August 8, 2018

Rating matrix		
Rating	:	Buy
Target	:	₹ 520
Target Period	:	12-15 months
Potential Upside	:	36%

What's changed?	
Target	Changed from ₹ 600 to ₹ 520
EPS FY20E	Changed from ₹ 30.7 to ₹ 30.7
EPS FY19E	Changed from ₹ 25.7 to ₹ 25.7
Rating	Unchanged

Quarterly Performance	Q1FY19	Q1FY18	YoY (%)	Q4FY18	QoQ (%)
Revenue	1,324.9	1,169.6	13.3	1,931.4	-31.4
EBITDA	157.1	137.2	14.5	209.2	-24.9
EBITDA (%)	11.9	11.7	12 bps	10.8	103 bps
PAT	81.0	70.5	15.0	104.8	-22.7

Key Financials	FY17	FY18E	FY19E	FY20E
₹ Crore				
Net Sales	4,894.1	5,741.1	6,586.9	7,749.8
EBITDA	546.3	631.2	723.2	849.3
Net Profit	284.7	316.9	371.8	445.1
EPS (₹)	18.5	20.6	24.2	29.0

Valuation summary	FY17	FY18E	FY19E	FY20E
P/E	26.5	23.8	20.3	16.9
Target P/E	16.9	15.2	13.0	10.8
EV / EBITDA	14.7	12.9	11.3	9.7
P/BV	3.0	2.7	2.4	2.1
RoNW (%)	11.2	11.2	11.8	12.5
RoCE (%)	14.1	15.0	15.3	16.1

Stock data	
Particular	Amount
Market Capitalization	₹ 5877.5 Crore
Total Debt (FY18)	₹ 832.7 crore
Cash and Investments (FY18)	₹ 204 crore
EV	₹ 6506 crore
52 week H/L	343.6/ 536
Equity capital	₹ 30.7 Crore

Price performance (%)	1M	3M	6M	12M
Kalpataru Power Tr	2.1	(23.1)	(17.1)	7.3
KEC	(6.5)	(23.0)	(10.4)	6.7
Jyoti Structures	(28.8)	(57.7)	(77.8)	(75.6)

Research Analyst

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Kalpataru Power (KALPOW)

₹ 383

Steady performance, order inflows...

- For Q1FY19, Kalpataru Power (KPTL) reported revenues at ₹ 1324.9 crore, up 13.3% YoY, below our estimate of ₹ 1438.9 crore. On a consolidated basis, revenues grew 9.0% while the PAT margin improved 180 bps to 4.3% due to the better performance of developmental assets and interest rate reduction
- EBITDA came in at ₹ 157.1 crore with EBITDA margins of 11.9%, better than our estimate of 11.4%. The EBITDA margin expansion was on account of lower raw material and operating expenses
- PAT was at ₹ 81 crore, nearly in-line with our estimate of ₹ 85 crore. For Q1FY19, PAT grew 15% YoY. The effective tax rate was at 34.9%, marginally up 30 bps YoY. During the quarter, consolidated net debt went up by ₹ 744 crore to ₹ 3667 crore YoY whereas standalone debt was at ₹ 1030 crore

Strong order inflows to ensure 16.2% revenue CAGR in FY18E-20E

KPTL's order inflow for the quarter was at ₹ 2698 crore registering robust growth of 27% YoY. YTDFY19 order inflow came in at ₹ 3598 crore with L1 order position in orders worth ₹ 2340 crore. The order book has shown impressive accretion as it was at ₹ 13742 crore, which grew a robust 40.9% YoY providing good revenue visibility. We build in order inflow of ₹ 9898 crore and ₹ 11500 crore in FY19E and FY20E, respectively. We expect overall revenues to witness revenue CAGR of 16.2% in FY18-20E. EBITDA margins are likely to be in the range of 11%, which will result in a PAT CAGR of 18.5%.

Railway, pipeline business to continue strong growth momentum

In Q1FY19, Railways business received orders worth ₹ 900 crore and continued to show good traction in order inflows, revenue contribution. KPTL is focusing on Africa, Saarc and neighbouring countries where strong order tendering is expected in coming years. Key clients of railways business are RVNL & CORE (70%) and PGCIL & Konkan (30%). They continue to provide strong order traction in domestic market. During the quarter, railway business revenue grew 10% to ₹ 100 crore YoY while pipeline business posted robust growth of 33% to ₹ 180 crore YoY.

Strong performance, recovery to continue on subsidiary front

During the quarter, JMC projects reported revenues of ₹ 689 crore on a like-to-like basis, up 9.7% YoY driven by strong project execution. Core EBITDA margins continued to improve from 9.8% to 10.3% while PAT grew 22% to ₹ 26.6 crore. YTD order inflows were at ₹ 3464 crore with L1 position at ₹ 1000 crore suggesting strong revenue visibility with expected 15-18% growth in FY19E. Shubham Logistics' (SSL) revenue grew 115% to ₹ 29.2 crore continuing its operational performance improvement. It posted PAT of ₹ 0.6 crore vs. loss of ₹ 10.4 crore, expected to improve on warehouse utilisation that is likely to be >80% in FY19E. Equity requirement from standalone business is pegged at ₹ 70 crore for SSL, ₹ 230 crore in transmission BOOT projects in FY19E-20E.

On strong footing; maintain BUY

The overall strong order book with strong traction in railways and pipeline business, improved subsidiary performance, operating leverage gains and good traction in road BOT projects are expected to support consistent growth and improve return ratios. With revenue CAGR of 15.2% and 18.5% PAT of CAGR, we value KPTL on SoTP basis. Hence, we maintain **BUY** recommendation with a revised fair value of ₹ 520/share (with base business at 15x FY20E).

Variance analysis

	Q1FY19	Q1FY19E	Q1FY18	YoY (Chg %)	Q4FY18	QoQ (Chg %)	Comments
Revenue	1,324.9	1,438.9	1,169.6	13.3	1,931.4	-31.4	Revenues were marginally below our estimates on account of strong execution across all segments
Other Income	14.7	14.0	11.4	29.4	10.9	34.9	
Employee Expenses	102.6	96.4	78.0	31.5	100.0	2.7	
Raw Material Expenses	468.3	611.5	487.0	-3.8	874.9	-46.5	
Other Operating Expenses	106.1	161.2	131.0	-19.0	243.5	-56.4	
Sub Contracting Charges	490.9	405.8	336.4	45.9	503.9	-2.6	
EBITDA	157.1	164.0	137.2	14.5	209.2	-24.9	EBITDA grew 14.5% due to operational efficincies and cost optimisation
EBITDA Margin (%)	11.9	11.4	11.7	12 bps	10.8	103 bps	
Depreciation	19.4	19.4	18.8	2.9	19.1	1.3	
Interest	27.9	30.9	22.0	26.6	31.0	-10.2	
PBT	124.5	127.8	107.8	15.6	169.9	-26.7	
Total Tax	43.5	42.8	37.3	16.6	65.1	-33.1	
PAT	81.0	85.0	70.5	15.0	104.8	-22.7	PAT grew 15%, in line with our estimates
Key Metrics							
Order inflows	2,698.0	2,000.0	3,942.0	-31.6	901.0	199.4	
Order backlog	13742	12,665.0	9,753.0	40.9	12404	10.8	Order backlog provides strong revenue visibility

Source: Company, ICICI Direct Research

Change in estimates

	FY19E			FY20E			
(₹ Crore)	Old	New	% Change	Old	New	% Change	Comments
Revenue	6,751.8	6,586.9	-2.4	7,923.9	7,749.8	-2.2	Revenue growth estimates in line with execution backed by strong order booking
EBITDA	747.5	723.2	-3.3	873.2	849.3	-2.7	
EBITDA Margin (%)	11.1	11.0	-9 bps	11.0	11.0	-6 bps	We estimate stable margins with slight improvement on account of expected operational efficiencies
PAT	394.6	371.8	-5.8	470.4	445.1	-5.4	
EPS (₹)	25.7	24.2	-5.7	30.7	29.0	-5.5	

Source: Company, ICICI Direct Research

Assumptions

			Current		Earlier		
	FY17	FY18E	FY19E	FY20E	FY19E	FY20E	
Order Inflow growth	4.2	20.4	6.0	16.2	1.7	21.1	
Order Backlog growth	8.8	37.8	24.2	24.7	1.4	0.3	Strong order inflow and continued execution will lead to strong visibility
Revenue growth	12.1	17.3	14.7	17.7	17.6	17.4	Uptake in execution will lead to robust billing in FY19E-20E
EBITDA Margins	11.2	11.0	11.0	11.0	11.1	11.0	We maintain margin estimates in 11-11.2% range over next two years

Source: Company, ICICI Direct Research

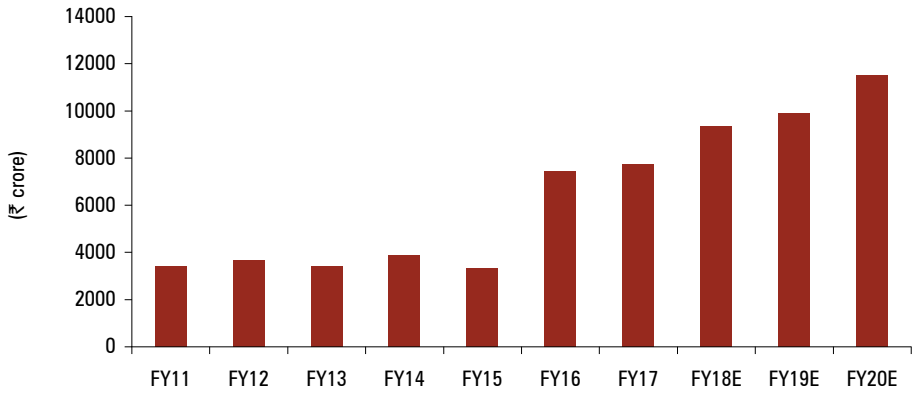
Company Analysis

Strong order inflows to ensure 16.2% revenue CAGR over FY18-20E

KPTL's order inflow for the quarter was at ₹ 2698 crore, registering robust growth of 27% on a YoY basis. Year to date order inflow came in at ₹ 3598 crore with L1 order position in orders worth ₹ 2340 crore. During the quarter, KPTL's order inflow included orders worth ₹ 776 crore from RVNL in railway business, orders worth ₹ 124 crore from international market in T&D business. Order inflows comprised 72% from International market and 28% from the domestic market.

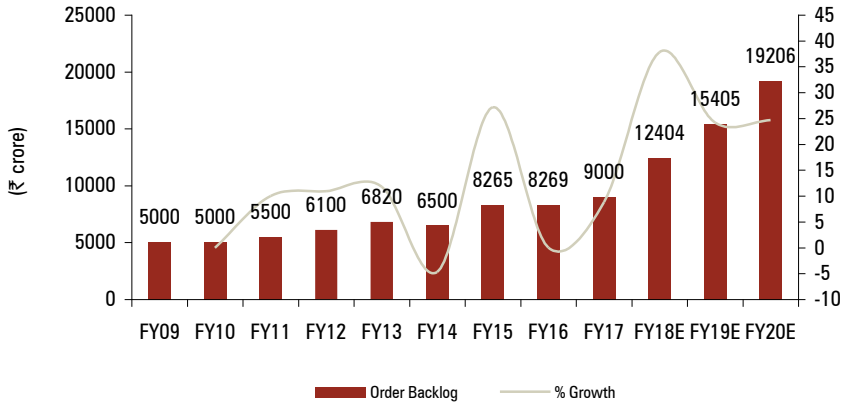
During Q1FY19, the order book showed impressive accretion as it was at ₹ 13742 crore, which grew a robust 40.9% YoY, providing good visibility for future growth. T&D overseas segment contributed 34%, T&D domestic contributes 28%, pipeline contributes 18% and Railways segment contributes 20% to the order book. The current order book consists of orders from Africa (60%) and Saarc (25%) and continues to have a positive outlook on order inflows from these geographies in FY19E. The domestic order book consists of 41% from SEB, 30% from PGCIL and balance 29% from the private sector. We build in order inflow of ₹ 9898 crore and ₹ 11500 crore in FY19E and FY20E, respectively. We expect overall revenues to grow at 16.2% CAGR in FY18-20E. EBITDA margins are likely to be in the range of 11%, resulting in PAT CAGR of 18.5%.

Exhibit 1: Trend in order inflows…



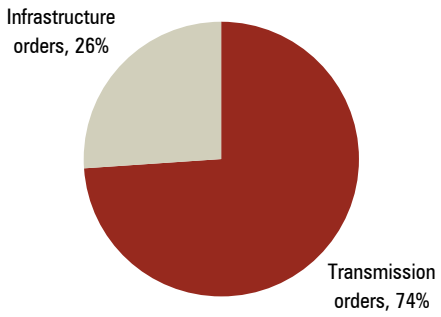
Source: Company, ICICI Direct Research

Exhibit 2: KPTL's order backlog to exhibit steady growth…



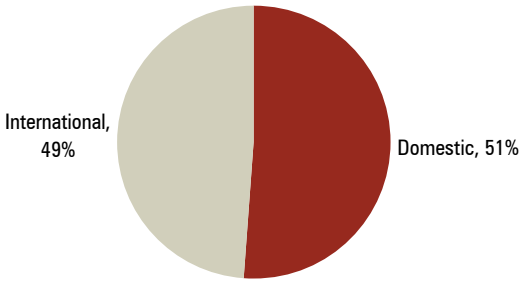
Source: Company, ICICI Direct Research

Exhibit 3: Segmental break up of order backlog



Source: Company, ICICI Direct Research

Exhibit 4: Geographical backlog of transmission backlog

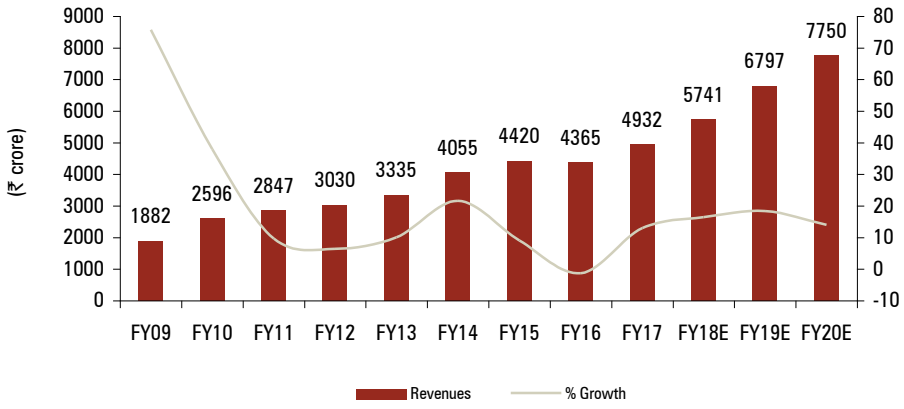


Source: Company, ICICI Direct., Research

Railway and pipeline business to continue strong growth momentum

During Q1FY19, the Railways business received orders worth ₹ 900 crore and continued to show good traction in order inflows and revenue contribution. KPTL is focusing on the Africa and Saarc regions where strong order tendering is expected for agency funded projects in coming years. The key clients of railways business are RVNL & CORE (70%), PGCIL & Konkan (30%) and continue to provide strong order traction in the domestic market. The pipeline business also continues to contribute significantly to revenues amid a low base. During the quarter, railway business revenue grew 10% to ₹ 100 crore YoY while the pipeline business registered robust growth of 33% to ₹ 180 crore YoY.

Exhibit 5: Trend in revenue growth



Source: Company, ICICI Direct Research

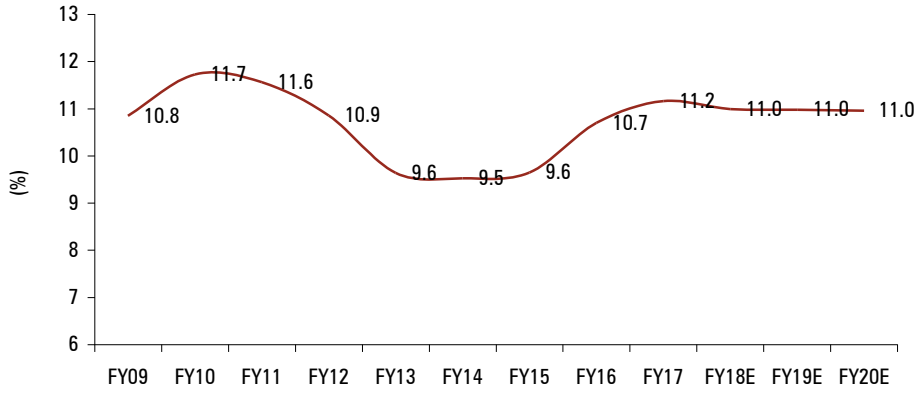
Interest to sale ratio likely to be maintained at 1.9% for FY19E, FY20E

During the quarter, KPTL's net debt increased by ₹ 343 crore to 1030 crore on a YoY basis mainly on account of a delay in payment collection from a few international customers that are expected to come on track in Q2FY19. Net debt is expected to be in the range of ₹ 1000 crore for FY19E. Net working capital days increased during the quarter to 91 days, but are likely to maintain NWC in the range of 82-85 days for FY19E. It has planned a capex of ₹ 140-150 crore in FY19E with most of it in the infrastructure business.

Margins expected sustain at 11% in FY18-20E

Given strong accretion in order backlog across all business regions, T&D, Railways and pipeline are expected to lead to operating leverage and EBITDA margins sustaining at 11%. The T&D business is expected to command margins in the range of 11-12%. However, the railways and pipeline business are expected to command margins in the range of 8.5-9%. Incremental new orders are expected to command margins in the range of 10.5-11.0%.

Exhibit 6: Trend in EBITDA margins…

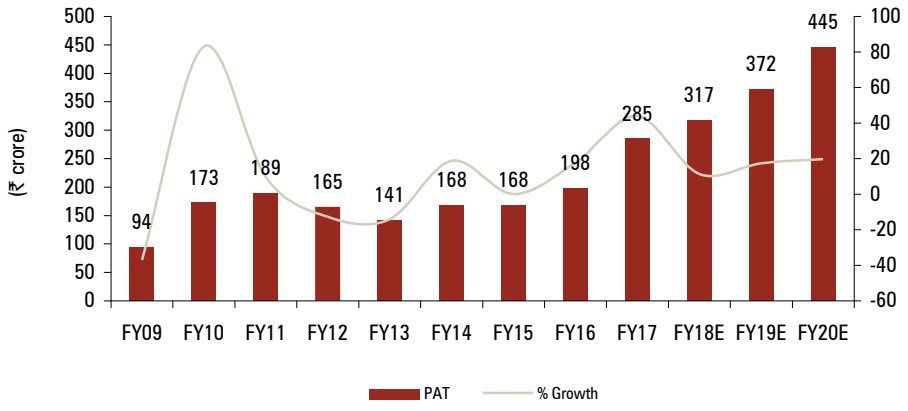


Source: Company, ICICI Direct Research

PAT expected to register 18.5% CAGR in FY18-20E

Strong order intake coupled with a pick-up in execution will drive revenue along with operational efficiencies and cost optimisation initiatives. This is expected to lead to a strong PAT performance in FY18-20E. Hence, we expect PAT CAGR of 21.8% in FY18E-20E. We estimate PAT at ₹ 371.8 crore in FY19E and ₹ 445.1 crore in FY20E.

Exhibit 7: Trend in profitability…

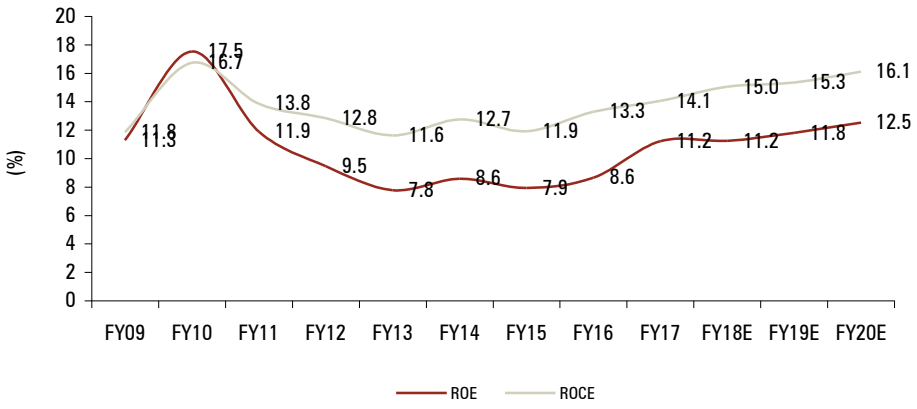


Source: Company, ICICI Direct Research

RoEs set to improve to ~12.5% by FY20E

From a high of 17% in FY10, RoEs fell to a low of 7.7% for KPTL. On the one hand, lower execution, shift in margins and high finance costs played spoilsport while equity infusion into subsidiaries also impacted RoEs as returns from subsidiaries are back ended. Going ahead, with 18.5% CAGR in PAT in FY18-20E, we expect RoE to improve 130 bps to 12.5% in FY20E from 11.2% in FY18.

Exhibit 8: Rising commitment to BOT assets has negative impact on base business RoEs



Source: Company, ICICI Direct Research

Subsidiaries to add to consolidated performance positively

During the quarter, JMC Projects reported revenues of ₹ 689 crore, which grew 3.3% (on a like-to-like basis revenue growth was 9.7% YoY) driven by strong project execution. Core EBITDA margin continues to improve from 9.8% to 10.3% in Q1FY19 while PAT grew 22% to ₹ 26.6 crore. PAT margin also improved from 3.3% to 3.9% on a YoY basis. During Q1FY19, JMC Projects' order inflow was at ₹ 2908 crore with multifold growth on a YoY basis (13% from buildings and factories, 87% from infrastructure). YTD order inflows were at ₹ 3464 crore and has L1 position in orders worth ₹ 1000 crore. JMC's order book was at ₹ 9814 crore vs. ₹ 7616 crore in Q4FY18 suggesting strong revenue visibility with expected 15-20% growth in FY19E backed by good traction in road BOT assets.

During Q1FY19, Shubham Logistics' (SSL) revenue grew 115% to ₹ 29.2 crore continuing its operational performance improvement. It registered PAT of ₹ 0.6 crore vs. loss of ₹ 10.4 crore that is expected to improve on warehouse utilisation, which is likely to be >80% in FY19E.

Outlook and Valuation

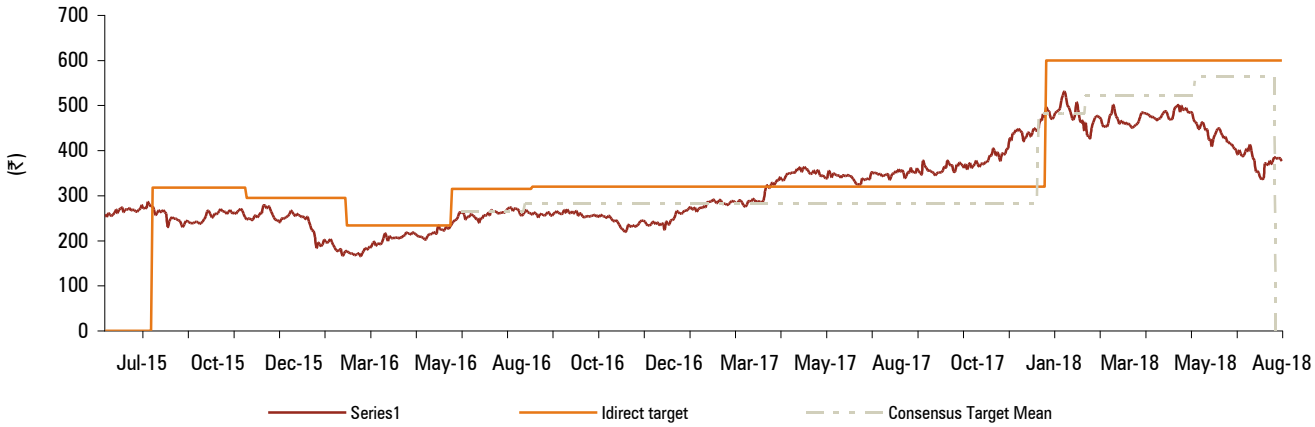
The overall strong order book growth with strong traction in railways and pipeline business, improved subsidiary performance, operating leverage gains and continued traction in road BOT projects are expected to support consistent growth and substantially improve the return ratios of the company from 11.2% in FY18 to 12.5% in FY20E. With a revenue CAGR of 15.2% and 18.5% PAT of CAGR, we value the KPTL on a SoTP basis. We maintain **BUY** recommendation with a revised fair value of ₹ 520/share (with base business at 15x FY20E).

Exhibit 9: SOTP valuation for Kalpataru Power

	Basis of Valuation	Multiple	crore)	value(₹)
Base Business	P/E	15x	6,677	435
JMC Projects	25% Holdco discont on market Cap	67.2% stake	943	61
Other JV's/Investmer	Equity Invested	0.8x	204	20
Total			7,620	520

Source: Company, ICICI Direct Research

Recommendation History vs. consensus



Source: Bloomberg, Company, ICICI Direct Research

Key events

Date	Event
Mar-10	Secures first order from Kenya for about 500 km of transmission line worth US$100 million
Mar-10	Revenues from international segment cross ₹ 1000 crore mark. Also, it secures its first BOOT transmission project in Haryana
Oct-10	Launches open offer for JMC Projects post which the stake in the company goes up to 69%
Mar-11	Consolidated order backlog crosses ₹ 10000 crore (including JMC Projects) for the first time in its operating history
Jan-12	Kalpataru commissions its first transmission BOOT project associated with Jhajjar Power. The capex for the BOOT project is ~₹ 400 crore
Mar-12	Share of international order backlog crosses 50% and is pegged at ₹ 3000 crore. Hence, with this, the margin profile goes through a change as international orders are fixed price in nature. Hence, margins have structurally declined to 9-10% levels from earlier levels of 12-13%
Mar-13	Commences production at Raipur plant, which has installed capacity of 55000 tonnes.The capex was pegged at ₹ 100 crore
Apr-13	Subsidiary Shree Subham Logistics signs agreement with Tano India Private Equity to raise ₹ 80 crore to fund its capex programme
Mar-15	Company misses order inflow guidnace as order declined in FY15 on back of delay in award of L1 order in excess of ₹ 2500 crore. However, the management has guided for a 10-15% revenue growth and 1-11% EBITDA margin guidance for FY16E

Source: Company, ICICI Direct Research

Top 10 Shareholders

Rank	Name	Latest Filing Date	% O/S	Position (m)	Change (m)
1	Kalpataru Group	31-Mar-18	24.1	37.00	0.00
2	KC Holdings Pvt. Ltd.	31-Mar-18	13.8	21.14	0.00
3	Munot (Parag Mofatraj)	31-Mar-18	8.8	13.46	0.00
4	HDFC Asset Management Co., Ltd.	31-May-18	7.9	12.05	-0.12
5	Munot (Mofatraj Pukharaj)	31-Mar-18	7.4	11.41	0.00
6	ICICI Prudential Life Insurance Company Ltd.	31-Mar-18	2.6	3.96	0.22
7	HSBC Global Asset Management (Hong Kong) Limited	31-Mar-18	2.6	3.94	-0.66
8	Reliance Nippon Life Asset Management Limited	31-Mar-18	2.5	3.85	0.50
9	DSP BlackRock Investment Managers Pvt. Ltd.	31-Mar-18	2.3	3.46	-0.27
10	Sundaram Asset Management Company Limited	31-Mar-18	1.5	2.33	-0.09

Shareholding Pattern

(in %)	Jun-17	Sep-17	Dec-17	Mar-18	Jun-18
Promoter	59.3	59.3	59.3	59.3	59.3
FII	6.8	5.4	5.3	5.3	4.8
DII	18.6	19.8	19.6	19.6	21.9
Others	15.3	15.5	15.7	15.7	14.0

Source: Reuters, ICICI Direct Research

Recent Activity

Buys			Sells		
Investor name	Value	Shares	Investor name	Value	Shares
Reliance Nippon Life Asset Management Limited	+3.72M	+0.50M	HSBC Global Asset Management (Hong Kong) Limited	-4.88M	-0.66M
ICICI Prudential Life Insurance Company Ltd.	+1.66M	+0.22M	L&T Investment Management Limited	-2.13M	-0.36M
IDFC Asset Management Company Private Limited	+0.99M	+0.13M	DSP BlackRock Investment Managers Pvt. Ltd.	-2.02M	-0.27M
Taurus Asset Management Co. Ltd.	+0.39M	+0.06M	SBI Funds Management Pvt. Ltd.	-0.83M	-0.13M
RAM Active Investments S.A.	+0.42M	+0.06M	HDFC Asset Management Co., Ltd.	-0.77M	-0.12M

Source: Reuters, ICICI Direct Research

Financial summary

Profit and loss statement				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Total operating Income	4,894.1	5,741.1	6,586.9	7,749.8
Growth (%)	12.1	17.3	14.7	17.7
Raw Material Expenses	2,018.3	2,621.0	2,902.1	3,394.0
Employee Expenses	291.8	348.7	422.5	483.7
Sub Contracting Charges	1,395.0	1,500.6	1,855.8	2,146.3
Other Operating Expenses	642.7	639.7	683.2	876.5
Other expenses	0.0	0.0	0.0	0.0
Total Operating Expenditure	4,347.8	5,110.0	5,863.7	6,900.5
EBITDA	546.3	631.2	723.2	849.3
Growth (%)	17.0	15.5	14.6	17.4
Depreciation	79.3	81.7	86.5	91.3
Interest	98.2	103.3	124.9	149.6
Other Income	49.3	48.0	56.7	56.0
PBT	418.2	494.2	568.4	664.3
Others	0.0	0.0	0.0	0.0
Total Tax	133.5	177.3	196.6	219.2
PAT	284.7	316.9	371.8	445.1
Growth (%)	44.1	11.3	17.3	19.7
EPS (₹)	18.5	20.6	24.2	29.0

Source: Company, ICICI Direct Research

Cash flow statement				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Profit after Tax	284.7	316.9	371.8	445.1
Add: Depreciation	79.3	81.7	86.5	91.3
(Inc)/dec in Current Assets	-171.5	-743.1	-455.9	-785.4
Inc/(dec) in CL and Provisions	31.4	425.3	182.9	536.8
Others	0.0	0.0	0.0	0.0
CF from operating activities	223.9	80.7	185.3	287.9
(Inc)/dec in Investments	-50.0	-100.0	-140.0	-180.0
(Inc)/dec in Fixed Assets	-100.0	-100.0	-50.0	-100.0
Others	0.0	0.0	0.0	0.0
CF from investing activities	-150.0	-200.0	-190.0	-280.0
Issue/(Buy back) of Equity	0.0	0.0	0.0	0.0
Inc/(dec) in loan funds	200.0	50.0	168.0	150.0
Dividend paid & dividend tax	-32.3	-35.9	-39.5	-44.9
Inc/(dec) in Sec. premium	0.0	0.0	0.0	0.0
Others	0.0	7.6	0.0	0.0
CF from financing activities	167.7	14.1	128.5	105.1
Net Cash flow	241.6	-105.2	123.8	113.0
Opening Cash	67.6	309.1	203.9	327.7
Closing Cash	309.1	203.9	327.7	440.7

Source: Company, ICICI Direct Research

Balance sheet				₹ Crore
(Year-end March)	FY17	FY18E	FY19E	FY20E
Liabilities				
Equity Capital	30.7	30.7	30.7	30.7
Reserve and Surplus	2,508.9	2,789.9	3,122.2	3,522.4
Total Shareholders funds	2,539.6	2,820.6	3,152.9	3,553.1
Total Debt	782.7	832.7	1,000.7	1,150.7
Deferred Tax Liability	13.8	13.8	13.8	13.8
Minority Interest / Others	0.0	0.0	0.0	0.0
Total Liabilities	3,336.1	3,667.1	4,167.4	4,717.6
Assets				
Gross Block	1,218.5	1,318.5	1,368.5	1,468.5
Less: Acc Depreciation	601.1	682.8	769.3	860.7
Net Block	617.4	635.7	599.2	607.9
Capital WIP	70.0	70.0	70.0	70.0
Total Fixed Assets	687.4	705.7	669.2	677.9
Investments	544.6	644.6	784.6	964.6
Inventory	507.2	625.3	457.5	816.5
Debtors	2,128.4	2,280.7	2,797.2	3,078.7
Loans and Advances	642.3	965.2	1,010.8	1,004.1
Other Current Assets	642.8	792.5	854.2	1,005.7
Cash	309.1	203.9	327.7	440.7
Total Current Assets	4,229.8	4,867.7	5,447.4	6,345.7
Creditors	1,529.8	1,808.9	1,985.1	2,335.6
Provisions	306.0	343.7	357.3	397.0
Total Current Liabilities	2,126.0	2,551.2	2,734.1	3,270.9
Net Current Assets	2,103.8	2,316.5	2,713.3	3,074.8
Others Assets	0.0	0.0	0.0	0.0
Application of Funds	3,336.2	3,667.1	4,167.4	4,717.6

Source: Company, ICICI Direct Research

Key ratios				
(Year-end March)	FY17	FY18E	FY19E	FY20E
Per share data (₹)				
EPS	18.5	20.6	24.2	29.0
Cash EPS	23.7	26.0	29.9	35.0
BV	165.5	183.8	205.5	231.5
DPS	1.8	2.0	2.2	2.5
Cash Per Share	20.1	13.3	21.4	28.7
Operating Ratios (%)				
EBITDA Margin	11.2	11.0	11.0	11.0
PBT / Total Operating income	8.6	8.6	8.6	8.6
PAT Margin	5.8	5.5	5.6	5.7
Inventory days	35.0	36.0	30.0	30.0
Debtor days	160.0	145.0	155.0	145.0
Creditor days	115.0	115.0	110.0	110.0
Return Ratios (%)				
RoE	11.2	11.2	11.8	12.5
RoCE	14.1	15.0	15.3	16.1
RoIC	15.8	16.2	16.9	17.7
Valuation Ratios (x)				
P/E	26.5	23.8	20.3	16.9
EV / EBITDA	14.7	12.9	11.3	9.7
EV / Net Sales	1.6	1.4	1.2	1.1
Market Cap / Sales	1.6	1.3	1.1	1.0
Price to Book Value	3.0	2.7	2.4	2.1
Solvency Ratios				
Debt/EBITDA	1.4	1.3	1.4	1.4
Debt / Equity	0.3	0.3	0.3	0.3
Current Ratio	2.0	1.9	2.0	1.9
Quick Ratio	2.0	1.8	1.9	1.8

Source: Company, ICICI Direct Research

ICICI Direct coverage universe (Capital Goods)

	CMP			M Cap	EPS (₹)			P/E (x)			RoCE (%)			RoE (%)		
	(₹)	TP(₹)	Rating	(₹ Cr)	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E	FY18	FY19E	FY20E
L&T (LARTOU)	1297	1,530	Buy	179894	39.1	48.1	53.4	36.6	29.7	26.8	11.3	12.7	13.4	12.5	14.4	14.8
Bhel (BHEL)	74	75	Hold	27167	2.0	3.4	4.7	41.8	25.3	18.1	1.4	2.1	3.7	2.2	3.5	4.8
AIA Engineering	1770	1,880	Buy	16694	46.7	53.5	62.8	33.9	29.5	25.2	19.7	22.9	23.5	20.2	20.0	20.2
Thermax (THERMA)	1157	1,335	Buy	13786	22.2	33.7	40.0	52.0	34.3	29.0	10.8	15.0	16.0	9.5	13.0	13.4
KEC International (KECIN)	318	400	Buy	8175	18.5	20.6	24.9	17.8	18.7	15.4	16.7	17.3	18.5	23.3	19.8	19.5
Kalpataru Power(KALPOW)	383	520	Buy	5878	20.6	24.2	29.0	23.8	20.3	16.9	15.0	15.3	16.1	11.2	11.8	12.5
Greaves Cotton (GREAVE)	150	145	Hold	3674	8.5	8.5	8.9	17.6	17.6	16.9	28.7	28.2	32.0	21.2	19.9	22.9
Bharat Electronics (BHAELE)	117	140	Buy	31271	5.7	6.4	7.3	20.5	18.4	16.3	24.9	25.2	25.5	18.0	18.1	18.3
Engineers India (ENGIND)	133	160	Buy	10782	6.0	6.3	6.7	21.9	20.8	19.5	22.7	23.4	22.4	16.7	16.9	17.5
VaTech Wabag (VATWAB)	384	550	Buy	2987	24.1	29.5	35.2	18.7	15.3	12.8	22.0	21.9	23.0	12.3	13.0	13.4
Cochin Shipyard (COCSHI)	455	725	Buy	8,213	29.2	36.2	39.6	14.9	12.0	11.0	13.4	14.8	14.5	12.2	14.1	14.3
SKF (SKFIND)	1724	2,070	Buy	10916	57.6	63.1	69.0	28.5	26.0	23.8	23.7	23.1	22.6	16.1	15.6	15.1
Timken India (TIMIND)	726	835	Hold	5677	13.5	16.7	19.3	51.7	42.0	36.3	18.9	20.4	20.8	13.1	14.1	14.3
NRB Bearing (NRBBEA)	186	215	Buy	2084	9.4	9.6	10.7	17.1	16.7	14.9	26.7	23.5	23.1	24.0	20.7	19.7
Grindwell Norton (GRINOR)	512	580	Buy	6422	13.5	15.4	17.5	38.1	33.4	29.4	22.2	23.0	23.4	15.1	15.6	15.9

Source: Company, ICICI Direct Research

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