RESULT UPDATE

# TECHNO ELECTRIC & ENGINEERING

## GST rigours seen; outlook stable

Edelweiss
Ideas create, values protect

India Equity Research| Engineering and Capital Goods

**Techno Electric & Engineering's (TEEC) revenue/EBITDA/PAT declined 31/31/15% YoY post the robust 50% growth in revenue in Q1FY18. Key highlights: a) Revenue plummeted 31% on accelerated billing in Q1FY18 on precipitation of GST attracting 28% rates on various products. Better clarity on implementation and recent downward revision in rates to 18% should see revenue pick in ensuing quarters; b) Apart from normal repayments, prepayment of INR1bn resulted in INR1.5bn reduction in consolidated debt to INR1.2bn; and c) Wind revenue was hit by heavy rains in Tamil Nadu, though management expects 25% PLF in FY18. Strong revenue visibility (2x) and bid pipeline would ensure healthy revenue growth in EPC segment (17% CAGR over FY17-19E), and improving grid stability is advantageous for TEEC's wind business. We trim our revenue estimate by 6/5% for FY18/19E respectively, factoring in execution delays in Q2FY18 and maintain 'BUY' with a revised SOTP based TP of INR415 (INR425 earlier).**

### Q2FY18 highlights; H1FY18 than damp squib Q2FY18

While Q2FY18 revenue dragged down 31% YoY on accelerated billing in Q1, H1FY18 revenue grew 4% YoY. EPC revenue too recorded strong 16% growth for H1FY18. Adjusting for sale of 33MW wind assets, segment revenue remained stable. TEEC managed to improve collections (INR3.5bn in Q2FY18), resulting in flat receivables over March to September period. Wind realisations stood at INR 4.12/unit. Order inflows stood at INR1bn, resulting in closing order book of INR23.5bn.

### What we expect going ahead?

With lowering of GST rate from 28% to 18% for a basket of products supplied by TEEC, we expect execution to pick up and TEEC to clock 16% growth in H2FY18. SOx tendering by NTPC in December will impel near term order inflows, while improving traction in aluminium, refinery and SEBs will drive long term order inflow.

### Outlook and valuations: Going strong; maintain 'BUY'

We remain positive on TEEC with brightening prospects in T&D segment and efficient working capital management and execution. We estimate EPS CAGR of 19% over FY17-19E, primarily led by EPC business. We maintain **'BUY/SP'**.

**Financials (Consol)** (INR mn)

| Year to March | Q2FY18 | Q2FY17 | % change | Q1FY18 | % change | FY17 | FY18E | FY19E |
|---|---|---|---|---|---|---|---|---|
| Net revenues | 2,542 | 3,676 | (30.8) | 4,123 | (38.3) | 13,567 | 14,984 | 18,171 |
| EBITDA | 768 | 1,116 | (31.2) | 1,016 | (24.4) | 3,125 | 3,481 | 4,104 |
| Adj. Net profit | 604 | 714 | (15.3) | 693 | (12.8) | 1,899 | 2,260 | 2,733 |
| Dil. EPS (INR) | 5.4 | 6.3 | 0.0 | 6.2 | 0.0 | 16.8 | 20.1 | 24.3 |
| Diluted P/E (x) | | | | | | 21.4 | 18.1 | 15.0 |
| EV/EBITDA (x) | | | | | | 12.3 | 10.4 | 8.4 |
| ROAE (%) | | | | | | 18.9 | 19.3 | 20.1 |

**EDELWEISS 4D RATINGS**

| | |
|---|---|
| **Absolute Rating** | **BUY** |
| Rating Relative to Sector | Performer |
| Risk Rating Relative to Sector | Medium |
| Sector Relative to Market | Overweight |

**MARKET DATA** *(R: TEEC.BO, B: TEEC IN)*

| | |
|---|---|
| CMP | : INR 366 |
| Target Price | : INR 415 |
| 52-week range (INR) | : 439 / 280 |
| Share in issue (mn) | : 112.7 |
| M cap (INR bn/USD mn) | : 43 / 665 |
| Avg. Daily Vol.BSE/NSE('000) | : 103.5 |

**SHARE HOLDING PATTERN (%)**

| | Current | Q1FY18 | Q4FY17 |
|---|---|---|---|
| Promoters * | 58.8 | 58.8 | 58.0 |
| MF's, FI's & BK's | 17.5 | 17.8 | 17.9 |
| FII's | 4.6 | 4.9 | 5.3 |
| Others | 19.1 | 18.5 | 18.8 |

** Promoters pledged shares (% of share in issue) : NIL*

**PRICE PERFORMANCE (%)**

| | Stock | Nifty | EW Capital Goods Index |
|---|---|---|---|
| 1 month | 9.3 | 3.0 | 6.0 |
| 3 months | 6.9 | 5.1 | (1.6) |
| 12 months | 23.2 | 21.1 | (3.9) |

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November 13, 2017

## Q2FY18 conference call: Key highlights

**Guidance:**

- INR12.5-15.0bn order intake for FY18.
- PAT growth of 15%.

**Financial performance:**

- EPC revenue declined 32% on account of: 1) accelerated billing in Q1; and 2) the company's conscious call to delay dispatches (INR 0.6-0.7bn revenue impact) on back of products being classified in 28% bracket under GST.
- Wind segment's revenue was lower due to heavy rains in Tamil Nadu during 2nd half of the Q2.
- Grid availability for wind assets is better than last year and management expects wind PLF for FY18 at 25%.
- Consolidated debt lower than INR1.5bn as the company has pre-paid debt of INR1bn apart from normal payments.

**Order intake and order book:**

- Order book: INR23.5bn.
- Order intake: INR1bn. New orders have been received from PGCIL. No new orders from the state during the quarter.

**Others:**

- Significant pick up in order inflow in FY19 and execution expected to pick up in FY20. FY19 exit order book to be in the INR35- 40bn range and FY20 revenue to be INR18-20bn.
- Sox tenders to be floated in December.
- Madarpur & Dadri power plants will be on bio and not coal. Techno has tied up with one of the 3 shortlisted players.
- T&D ordering traction from Andhra Pradesh, Tamil Nadu, Jharkhand, Rajasthan and Madhya Pradesh.
- Techno has successfully completed financial closure of Nagaland PPP project.
- No revenue contribution from the solar segment.
- Management expects collection of INR1.25-1.5bn related to retention money by FY18 end.
- Collection of INR3.5bn in Q2FY18 for billings prior to GST implementation.

**Table 1: SOTP valuation**

| Business Segments | Particulars | Amount (INR mn) | Valuation Method | Multiple (x) | Value (INR mn) | Value per share (INR) |
|---|---|---|---|---|---|---|
| EPC | PAT – FY19E | 1,758 | P/E | 20 | 35,948 | 319 |
| Energy | Book Value | 4,183 | P/B | 1.5 | 6,399 | 57 |
| Project | Book Value | 953 | P/B | 1.5 | 1,429 | 13 |
| Cash | Discounted with 14% COE | 3,950 | | | 3,013 | 27 |
| **Total Fair Value** | | | | | | **415** |

*Source: Edelweiss research*

**Financial snapshot** (INR mn)

| Year to March | Q2FY18 | Q2FY17 | % change | Q1FY18 | % change | YTD18 | FY18E | FY19E |
|---|---|---|---|---|---|---|---|---|
| Net revenues | 2,542 | 3,676 | *(30.8)* | 4,123 | *(38.3)* | 6,665 | 14,984 | 18,171 |
| Raw material | 1,483 | 2,269 | *(34.6)* | 2,793 | *(46.9)* | 4,275 | 10,215 | 12,545 |
| Staff costs | 103 | 100 | *2.4* | 82 | *24.9* | 185 | 403 | 469 |
| Other operating expenses | 189 | 192 | *(1.5)* | 232 | *(18.5)* | 421 | 885 | 1,053 |
| Total expenditure | 1,774 | 2,561 | *(30.7)* | 3,107 | *(42.9)* | 4,881 | 11,503 | 14,067 |
| EBITDA | 768 | 1,116 | *(31.2)* | 1,016 | *(24.4)* | 1,784 | 3,481 | 4,104 |
| Depreciation | 106 | 133 | *(20.1)* | 106 | *0.3* | 212 | 497 | 501 |
| EBIT | 662 | 983 | *(32.7)* | 910 | *(27.3)* | 1,572 | 2,984 | 3,604 |
| Other income | 109 | 56 | *93.2* | 114 | *(4.3)* | 223 | 518 | 563 |
| Interest | 60 | 126 | *(52.3)* | 86 | *(29.9)* | 146 | 416 | 380 |
| Add: Exceptional items | - | 5 | *(100.0)* | - | | - | - | - |
| Profit before tax | 711 | 918 | *(22.6)* | 939 | *(24.3)* | 1,649 | 3,086 | 3,787 |
| Provision for taxes | 106 | 200 | *(46.7)* | 245 | *(56.6)* | 352 | 808 | 1,034 |
| Minority interest | | | | | | | (17) | (20) |
| Reported net profit | 604 | 718 | *(15.9)* | 693 | *(12.8)* | 1,298 | 2,260 | 2,733 |
| Adjusted Profit | 604 | 714 | *(15.3)* | 693 | *(12.8)* | 1,298 | 2,260 | 2,733 |
| Equity capital(FV INR 2) | 113 | 113 | | 113 | | 114 | 225 | 225 |
| Diluted shares (mn) | 113 | 113 | | 113 | | 113 | 113 | 113 |
| Diluted EPS (INR) | 5.4 | 6.3 | *(15.3)* | 6.2 | *(12.8)* | 11.5 | 20.1 | 24.3 |
| **As % of revenues** | | | | | | | | |
| Direct costs | 58.3 | 61.7 | | 67.7 | | 64.2 | 68.2 | 69.0 |
| Employee cost | 4.0 | 2.7 | | 2.0 | | 2.8 | 2.7 | 2.6 |
| Other expenses | 7.4 | 5.2 | | 5.6 | | 6.3 | 5.9 | 5.8 |
| EBITDA | 30.2 | 30.3 | | 24.6 | | 26.8 | 23.2 | 22.6 |
| Reported net profit | 23.8 | 19.4 | | 16.8 | | 19.5 | 15.1 | 15.0 |
| Tax rate | 15.0 | 21.8 | | 26.1 | | 21.3 | 26.2 | 27.3 |

**Change in Estimates**

| | FY18E | | | FY19E | | | |
|---|---|---|---|---|---|---|---|
| | New | Old | % change | New | Old | % change | Comments |
| Net Revenue | 14,984 | 15,887 | *(5.7)* | 18,171 | 19,198 | *(5.3)* | Factoring in GST led execution delays |
| EBITDA | 3,481 | 3,696 | *(5.8)* | 4,104 | 4,337 | *(5.4)* | |
| *EBITDA Margin* | *23.2* | *23.3* | | *22.6* | *22.6* | | |
| Adjusted Profit After Tax | 2,275 | 2,400 | *(5.2)* | 2,752 | 2,801 | *(1.8)* | |
| *Net Profit Margin* | *15.2* | *15.1* | | *15.1* | *14.6* | | |
| Capex | 150 | 150 | *0.0* | 150 | 150 | *0.0* | |

## Company Description

TEEC was incorporated in 1963 by the Mohankas to provide EPC services to core sector industries in India. The company went public in 1973. In 1983, it was taken over by Mr. P.P. Gupta and Mr. C.L. Chamaria. Mr. Gupta became the sole promoter of TEEC after Mr. Chamaria's resignation from the board in 1995. The company is headquartered in Kolkata. TEEC boasts of an experienced team of over 175 engineers backed by 225 skilled professionals and 100 staff members. More than 80% of the company's business comes from repeat customers, a testimony to its execution capability. TEEC is a leading EPC services company in India's power sector and provides services to all the 3 industry segments—generation, transmission and distribution. It was involved in setting up (in one capacity or other) over 50% of the country's thermal power generation capacity and a major portion of the national power grid. It also possesses specific domain knowledge that enables it to serve the EPC needs of power, steel, fertiliser, metals and petrochemicals sectors, among others. It ventured into renewable energy via acquisition of wind assets in 2009. Its total installed capacity currently stands at 130MW (having sold 44.45MW in May 2015 and 33MW in Jan 17) with 12MW in standalone entity and balance 117.9MW in subsidiary Simran Wind Projects (Simran). In 2010, the company ventured into BOOT projects via the JV route as it bagged transmission project worth INR4.4bn in Haryana for a concession period of 25 years extendable by another 10 years. Subsequently, TEEC bagged another project worth INR2bn in Punjab in 2013. The company plans to extend / scale up this business further.

## Investment Theme

**INR2.6tn opportunities in EPC across power, industrial segments**

Given the government's sharpened focus on cutting AT&C losses and thrust on renewables, we expect T&D spending to turn the spotlight on higher kV substations, in addition to spending on the green energy corridor to connect renewable energy to the grid. We envisage generation, transmission and distribution to throw up total EPC opportunity of INR2,602bn (INR520bn p.a.) over the next 5 years for TEEC. We anticipate it to corner ~10% of this. Uptick in industrial and exports would be over and above this.

**Competitive MOAT: Selective approach with eye on RoE, cash flows**

Engineering expertise to handle complex jobs is TEEC's forte. Moreover, the company is extremely selective in project bidding given its focus on complex jobs which normally entail higher profitability and cash flows. It bids for projects funded by either bilateral, multilateral or government funding agencies like PFC or REC to ensure reliable payments and cash flows.

## Key Risks

- Delayed ordering, execution in power sector, currency risk
- Deffered uptick in industrial capex due to contagion
- Heightened competitive intensity could impact profitability
- Lower utilisation and evacuation issues in wind power assets
- Delay in BOOT projects

# Financial Statements

**Key Assumptions**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| **Macro** | | | | |
| GDP(Y-o-Y %) | 7.2 | 6.5 | 7.1 | 7.7 |
| Inflation (Avg) | 4.9 | 4.5 | 4.0 | 4.5 |
| Repo rate (exit rate) | 6.8 | 6.3 | 5.8 | 5.8 |
| USD/INR (Avg) | 65.0 | 67.5 | 66.0 | 66.0 |
| **Company** | | | | |
| Order intake growth (%) | 2.1 | (17.0) | 40.0 | 10.0 |
| Revenue growth (%) | 51.8 | 19.4 | 19.9 | 22.2 |
| EBIT Margins (%) | 14.1 | 14.6 | 15.2 | 15.4 |
| Wind capacity (MW) | 161.8 | 161.8 | 128.8 | 128.8 |
| PLF (%) | 16.0 | 23.4 | 22.0 | 22.0 |
| Capex (INR mn) | (1,920) | (1,243) | 150 | 150 |

**Income statement** (INR mn)

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Income from operations | 10,972 | 13,567 | 14,984 | 18,171 |
| Materials costs | 7,816 | 9,325 | 10,215 | 12,545 |
| Employee costs | 299 | 346 | 403 | 469 |
| Other mfg expenses | 652 | 772 | 885 | 1,053 |
| Total operating expenses | 8,766 | 10,442 | 11,503 | 14,067 |
| EBITDA | 2,206 | 3,125 | 3,481 | 4,104 |
| Depreciation | 494 | 508 | 497 | 501 |
| EBIT | 1,712 | 2,617 | 2,984 | 3,604 |
| Add: Other income | 375 | 492 | 518 | 563 |
| Less: Interest Expense | 443 | 373 | 416 | 380 |
| Add: Exceptional items | 254 | - | - | - |
| Profit Before Tax | 1,898 | 2,735 | 3,086 | 3,787 |
| Less: Provision for Tax | 721 | 837 | 808 | 1,034 |
| Less: Minority Interest | - | - | 17 | 20 |
| Associate profit share | 23 | 29 | 15 | 19 |
| Reported Profit | 1,177 | 1,927 | 2,275 | 2,752 |
| Exceptional Items | 254 | - | - | - |
| Adjusted Profit | 923 | 1,927 | 2,275 | 2,752 |
| Shares o /s (mn) | 113 | 113 | 113 | 113 |
| Adjusted Basic EPS | 8.2 | 17.1 | 20.2 | 24.4 |
| Diluted shares o/s (mn) | 113 | 113 | 113 | 113 |
| Adj. Diluted EPS (INR) | 8.2 | 17.1 | 20.2 | 24.4 |
| Adjusted Cash EPS | 14.7 | 22.8 | 24.6 | 28.9 |
| Dividend per share (DPS) | 5.1 | 5.1 | 5.0 | 4.0 |
| Dividend Payout Ratio(%) | 58.2 | 35.5 | 29.7 | 19.6 |

**Common size metrics**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Operating expenses | 79.9 | 77.0 | 76.8 | 77.4 |
| Materials costs | 71.2 | 68.7 | 68.2 | 69.0 |
| Staff costs | 2.7 | 2.5 | 2.7 | 2.6 |
| S G & A expenses | 5.9 | 5.7 | 5.9 | 5.8 |
| Depreciation | 4.5 | 3.7 | 3.3 | 2.8 |
| Interest Expense | 4.0 | 2.8 | 2.8 | 2.1 |
| EBITDA margins | 20.1 | 23.0 | 23.2 | 22.6 |
| Net Profit margins | 8.4 | 14.2 | 15.2 | 15.1 |

**Growth ratios (%)**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Revenues | 38.2 | 23.7 | 10.4 | 21.3 |
| EBITDA | 6.0 | 41.7 | 11.4 | 17.9 |
| Adjusted Profit | (12.2) | 108.7 | 18.0 | 20.9 |
| EPS | (12.2) | 108.7 | 18.0 | 20.9 |

| Balance sheet | | | | (INR mn) |
|---|---|---|---|---|
| **As on 31st March** | **FY16** | **FY17** | **FY18E** | **FY19E** |
| Share capital | 114 | 228 | 225 | 225 |
| Reserves & Surplus | 9,164 | 10,842 | 12,441 | 14,652 |
| Shareholders' funds | 9,278 | 11,070 | 12,666 | 14,877 |
| Minority Interest | - | - | 17 | 37 |
| Short term borrowings | 1,015 | - | - | - |
| Long term borrowings | 3,068 | 2,099 | 2,153 | 2,353 |
| Total Borrowings | 4,084 | 2,099 | 2,153 | 2,353 |
| Long Term Liabilities | 98 | 213 | 213 | 213 |
| **Sources of funds** | **14,349** | **14,418** | **16,086** | **18,517** |
| Gross Block | 10,897 | 9,653 | 9,803 | 9,953 |
| Net Block | 8,037 | 6,285 | 5,937 | 5,587 |
| Intangible Assets | 200 | 201 | 201 | 201 |
| Total Fixed Assets | 8,237 | 6,486 | 6,139 | 5,788 |
| Non current investments | 634 | 789 | 1,039 | 1,289 |
| Cash and Equivalents | 2,042 | 4,903 | 6,090 | 7,821 |
| Inventories | 379 | 2 | 280 | 344 |
| Sundry Debtors | 4,963 | 5,596 | 6,363 | 7,717 |
| Loans & Advances | 380 | 33 | 459 | 527 |
| Other Current Assets | 1,766 | 1,067 | 1,067 | 1,067 |
| Current Assets (ex cash) | 7,488 | 6,698 | 8,168 | 9,654 |
| Trade payable | 2,875 | 3,407 | 3,649 | 4,471 |
| Other Current Liab | 1,177 | 1,051 | 1,701 | 1,565 |
| Total Current Liab | 4,052 | 4,458 | 5,350 | 6,036 |
| Net Curr Assets-ex cash | 3,436 | 2,240 | 2,818 | 3,618 |
| Net Deferred tax | 889 | 1,036 | 1,036 | 1,036 |
| **Uses of funds** | **14,349** | **14,418** | **16,086** | **18,517** |
| BVPS (INR) | 82.3 | 98.2 | 112.4 | 132.0 |

**Cash flow metrics**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Operating cash flow | 325 | 3,440 | 2,627 | 2,852 |
| Investing cash flow | 1,994 | 1,088 | (400) | (400) |
| Financing cash flow | (1,451) | (2,928) | (1,041) | (721) |
| Net cash Flow | 868 | 1,600 | 1,187 | 1,731 |
| Capex | 1,920 | 1,243 | (150) | (150) |
| Dividend paid | (309) | (685) | (676) | (541) |
| Share issue/(buyback) | - | - | (3) | - |

**Profitability and efficiency ratios**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| ROAE (%) | 9.9 | 18.9 | 19.3 | 20.1 |
| ROACE (%) | 15.2 | 23.4 | 25.0 | 26.0 |
| Inventory Days | 10 | 7 | 5 | 9 |
| Debtors Days | 140 | 142 | 146 | 141 |
| Payable Days | 99 | 123 | 126 | 118 |
| Cash Conversion Cycle | 51 | 27 | 25 | 32 |
| Current Ratio | 2.4 | 2.6 | 2.7 | 2.9 |
| Debt/EBITDA (x) | 1.9 | 0.7 | 0.6 | 0.6 |
| Gross Debt/Equity | 0.4 | 0.2 | 0.2 | 0.2 |
| Adjusted Debt/Equity | 0.4 | 0.2 | 0.2 | 0.2 |
| Interest Coverage Ratio | 3.9 | 7.0 | 7.2 | 9.5 |

**Operating ratios**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Total Asset Turnover | 0.8 | 0.9 | 1.0 | 1.1 |
| Fixed Asset Turnover | 0.6 | 1.8 | 2.4 | 3.0 |
| Equity Turnover | 2.4 | 2.7 | 1.3 | 1.3 |

| Free cash flow | | | | (INR mn) |
|---|---|---|---|---|
| **Year to March** | **FY16** | **FY17** | **FY18E** | **FY19E** |
| Reported Profit | 1,177 | 1,927 | 2,275 | 2,752 |
| Add: Depreciation | 494 | 508 | 497 | 501 |
| Interest (Net of Tax) | 275 | 259 | 307 | 276 |
| Others | (38) | 114 | 126 | 124 |
| Less: Changes in WC | 1,583 | (632) | 578 | 800 |
| Operating cash flow | 325 | 3,440 | 2,627 | 2,852 |
| Less: Capex | (1,920) | (1,243) | 150 | 150 |
| **Free Cash Flow** | **2,245** | **4,683** | **2,477** | **2,702** |

**Valuation parameters**

| Year to March | FY16 | FY17 | FY18E | FY19E |
|---|---|---|---|---|
| Adj. Diluted EPS (INR) | 8.2 | 17.1 | 20.2 | 24.4 |
| *Y-o-Y growth (%)* | *(12.2)* | *108.7* | *18.0* | *20.9* |
| Adjusted Cash EPS (INR) | 14.7 | 22.8 | 24.6 | 28.9 |
| Diluted P/E (x) | 44.7 | 21.4 | 18.1 | 15.0 |
| P/B (x) | 4.4 | 3.7 | 3.3 | 2.8 |
| EV / Sales (x) | 3.9 | 2.8 | 2.4 | 1.9 |
| EV / EBITDA (x) | 19.6 | 12.3 | 10.4 | 8.4 |
| Dividend Yield (%) | 1.4 | 1.4 | 1.4 | 1.1 |

**Peer comparison valuation**

| | Market cap | Diluted P/E (X) | | P/B (X) | | ROAE (%) | |
|---|---|---|---|---|---|---|---|
| **Name** | **(USD mn)** | **FY18E** | **FY19E** | **FY18E** | **FY19E** | **FY18E** | **FY19E** |
| Techno Electric & Engineering | 665 | 18.2 | 15.0 | 3.3 | 2.8 | 19.3 | 20.1 |
| Kalpataru Power | 903 | 17.5 | 13.9 | 2.1 | 1.8 | 12.6 | 14.0 |
| KEC International | 1,193 | 20.7 | 16.8 | 3.9 | 3.2 | 20.6 | 21.0 |
| Median | - | 18.2 | 15.1 | 3.3 | 2.8 | 19.3 | 20.1 |
| AVERAGE | - | 18.8 | 15.2 | 3.1 | 2.6 | 17.5 | 18.4 |

*Source: Edelweiss research*

# Additional Data

## Directors Data

| | | | |
|---|---|---|---|
| P P Gupta | Chairman | K K Rai | Independent Non-Executive Director |
| K M Poddar | Independent Non-Executive Director | K Vasudevan | Independent Non-Executive Director |
| S N Roy | Independent Non-Executive Director | VD Mohile | Independent Non-Executive Director |
| Ankit Saraiya | Director | Avantika Gupta | Director |
| Dr. Rajendra Prasad Singh | Independent Director | | |

Auditors - M/s Singhi & Co., Chartered Accountants

**as per last annual report*

## Holding – Top10

| | Perc. Holding | | Perc. Holding |
|---|---|---|---|
| Varanasi commercial | 21.55 | Kusum industrial gas | 12.78 |
| Techno leasing & fin | 12.08 | Dsp blackrock invest | 6.78 |
| Techno power project | 5.61 | J p financial serv p | 5.09 |
| J p financial srvs p | 4.83 | L&t investment manag | 3.82 |
| Kotak mahindra | 3.07 | Grantham mayo van ot | 2.31 |

**in last one year*

## Bulk Deals

| Data | Acquired / Seller | B/S | Qty Traded | Price |
|---|---|---|---|---|
| No Data Available | | | | |

**in last one year*

## Insider Trades

| Reporting Data | Acquired / Seller | B/S | Qty Traded |
|---|---|---|---|
| 29 Mar 2017 | Kusum Industrial Gases Ltd. | Buy | 425000.00 |
| 29 Mar 2017 | Padam Prakash Gupta | Sell | 300000.00 |
| 29 Mar 2017 | Trimurti Associates Pvt Ltd | Buy | 35000.00 |
| 29 Mar 2017 | Checons Ltd | Buy | 225000.00 |
| 29 Mar 2017 | Varanasi Commercial Ltd | Buy | 215000.00 |

**in last one year*

| Company | Absolute reco | Relative reco | Relative risk | Company | Absolute reco | Relative reco | Relative Risk |
|---|---|---|---|---|---|---|---|
| ABB India | BUY | SO | L | Bharat Forge | BUY | SO | M |
| Bharat Heavy Electricals | BUY | SP | M | CG Power and Industrial Solutions | HOLD | SP | M |
| Cummins India | BUY | SO | L | Engineers India Ltd | BUY | SO | L |
| Greaves Cotton | HOLD | SP | M | Kalpataru Power | BUY | SO | M |
| KEC International | BUY | SP | M | Larsen & Toubro | BUY | SO | M |
| Praj Industries | BUY | None | None | Ramkrishna Forgings | BUY | SP | M |
| Siemens | HOLD | SP | L | TD Power Systems | HOLD | None | None |
| Techno Electric & Engineering | BUY | SO | M | Thermax | REDUCE | SP | L |
| Triveni Turbine | BUY | None | None | VA Tech Wabag | BUY | None | None |

## ABSOLUTE RATING

| Ratings | Expected absolute returns over 12 months |
|---|---|
| Buy | More than 15% |
| Hold | Between 15% and - 5% |
| Reduce | Less than -5% |

## RELATIVE RETURNS RATING

| Ratings | Criteria |
|---|---|
| Sector Outperformer (SO) | Stock return > 1.25 x Sector return |
| Sector Performer (SP) | Stock return > 0.75 x Sector return |
| | Stock return < 1.25 x Sector return |
| Sector Underperformer (SU) | Stock return < 0.75 x Sector return |

Sector return is market cap weighted average return for the coverage universe within the sector

## RELATIVE RISK RATING

| Ratings | Criteria |
|---|---|
| Low (L) | Bottom 1/3rd percentile in the sector |
| Medium (M) | Middle 1/3rd percentile in the sector |
| High (H) | Top 1/3rd percentile in the sector |

Risk ratings are based on Edelweiss risk model

## SECTOR RATING

| Ratings | Criteria |
|---|---|
| Overweight (OW) | Sector return > 1.25 x Nifty return |
| Equalweight (EW) | Sector return > 0.75 x Nifty return |
| | Sector return < 1.25 x Nifty return |
| Underweight (UW) | Sector return < 0.75 x Nifty return |

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Date: 2017.11.13 20:00:22 +05'30'

### *Coverage group(s) of stocks by primary analyst(s): Engineering and Capital Goods*

ABB India, Bharat Heavy Electricals, Bharat Forge, CG Power and Industrial Solutions, Engineers India Ltd, Greaves Cotton, KEC International, Cummins India, Kalpataru Power, Larsen & Toubro, Praj Industries, Ramkrishna Forgings, Siemens, TD Power Systems, Techno Electric & Engineering, Thermax, Triveni Turbine, VA Tech Wabag

**Recent Research**

| Date | Company | Title | Price (INR) | Recos |
|---|---|---|---|---|
| 30-Dec-99 | **Larsen & Toubro** | Core steady; prospects blooming; *Result Update* | 1,265 | Buy |
| 30-Dec-99 | **Voltas** | Operationally in-line; big picture intact; *Result Update* | 572 | Buy |
| 30-Dec-99 | **CG Power and Industrial Solutions** | Strong core performance; *Result Update* | 84 | Hold |

**Distribution of Ratings / Market Cap**

**Edelweiss Research Coverage Universe**

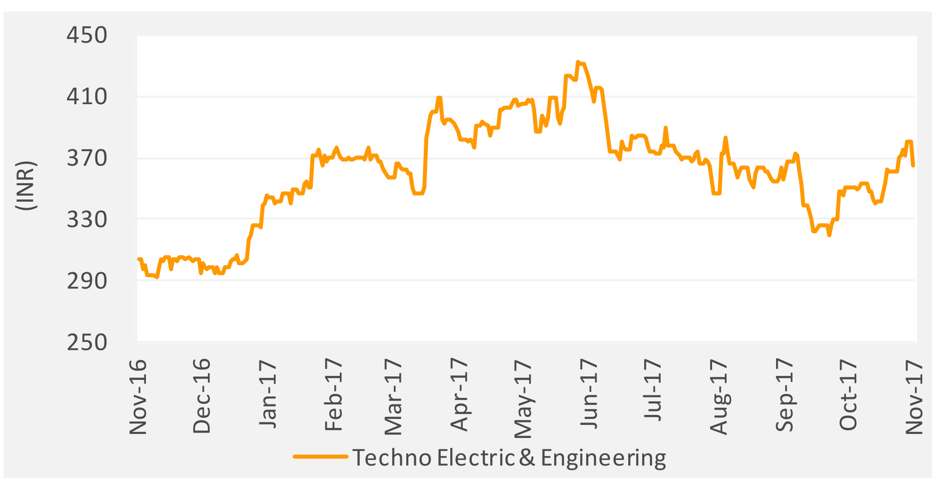
| | Buy | Hold | Reduce | Total |
|---|---|---|---|---|
| Rating Distribution*<br>* 1stocks under review | 161 | 67 | 11 | 240 |

| | > 50bn | Between 10bn and 50 bn | < 10bn |
|---|---|---|---|
| Market Cap (INR) | 156 | 62 | 11 |

**Rating Interpretation**

| Rating | Expected to |
|---|---|
| **Buy** | appreciate more than 15% over a 12-month period |
| **Hold** | appreciate up to 15% over a 12-month period |
| **Reduce** | depreciate more than 5% over a 12-month period |

**One year price chart**



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