)
Net Interest (Paid)/Received	(18)	(28)	(28)	(28)	(28)
Tax Paid	(754)	(838)	(593)	(869)	(1,086)
Cashflow From Operations	**1,389**	**3,109**	**2,249**	**2,774**	**3,093**
Capex	(1,174)	(1,263)	(800)	(800)	(800)
Disposals Of FAs/subsidiaries	0	60			
Acq. Of Subsidiaries/investments					
Other Investing Cashflow	77	128	206	221	317
Cash Flow From Investing	**(1,097)**	**(1,075)**	**(594)**	**(579)**	**(483)**
Debt Raised/(repaid)	(125)	(48)			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(75)	(75)	(3,760)	(381)	(476)
Preferred Dividends					
Other Financing Cashflow	(33)	(43)	(28)	(28)	(28)
Cash Flow From Financing	**(233)**	**(166)**	**(3,788)**	**(408)**	**(503)**
Total Cash Generated	59	1,868	(2,133)	1,787	2,107
Free Cashflow To Equity	**167**	**1,986**	**1,654**	**2,195**	**2,610**
Free Cashflow To Firm	**309**	**2,061**	**1,682**	**2,223**	**2,638**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	240	4,167	2,062	3,876	6,011
Total Debtors	3,054	2,958	2,900	3,434	4,007
Inventories	3,171	2,914	2,900	3,434	4,007
Total Other Current Assets	915	538	487	618	721
Total Current Assets	**7,380**	**10,577**	**8,348**	**11,362**	**14,747**
Fixed Assets	6,768	7,232	7,276	7,295	7,295
Total Investments	1,758	132	132	132	132
Intangible Assets	1,813	1,813	1,813	1,813	1,813
Total Other Non-Current Assets					
Total Non-current Assets	**10,339**	**9,177**	**9,221**	**9,240**	**9,240**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	2,335	2,139	2,126	2,698	3,149
Other Current Liabilities	1,235	1,293	1,127	1,430	1,669
Total Current Liabilities	**3,570**	**3,432**	**3,254**	**4,128**	**4,818**
Total Long-term Debt	231	200	200	200	200
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**231**	**200**	**200**	**200**	**200**
Total Provisions	549	377	377	377	377
Total Liabilities	**4,350**	**4,008**	**3,830**	**4,705**	**5,395**
Shareholders' Equity	13,407	15,767	13,739	15,896	18,592
Minority Interests					
Total Equity	**13,407**	**15,767**	**13,739**	**15,896**	**18,592**

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	35.3%	(2.8%)	(11.8%)	26.9%	16.7%
Operating EBITDA Growth	76.8%	25.8%	(20.1%)	37.7%	19.3%
Operating EBITDA Margin	17.5%	22.7%	20.6%	22.3%	22.8%
Net Cash Per Share	0.1	52.8	24.8	48.9	77.3
BVPS	178.3	209.7	182.7	211.4	247.2
Gross Interest Cover	118.99	104.10	78.03	116.81	144.23
Effective Tax Rate	33.6%	19.7%	25.5%	25.5%	25.5%
Net Dividend Payout Ratio	5.1%	3.1%	217.1%	15.0%	15.0%
Accounts Receivables Days	58.20	67.82	75.76	64.55	64.99
Inventory Days	110.55	129.21	139.24	119.10	119.91
Accounts Payables Days	84.52	95.00	102.16	90.73	94.21
ROIC (%)	21.0%	18.6%	12.9%	17.8%	21.3%
ROCE (%)	19.6%	18.8%	14.0%	20.9%	22.3%
Return On Average Assets	10.9%	13.3%	9.4%	13.4%	14.3%

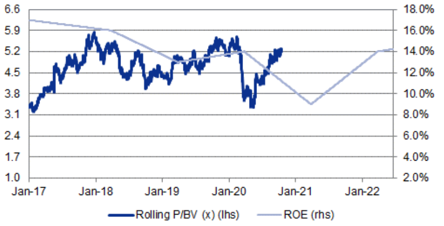
Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Rail	36.7%	30.0%	-7.0%	14.0%	10.00%
Mobility	13.6%	-35.0%	-32.0%	60.0%	30.00%
Process	29.1%	25.0%	-6.0%	16.0%	16.00%
Distribution	36.6%	-3.8%	-8.0%	20.0%	12.00%
Domestic	27.5%	-1.6%	-12.4%	23.7%	12.35%
Exports	13.3%	1.2%	-12.0%	25.0%	16.00%
Sale of service	17.9%	24.8%		10.0%	10.00%
Total sales	23.3%	0.0%	-11.8%	23.4%	13.20%

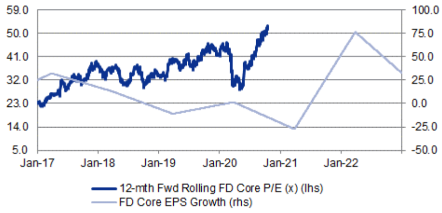
SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS (Voltas Ltd)

P/BV vs ROE



12-mth Fwd FD Core P/E vs FD Core EPS Growth



Profit & Loss

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Net Revenues	**71,241**	**76,581**	**68,574**	**82,472**	**91,608**
Gross Profit	**18,618**	**21,031**	**19,201**	**23,092**	**25,650**
Operating EBITDA	**6,117**	**6,867**	**4,902**	**8,309**	**9,423**
Depreciation And Amortisation	(240)	(320)	(309)	(354)	(390)
Operating EBIT	**5,877**	**6,547**	**4,593**	**7,955**	**9,033**
Financial Income/(Expense)	(330)	(211)	(200)	(200)	(200)
Pretax Income/(Loss) from Assoc.					
Non-Operating Income/(Expense)	1,863	2,306	2,471	2,427	2,527
Profit Before Tax (pre-EI)	**7,410**	**8,642**	**6,864**	**10,182**	**11,360**
Exceptional Items					
Pre-tax Profit	**7,410**	**8,642**	**6,864**	**10,182**	**11,360**
Taxation	(1,635)	(2,233)	(1,785)	(2,647)	(2,954)
Exceptional Income - post-tax	(118)	(512)			
Profit After Tax	**5,657**	**5,898**	**5,079**	**7,535**	**8,406**
Minority Interests					
Preferred Dividends					
FX Gain/(Loss) - post tax					
Other Adjustments - post-tax	(518)	(687)	(600)	(500)	(400)
Net Profit	**5,139**	**5,211**	**4,479**	**7,035**	**8,006**
Recurring Net Profit	5,257	5,722	4,479	7,035	8,006
Fully Diluted Recurring Net Profit	**5,257**	**5,722**	**4,479**	**7,035**	**8,006**

Cash Flow

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
EBITDA	6,117	6,867	4,902	8,309	9,423
Cash Flow from Invt. & Assoc.	657	1,264	1,962	1,873	1,937
Change In Working Capital	(6,456)	(1,103)	936	(1,663)	(945)
(Incr)/Decr in Total Provisions	(119)	16	16	16	16
Other Non-Cash (Income)/Expense	240	320	309	354	390
Other Operating Cashflow	(945)	(1,583)	(2,271)	(2,227)	(2,327)
Net Interest (Paid)/Received	(330)	(211)	(200)	(200)	(200)
Tax Paid	(2,708)	(1,971)	(1,785)	(2,647)	(2,954)
Cashflow From Operations	**(3,544)**	**3,598**	**3,870**	**3,815**	**5,340**
Capex	(818)	(616)	(1,200)	(800)	(800)
Disposals Of FAs/subsidiaries	13				
Acq. Of Subsidiaries/investments		426	(750)	(750)	(750)
Other Investing Cashflow	147	1,794	2,471	2,427	2,527
Cash Flow From Investing	**(657)**	**1,604**	**521**	**877**	**977**
Debt Raised/(repaid)	1,724	(968)			
Proceeds From Issue Of Shares					
Shares Repurchased					
Dividends Paid	(1,577)	(1,596)	(2,153)	(2,368)	(2,584)
Preferred Dividends					
Other Financing Cashflow	(329)	(211)	(200)	(200)	(200)
Cash Flow From Financing	**(183)**	**(2,775)**	**(2,353)**	**(2,568)**	**(2,784)**
Total Cash Generated	(4,384)	2,428	2,038	2,125	3,534
Free Cashflow To Equity	**(2,478)**	**4,235**	**4,391**	**4,693**	**6,318**
Free Cashflow To Firm	**(3,871)**	**5,414**	**4,591**	**4,893**	**6,518**

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

BY THE NUMBERS…cont'd

Balance Sheet

(Rsm)	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Total Cash And Equivalents	24,468	23,241	24,863	26,671	29,989
Total Debtors	18,330	18,336	18,599	20,335	21,584
Inventories	10,907	14,689	10,821	11,388	12,649
Total Other Current Assets	14,268	17,222	15,198	16,629	18,471
Total Current Assets	**67,972**	**73,489**	**69,482**	**75,024**	**82,694**
Fixed Assets	2,864	3,344	4,234	4,680	5,089
Total Investments	2,602	3,276	4,026	4,776	5,526
Intangible Assets	723	723	723	723	723
Total Other Non-Current Assets	1,059	729	729	729	729
Total Non-current Assets	**7,248**	**8,071**	**9,712**	**10,907**	**12,067**
Short-term Debt					
Current Portion of Long-Term Debt					
Total Creditors	23,745	26,889	22,996	24,403	27,106
Other Current Liabilities	6,815	9,312	8,512	9,176	9,880
Total Current Liabilities	**30,560**	**36,201**	**31,508**	**33,579**	**36,986**
Total Long-term Debt	3,147	2,179	2,179	2,179	2,179
Hybrid Debt - Debt Component					
Total Other Non-Current Liabilities					
Total Non-current Liabilities	**3,147**	**2,179**	**2,179**	**2,179**	**2,179**
Total Provisions	66	14	14	14	14
Total Liabilities	**33,772**	**38,394**	**33,701**	**35,771**	**39,179**
Shareholders' Equity	41,100	42,802	45,128	49,795	55,218
Minority Interests	348	365	365	365	365
Total Equity	**41,447**	**43,167**	**45,493**	**50,160**	**55,582**

Key Ratios

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Revenue Growth	11.2%	7.5%	(10.5%)	20.3%	11.1%
Operating EBITDA Growth	(7.7%)	12.3%	(28.6%)	69.5%	13.4%
Operating EBITDA Margin	8.6%	9.0%	7.1%	10.1%	10.3%
Net Cash Per Share	64.4	63.7	68.6	74.0	84.0
BVPS	124.2	129.4	136.4	150.5	166.9
Gross Interest Cover	17.82	31.03	22.96	39.77	45.16
Effective Tax Rate	22.1%	25.8%	26.0%	26.0%	26.0%
Net Dividend Payout Ratio	25.2%	23.1%	36.9%	25.9%	24.8%
Accounts Receivables Days	87.18	87.38	98.30	86.16	83.51
Inventory Days	66.02	84.09	94.30	68.26	66.51
Accounts Payables Days	157.83	166.35	184.39	145.68	142.52
ROIC (%)	23.8%	28.0%	17.1%	26.6%	28.4%
ROCE (%)	13.7%	14.5%	9.9%	15.9%	16.4%
Return On Average Assets	7.4%	7.5%	5.7%	8.7%	9.0%

Key Drivers

	Mar-19A	Mar-20A	Mar-21F	Mar-22F	Mar-23F
Segmental Revenues (Rs m)					
Electro-mechanical Projects	36191	32461	32807	36777	39676
Engineering Products and services	3117	3317	3283	3809	4190
Unitary Cooling Products	31,556	40,737	32,182	41,515	47,327
Growth (%)					
Electro-mechanical Projects	27.2	(10.3)	1.1	12.1	7.9
Engineering Products and services	0.6		(1.0)	16.0	10.0
Unitary Cooling Products	(2.2)	29.1	(21.0)	29.0	14.0
EBIT margin (%)					
Electro-mechanical Projects	7.7	5.2	2.5	6.6	7.0
Engineering Products and services	33.7	29.9	30.0	30.0	30.0
Unitary Cooling Products	10.3	12.6	13.0	14.0	14.0

SOURCES: EIP RESEARCH ESTIMATES, COMPANY REPORTS

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Corporate Governance Report of Thai Listed Companies (CGR). CG Rating by the Thai Institute of Directors Association (Thai IOD) in 2019, Anti-Corruption 2019

ADVANC – Excellent, Certified, **AEONTS** – Good, n/a, **AH** – Very Good, n/a, **AMATA** – Excellent, Declared, **ANAN** – Excellent, Declared, **AOT** – Excellent, n/a, **AP** – Excellent, Certified, **ASP** – Very Good, Certified, **BAM** – not available, n/a, **BANPU** – Excellent, Certified, **BAY** – Excellent, Certified, **BBL** – Very Good, Certified, **BCH** – Good, Certified, **BCP** - Excellent, Certified, **BCPG** – Excellent, Certified, **BDMS** – Very Good, n/a, **BEAUTY** – Good, n/a, **BEC** – Very Good, n/a, **BGRIM** – Very Good, Declared, **BH** - Good, n/a, **BJC** – Very Good, n/a, **BJCHI** – Very Good, Certified, **BLA** – Very Good, Certified, **BPP** – Very Good, Declared, **BR** - Good, n/a, **BTS** - Excellent, Certified, **CBG** – Very Good, n/a, **CCET** – Good, n/a, **CENTEL** – Very Good, Certified, **CHAYO** - Good, n/a, **CHG** – Very Good, Declared, **CK** – Excellent, n/a, **COL** – Excellent, Declared, **CPALL** – Excellent, Certified, **CPF** – Excellent, Certified, **CPN** - Excellent, Certified, **CPNREIT** – not available, n/a, **CRC** – not available, n/a, **DELTA** - Excellent, Declared, **DEMCO** – Excellent, Certified, **DDD** – Very Good, n/a, **DIF** – not available, n/a, **DREIT** – not available, n/a, **DTAC** – Excellent, Certified, **EA** – Excellent, n/a, **ECL** – Very Good, Certified, **EGCO** - Excellent, Certified, **EPG** – Very Good, n/a, **ERW** – Very Good, n/a, **GFPT** - Excellent, Certified, **GGC** – Excellent, Certified, **GLOBAL** – Very Good, n/a, **GLOW** – Very Good, Certified, **GPSC** – Excellent, Certified, **GULF** – Very Good, n/a, **GUNKUL** – Excellent, Certified, **HANA** - Excellent, Certified, **HMPRO** - Excellent, Certified, **HUMAN** – Good, n/a, **ICHI** – Excellent, Declared, **III** – Excellent, n/a, **INTUCH** - Excellent, Certified, **IRPC** – Excellent, Certified, **ITD** – Very Good, n/a, **IVL** - Excellent, Certified, **JASIF** – not available, n/a, **BJC** – Very Good, n/a, **JMT** – Very Good, n/a, **KBANK** - Excellent, Certified, **KCE** - Excellent, Certified, **KKP** – Excellent, Certified, **KSL** – Excellent, Certified, **KTB** - Excellent, Certified, **KTC** – Excellent, Certified, **LH** - Excellent, n/a, **LPN** – Excellent, Certified, **M** – Very Good, Certified, **MACO** – Very Good, n/a, **MAJOR** – Very Good, n/a, **MAKRO** – Excellent, Certified, **MALEE** – Excellent, Certified, **MC** – Excellent, Certified, **MCOT** – Excellent, Certified, **MEGA** – Very Good, n/a, **MINT** - Excellent, Certified, **MK** – Very Good, n/a, **MTC** – Excellent, n/a, **NETBAY** – Very Good, n/a, **OSP** – Very Good, n/a, **PLANB** – Excellent, Certified, **PLAT** – Very Good, Certified, **PR9** – Excellent, n/a, **PSH** – Excellent, Certified, **PSTC** – Very Good, Certified, **PTT** - Excellent, Certified, **PTTEP** - Excellent, Certified, **PTTGC** - Excellent, Certified, **QH** – Excellent, Certified, **RATCH** – Excellent, Certified, **ROBINS** – Excellent, Certified, **RS** – Excellent, n/a, **RSP** – not available, n/a, **S** – Excellent, n/a, **SAPPE** – Very Good, Declared, **SAT** – Excellent, Certified, **SAWAD** – Very Good, n/a, **SC** – Excellent, Certified, **SCB** - Excellent, Certified, **SCC** – Excellent, Certified, **SCN** – Excellent, Certified, **SF** – Good, n/a, **SHR** – not available, n/a, **SIRI** – Very Good, Certified, **SPA** - Good, n/a, **SPALI** - Excellent, n/a, **SPRC** – Excellent, Certified, **STA** – Very Good, Certified, **STEC** – Excellent, n/a, **SVI** – Excellent, Certified, **SYNEX** – Excellent, Certified, **TASCO** – Excellent, Certified, **TCAP** – Excellent, Certified, **THANI** – Excellent, Certified, **TIPCO** – Very Good, Certified, **TISCO** - Excellent, Certified, **TKN** – Very Good, n/a, **TMB** - Excellent, Certified, **TNR** – Very Good, Certified, **TOP** - Excellent, Certified, **TPCH** – Good, n/a, **TPIPP** – Good, n/a, **TRUE** – Excellent, Certified, **TU** – Excellent, Certified, **TVO** – Excellent, Declared, **UNIQ** – not available, n/a, **VGI** – Excellent, Certified, **WHA** – Excellent, Certified, **WHART** – not available, n/a, **WICE** – Excellent, Certified, **WORK** – Good, n/a.

1 CG Score 2019 from Thai Institute of Directors Association (IOD)

2 AGM Level 2018 from Thai Investors Association

3 Companies participating in Thailand's Private Sector Collective Action Coalition Against Corruption programme (Thai CAC) under Thai Institute of Directors (as of November 30, 2018) are categorised into:

companies that have declared their intention to join CAC, and companies certified by CAC.

4 The Stock Exchange of Thailand : the record of listed companies with corporate sustainable development "Thai sustainability Investment 2018" included:

SET and mai listed companies passed the assessment conducted by the Stock Exchange of Thailand: THSI (SET) and THSI (mai)
SET listed companies passed the assessment conducted by the Dow Jones Sustainability Indices (DJSI)

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.