

Capital Goods

Result Preview



Company

ABB India
Bharat Electronics
Cummins India
Hindustan Aeronautics
Hitachi Energy India
Kalpataru Projects International
KEC International
Kirloskar Oil Engines
L&T
Siemens
Thermax
Triveni Turbine
Zen Technologies

Comfortably placed

The capital goods sector is comfortably positioned, supported by: 1) strong order book providing healthy revenue visibility, 2) favorable commodity prices offering comfort to margins, 3) strong balance sheet that provides leeway for capex, and 4) favorable government policies, such as plans for emergency defense procurement, focus on renewables, and Make in India initiative. We will wait to see a broad-based revival in domestic and private capex, along with sustained momentum in order inflows, which would drive a re-rating of the sector from current levels. We expect a 14% YoY growth in revenues for our coverage universe. With an improved revenue mix and benign commodity prices, margins are expected to remain stable YoY. However, sequentially, we expect margins to contract, mainly due to the high margin base of defense companies. For 1QFY26, we estimate our coverage companies to report revenue growth of 14% YoY, EBITDA growth of 14% YoY, and PAT growth of 12% YoY. We reiterate our positive stance on LT, KKC, and Bharat Electronics in the large cap space and KOEL and KPIL in the mid- and small-cap segments.

Healthy ordering momentum during the quarter

Ordering momentum remained strong during the quarter, supported by healthy traction across the defense, power T&D, renewables, and B&F segments. The railways segment, which saw a slowdown in FY25, has started showing signs of recovery since Apr'25. Order inflows were strong in 4QFY25, and 1QFY26 has started on a decent note. During the quarter, LT bagged orders across the power T&D segment, as well as in water, buildings, and factories, announcing inflows worth INR150b so far. The Siemens consortium won a major order worth INR41b from the National High-speed Rail Corporation for the Mumbai-Ahmedabad high-speed rail project. In 1QFY26, BHE won ~INR73.5b worth of orders, KECI secured ~INR68.5b, and KPIL acquired ~INR71.5b. Backed by a strong order book and the anticipated finalization of pending pipeline orders, we expect execution for our coverage universe to grow 14% YoY in 1QFY26.

Emergency procurement to augur well for both private and public defense companies

The DAC has approved emergency procurement worth INR400b for the Indian Defence Forces. Key systems prioritized under the emergency powers include surveillance drones, kamikaze drones, loitering munitions, and various types of missiles and ammunition. These emergency powers ensure that equipment is received within strict timelines, helping to meet immediate operational requirements. This is the fifth such tranche of emergency procurement since 2019. 13 contracts worth INR20b under the emergency procurement mechanism have already been concluded. Additionally, DRDO has offered 28 indigenous weapon systems to defense forces for emergency procurement. These include weapons like rockets, missiles, grenades, and anti-drone missiles.

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Margin likely to vary across sectors

We expect EPC companies to report sequential recovery in margins as improved momentum continues following the completion of low-margin legacy projects. After seeing an uptick, prices of key inputs have eased. Product companies are continuously focusing on high-margin areas, tech-led offerings, and deeper penetration in tier 3 and 4 markets, enabling them to benefit from better pricing. We expect margins for most product companies to be either maintained QoQ or improve based on the business mix. In recent months, zinc/ aluminum/copper prices have eased by 9%/8%/2% vs. Mar'25 levels, while HRC prices have risen by 5%. A sustained decline in commodity prices is likely to improve margins in future. We, thus, expect ~10bp of YoY margin expansion in 1QFY26 for our coverage universe, while sequentially, margin is expected to contract ~370bp, mainly due to the high margin base of defense companies.

Strong opportunities in international markets

Export performance is gradually improving for companies, with expectations of further gains from increased exports to the US, Europe, and the Middle East. EPC players are already benefiting from opportunities in renewables and renewable transmission projects, and we expect a similar momentum to continue going forward. Overall, engineering companies have shown their intent to ramp up exports in FY26 after cautiously evaluating export markets amid the current geopolitical situation. Defense companies are targeting larger opportunities through the export of major platforms such as Akash missile, MRSAM, and defense control systems, where domestic companies have already established their product quality in domestic markets.

Valuations baking in improved capex spends

The Capital goods sector has already seen outperformance during the quarter on decent results and expectations of capex revival. We expect these valuations to be sustained only on continuity of order inflows as well as earnings momentum. Broadly, capex activity from private sector continues to remain weak. Along with this, defense sector has seen a re-rating on hopes of emergency procurement as well as on NATO's new spending targets on defense and expectations that India would follow the suit. We expect these to be positive for defense sector as it widens the TAM on both domestic and international markets for defense companies. Valuations for transmission sector plays would continue to remain high on continuously improving market opportunities on T&D and renewable.

Our top picks

We prefer companies with a well-balanced revenue mix, control over margins, and the ability to maintain or improve growth profile going forward. We remain selective on the sector and maintain our positive stance on **LT, KKC, and Bharat Electronics** in the large cap space and **KOEL and KPIL** in the mid- and small-cap segments.

Exhibit 1: Summary of quarterly earnings estimates

Sector	CMP		Sales (INR M)			EBIDTA (INR M)			NET PROFIT (INR m)		
	(INR)	Reco	Jun-25	Var % YoY	Var % QoQ	Jun-25	Var % YoY	Var % QoQ	Jun-25	Var % YoY	Var % QoQ
ABB India	5,951	Buy	32,160	13.6	1.8	5,916	9.0	1.6	4,844	9.4	2.2
Bharat Electronics	432	Buy	48,429	15.3	-46.9	10,801	15.3	-61.3	8,388	8.1	-60.1
Cummins India	3,348	Buy	26,579	15.4	8.2	5,342	14.3	2.8	4,911	17.0	-5.8
Hind.Aeronautics	4,911	Buy	52,497	20.8	-61.7	12,599	27.2	-76.2	12,597	-12.3	-68.3
Hitachi Energy	19,315	Sell	18,931	42.6	0.5	2,177	354.5	-19.7	1,295	1,142.7	-34.4
KEC International	910	Neutral	50,935	12.9	-25.9	3,565	31.9	-33.8	1,170	33.6	-56.4
Kalpataru Proj.	1,198	Buy	45,898	23.3	-26.0	3,901	24.5	-25.4	1,545	32.4	-41.9
Kirloskar Oil	857	Buy	14,021	4.4	-0.7	1,753	-11.3	0.7	1,116	-17.2	5.7
Larsen & Toubro	3,667	Buy	6,18,304	12.2	-16.9	61,335	9.2	-25.2	33,590	20.6	-34.6
Siemens	3,323	Neutral	42,133	12.0	-1.1	5,310	9.4	13.6	4,819	10.3	18.1
Thermax	3,353	Sell	24,437	11.9	-20.8	2,017	42.9	-32.7	1,271	16.1	-38.2
Triveni Turbine	606	Buy	4,933	6.5	-8.3	1,001	4.8	-16.8	827	2.9	-12.6
Zen Technologies	1,978	Neutral	2,589	2.0	-11.8	932	-9.7	-1.2	814	9.7	-4.2
Capital Goods			9,81,846	13.7	-22.9	1,16,651	14.3	-41.3	77,187	11.7	-44.2

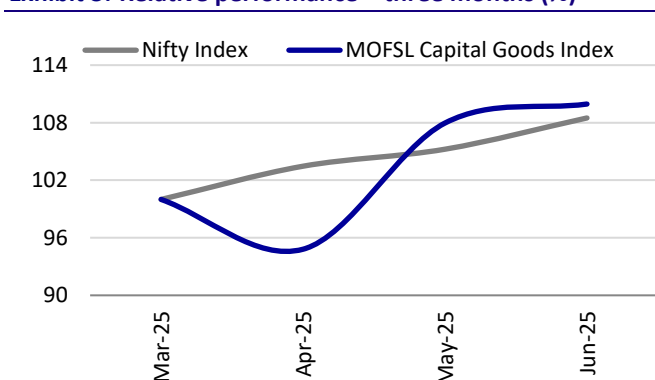
ABB: December ending; SIEM: September ending

Exhibit 2: Comparative valuations

Company Name	CMP	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
	(INR)		FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E	FY25	FY26E	FY27E
Capital Goods						40.6	40.0	33.5	7.3	7.4	6.4	18.0	18.4	18.9
ABB India	5,951	Buy	88.5	94.4	103.6	67.3	63.0	57.5	17.8	15.6	13.9	28.8	26.4	25.6
Bharat Electronics	432	Buy	7.2	8.2	9.9	59.8	52.6	43.5	16.0	12.6	10.1	26.8	24.0	23.1
Cummins India	3,348	Buy	71.7	83.3	97.9	46.7	40.2	34.2	13.2	11.7	10.3	30.2	30.9	32.1
Hind.Aeronautics	4,911	Buy	125.0	141.2	161.2	39.3	34.8	30.5	9.4	7.9	6.6	23.9	22.6	21.8
Hitachi Energy	19,315	Sell	77.5	170.1	250.0	249.4	113.6	77.3	19.4	16.5	13.5	8.2	15.3	18.3
Kalpataru Proj.	1,198	Buy	39.3	55.4	74.1	30.5	21.6	16.2	2.8	2.6	2.2	10.4	12.4	14.7
KEC International	910	Neutral	21.4	35.1	44.4	42.5	26.0	20.5	4.5	4.4	4.2	12.1	17.2	21.0
Kirloskar Oil	857	Buy	28.8	33.6	40.9	29.8	25.5	21.0	4.2	3.7	3.2	14.9	15.3	16.4
Larsen & Toubro	3,667	Buy	106.8	129.4	153.6	34.3	28.3	23.9	5.2	4.6	4.0	16.0	17.1	18.0
Siemens	3,323	Neutral	56.8	52.1	66.1	58.6	63.8	50.3	7.7	6.9	6.0	13.2	10.8	12.0
Siemens Energy	2,950	Buy	19.6	29.1	36.6	150.5	101.3	80.6	32.7	24.7	18.9	21.7	24.4	23.4
Thermax	3,353	Sell	56.4	65.7	77.8	59.5	51.0	43.1	7.6	6.9	6.1	13.5	14.2	14.9
Triveni Turbine	606	Buy	11.3	12.8	16.0	53.7	47.2	37.8	15.8	12.8	10.3	33.0	29.9	30.1
Zen Technologies	1,978	Neutral	29.1	37.9	57.1	67.9	52.1	34.6	10.6	8.8	7.0	24.6	18.4	22.5

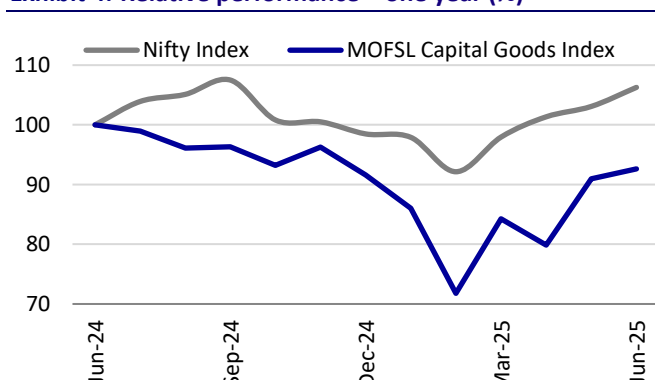
For ABB, FY25/FY26E/FY27E indicate CY24/CY25E/CY26E data; For SIEM: FY25/FY26E/FY27E indicate Sep'24/Sep'25E/Sep'26E data.

Exhibit 3: Relative performance – three months (%)



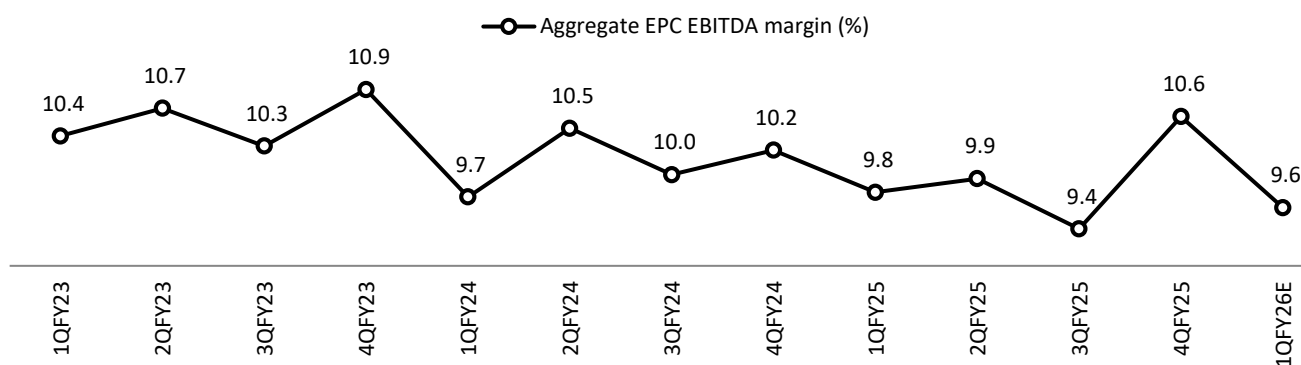
Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one year (%)



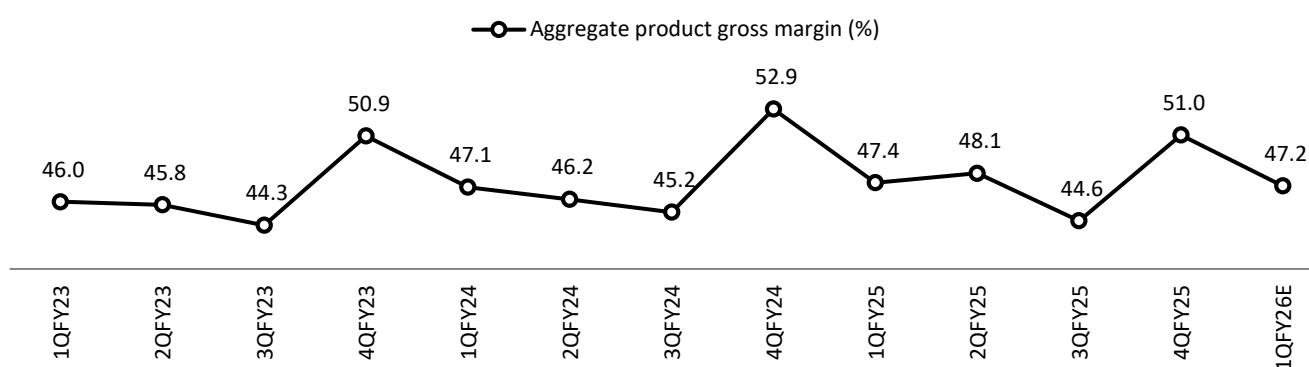
Source: Bloomberg, MOFSL

Exhibit 5: EBITDA margin snapshot for EPC companies under our coverage



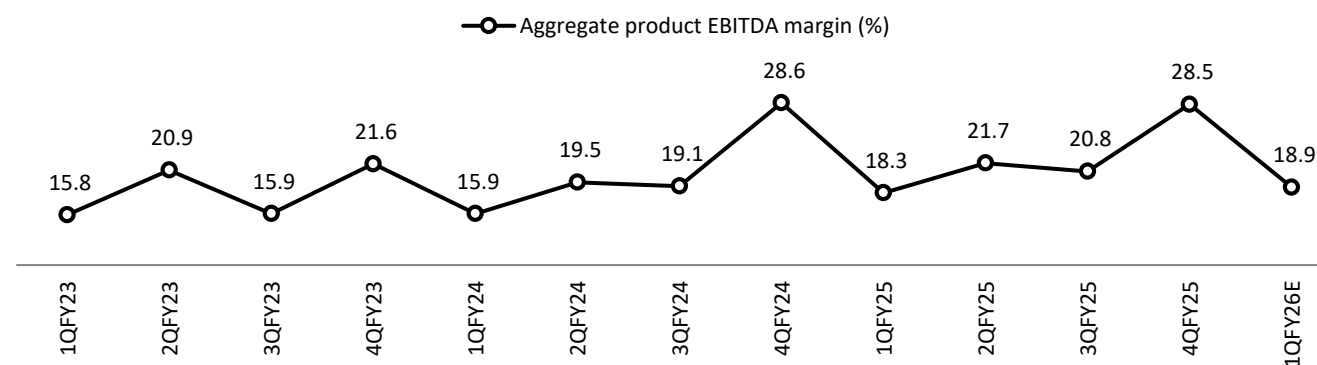
Source: Company, MOFSL

Exhibit 6: Gross margin snapshot for product companies under our coverage (ex-Siemens)



Source: Company, MOFSL

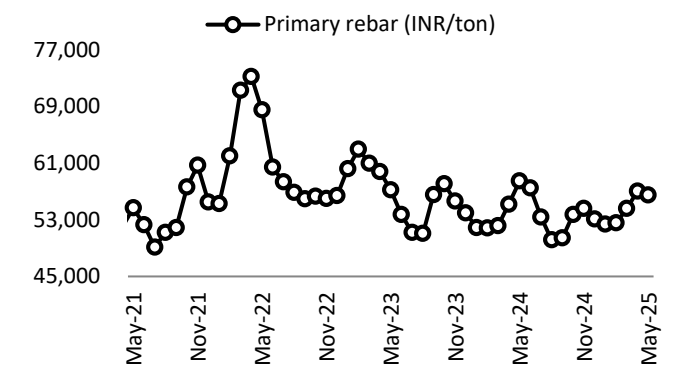
Exhibit 7: EBITDA margin snapshot for product companies under our coverage (ex-Siemens)



Source: Company, MOFSL

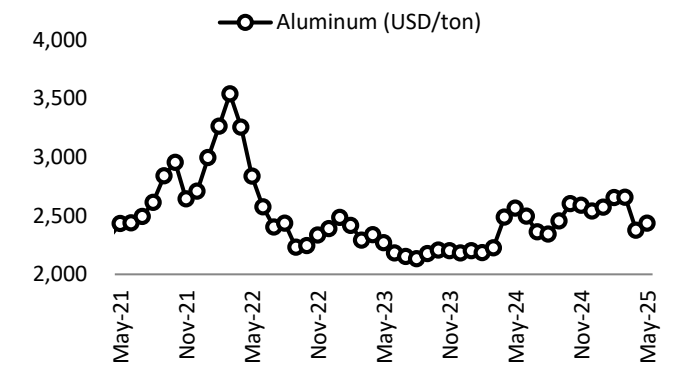
Input prices started increasing sequentially

Exhibit 8: Primary rebar price trend (INR/ton)



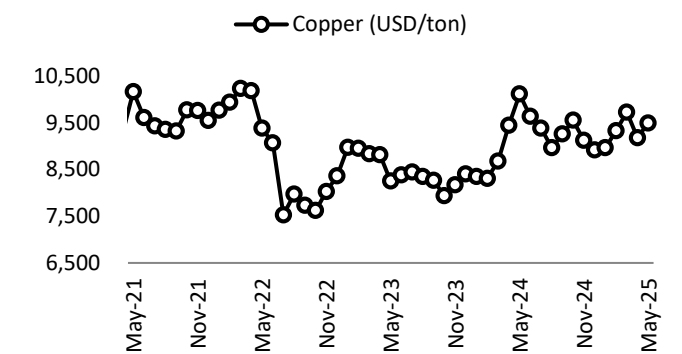
Source: Bloomberg, MOFSL

Exhibit 9: Aluminum price trend (USD/ton)



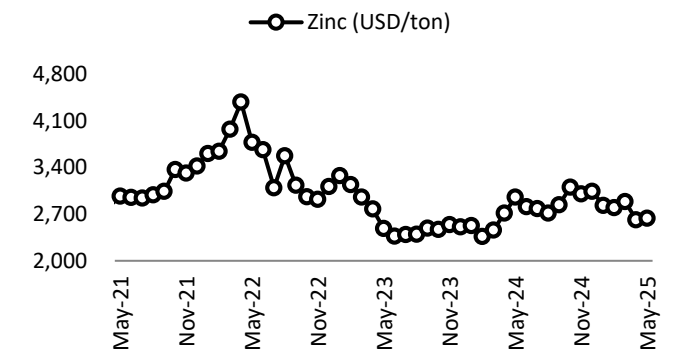
Source: Bloomberg, MOFSL

Exhibit 10: Copper price trend (USD/ton)



Source: Bloomberg, MOFSL

Exhibit 11: Zinc price trend (USD/ton)



Source: Bloomberg, MOFSL

The tables below provide a snapshot of actual and estimated numbers for companies under the MOFSL coverage universe. Highlighted columns indicate the quarter/financial year under review.

ABB India

Buy

CMP: INR5,951 | TP: INR6,700 (+13%)

EPS CHANGE (%): CY25 | CY26: - | -

- ABB's revenue growth moderated in 1QCY25, mainly due to a decline in revenue from the process automation segment. We expect revenue to grow 14% YoY in 2QCY25, driven by improved execution and a strong order book.
- Key monitorables include the finalization of pipeline orders, sustainability of margins, outlook on exports, and localization levels.
- We expect margins to moderate YoY on the high base of CY24, while sequentially, we expect margins to sustain at 1Q levels due to volume weakness in process automation.
- We will watch out for incremental inflows from transmission, railways, data centers, transportation, F&B, and private capex to support order inflow growth.
- TP increased to INR6,700 on rollforward to Sep'27 EPS.

Standalone - Quarterly Snapshot

Y/E December	CY24				CY25E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	CY24	CY25E
Net Sales	30,804	28,309	29,122	33,649	31,596	32,160	33,085	37,205	121,883	134,045
YoY Change (%)	27.8	12.8	5.2	22.0	2.6	13.6	13.6	10.6	16.7	10.0
Total Expenditure	25,152	22,884	23,719	27,076	25,773	26,244	27,030	30,497	98,831	109,543
EBITDA	5,652	5,425	5,402	6,573	5,823	5,916	6,055	6,708	23,052	24,502
Margins (%)	18.3	19.2	18.6	19.5	18.4	18.4	18.3	18.0	18.9	18.3
Depreciation	314	310	328	337	338	341	341	345	1,289	1,365
Interest	38	45	30	51	47	36	36	25	165	145
Other Income	871	868	929	866	923	938	938	953	3,534	3,752
PBT before EO expense	6,171	5,938	5,973	7,051	6,361	6,476	6,616	7,291	25,133	26,744
PBT	6,171	5,938	5,973	7,051	6,361	6,476	6,616	7,291	25,133	26,744
Tax	1,575	1,511	1,568	1,732	1,620	1,632	1,667	1,820	6,387	6,739
Rate (%)	25.5	25.5	26.3	24.6	25.5	25.2	25.2	25.0	25.4	25.2
Reported PAT	4,596	4,426	4,405	5,319	4,741	4,844	4,949	5,471	18,746	20,005
Adj PAT	4,596	4,426	4,405	5,319	4,741	4,844	4,949	5,471	18,746	20,005
YoY Change (%)	87.4	49.6	21.7	54.1	3.2	9.4	12.3	2.8	50.2	6.7
Margins (%)	14.9	15.6	15.1	15.8	15.0	15.1	15.0	14.7	15.4	14.9

Bharat Electronics

Buy

CMP: INR432 | TP: INR490 (13%)

EPS CHANGE (%): FY26 | FY27: -2 | -3

- We expect revenue growth of 15% YoY, led by the healthy execution of the order book of INR717b.
- Key monitorables include the status of QRSAM and Project Kusha, execution of orders for LRSAM and EW projects, incremental share of exports, and working capital cycle.
- We expect margins to normalize and remain flat YoY at 22.3%.
- The finalization of orders, execution of the huge backlog, incremental share of exports, and further indigenization of modules and subsystems will remain key areas of focus.
- We increase our valuation multiple to bake in the projected rise in overall defense spending and increase our TP to INR490 onroll-forward to Sep'27.

Standalone - Quarterly Snapshot

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Sales	41,988	45,834	57,561	91,197	48,429	52,580	66,417	1,09,311	2,36,580	2,76,738
Change (%)	19.6	14.8	39.1	6.9	15.3	14.7	15.4	19.9	17.3	17.0
EBITDA	9,367	13,885	16,533	27,890	10,801	14,408	18,530	33,647	67,676	77,386
Change (%)	41.0	38.2	57.5	22.3	15.3	3.8	12.1	20.6	35.4	14.3
Margin (%)	22.3	30.3	28.7	30.6	22.3	27.4	27.9	30.8	28.6	28.0
Depreciation	997	1,032	1,029	1,298	1,183	1,212	1,242	1,331	4,356	4,968
Interest	12	13	13	58	12	13	13	58	96	96
Other Income	2,015	1,668	2,051	1,942	1,640	1,803	2,459	2,295	7,676	8,198
PBT	10,373	14,509	17,542	28,476	11,246	14,987	19,735	34,553	70,900	80,520
Tax	2,612	3,596	4,381	7,428	2,858	3,809	5,015	8,781	18,017	20,462
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	25.4	25.4	25.4	25.4	25.4	25.4
Reported PAT	7,761	10,913	13,161	21,048	8,388	11,178	14,719	25,772	52,883	60,058
Change (%)	46.2	34.3	47.3	18.0	8.1	2.4	11.8	22.4	31.5	13.6
Adj PAT	7,761	10,913	13,161	21,048	8,388	11,178	14,719	25,772	52,883	60,058
Change (%)	46.2	34.3	47.3	18.0	8.1	2.4	11.8	22.4	31.5	13.6

Cummins India

Buy

CMP: INR3,348 | TP: INR4,200 (+25%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue to grow 15% YoY/8% QoQ. We expect YoY growth to be driven by a broad-based improvement across all segments. We expect the powergen segment to benefit from the low base of 1QFY25 as well as price hikes for CPCB 4+ products.
- Key monitorables include demand outlook across segments, the pricing environment in Powergen, and the export trajectory.
- We expect the EBITDA margin to normalize and contract ~110bp QoQ on a high base of 4QFY25 margins. On a YoY basis, we expect a ~20bp contraction.
- Within segments, we expect the powergen segment to benefit from price hikes, while volumes are likely to see only a marginal decline. We also expect exports to grow 30% YoY.
- TP increased to INR4,200 on roll-forward.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	23,042	24,923	30,860	24,569	26,579	28,499	31,623	33,764	1,03,394	1,20,465
YoY Change (%)	4.3	31.2	21.8	6.1	15.4	14.3	2.5	37.4	15.4	16.5
Total Expenditure	18,369	20,113	24,860	19,372	21,237	22,942	25,425	27,118	82,714	96,722
EBITDA	4,673	4,810	6,000	5,197	5,342	5,557	6,198	6,645	20,680	23,743
Margins (%)	20.3	19.3	19.4	21.2	20.1	19.5	19.6	19.7	20.0	19.7
Depreciation	439	452	481	457	458	469	518	524	1,829	1,970
Interest	48	26	27	52	42	42	42	42	151	166
Other Income	1,322	1,611	1,209	2,119	1,619	1,696	1,875	1,934	6,261	7,124
PBT before EO expense	5,509	5,944	6,702	6,807	6,462	6,743	7,513	8,013	24,961	28,730
Extra-Ord expense	-	-	-	-	-	-	-	-	-	-
PBT	5,509	5,944	6,702	6,807	6,462	6,743	7,513	8,013	24,961	28,730
Tax	1,311	1,438	1,562	1,593	1,551	1,618	1,803	1,937	5,904	6,909
Rate (%)	23.8	24.2	23.3	23.4	24.0	24.0	24.0	24.2	23.7	24.0
Reported PAT	4,198	4,506	5,140	5,214	4,911	5,124	5,710	6,076	19,058	21,821
Adj PAT	4,198	4,506	5,140	5,214	4,911	5,124	5,710	6,076	19,058	21,821
YoY Change (%)	33.0	37.2	12.7	-7.2	17.0	13.7	11.1	16.5	14.7	14.5
Margins (%)	18.2	18.1	16.7	21.2	18.5	18.0	18.1	18.0	18.4	18.1

Hindustan Aeronautics

Buy

CMP: INR4,911 | TP: INR5,750 (+17%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue growth of 21% YoY, driven by a healthy execution of the opening OB of INR1.8t.
- Key monitorables include the status of Tejas Mk1a deliveries and Su-30 avionics upgrade project, any major deviation in provisions created, and the working capital cycle.
- We expect EBITDA margin to expand ~120bp YoY, aided by increased indigenization and easing of supply chain issues.
- The execution of huge backlog, incremental inflows, and comfortable margin levels will be the key focus areas.
- We increase our TP slightly on roll-forward to Sep'27.

Consolidated - Quarterly

(INR b)

Income Statement	FY25				FY26E				FY25	FY26E
Y/E March	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	43.5	59.8	69.6	137.0	52.5	71.2	78.7	172.5	309.8	375.0
Change (%)	11.0	6.0	14.8	(7.2)	20.8	19.2	13.2	25.9	3.9	21.0
Expenses	33.6	43.4	52.7	84.0	39.9	51.7	59.1	112.6	213.7	263.2
EBITDA	9.9	16.4	16.8	52.9	12.6	19.6	19.7	59.9	96.1	111.8
As of % Sales	22.8	27.4	24.2	38.6	24.0	27.5	25.0	34.7	31.0	29.8
Depreciation	1.5	1.8	2.8	7.4	2.4	2.8	3.1	7.1	13.4	15.4
Interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Other Income	7.4	5.4	6.3	6.5	6.5	7.0	7.2	8.7	25.6	29.4
PBT pre EO items	15.8	20.0	20.4	52.0	16.8	23.8	23.8	61.4	108.2	125.8
Extra-ordinary Items	-	0.1	-	-	-	-	-	-	0.1	-
PBT	15.8	20.1	20.4	52.0	16.8	23.8	23.8	61.4	108.3	125.8
Tax	1.5	5.1	6.0	12.4	4.2	6.0	6.0	15.5	25.0	31.8
Effective Tax Rate (%)	9.3	25.5	29.6	23.9	25.3	25.3	25.3	25.3	23.1	25.3
MI & P/L Share of JV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.5
Reported PAT	14.4	15.1	14.4	39.8	12.6	17.9	17.9	46.1	83.6	94.4
Adj PAT	14.4	15.0	14.4	39.8	12.6	17.9	17.9	46.1	83.6	94.4
Margin (%)	33.1	25.2	20.7	29.0	24.0	25.1	22.7	26.7	27.0	25.2
Change (%)	76.5	21.7	14.1	(7.7)	(12.3)	18.7	24.1	15.9	38.4	13.0

Hitachi Energy India

Sell
CMP: INR19,315 | TP: INR14,200 (-26%)
EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue growth of 43% YoY, led by healthy execution of the opening OB of INR193b.
- Key monitorables include further ramp-up in margins, progress on HVDC projects, and STATCOM order finalization.
- We expect EBITDA margin to expand ~790bp YoY, aided by operating leverage gains and improved order book mix.
- The execution of product and export orders is expected to provide near-term support to revenue and margin.
- TP increased to INR14,200 on rollforward to Sep'27.

Standalone - Quarterly Snapshot

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Sales	13,272	15,537	16,203	18,837	18,931	22,161	23,110	26,867	63,849	91,070
Change (%)	27.6	26.5	27.2	11.1	42.6	42.6	42.6	42.6	21.9	42.6
EBITDA	479	1,097	1,669	2,713	2,177	2,659	3,004	3,965	5,958	11,806
Change (%)	42.3	68.0	145.5	49.1	354.5	142.3	80.0	46.2	70.7	98.1
Margins (%)	3.6	7.1	10.3	14.4	11.5	12.0	13.0	14.8	9.3	13.0
Depreciation	221	228	230	235	282	282	282	282	914	1,126
Interest	109	164	120	60	105	113	116	118	452	452
Other Income	1	1	2	182	1	1	2	262	186	266
PBT	150	706	1,322	2,600	1,791	2,266	2,609	3,827	4,778	10,493
Tax	46	183	467	628	496	628	723	1,061	1,324	2,908
Effective Tax Rate (%)	30.8	25.9	35.3	24.1	27.7	27.7	27.7	27.7	27.7	27.7
Extra-ordinary Items			519	(134)					386	
Reported PAT	104	523	1,374	1,839	1,295	1,638	1,886	2,766	3,840	7,585
Change (%)	332.4	111.4	498.1	61.8	1,142.7	213.2	37.3	50.4	110.9	119.6
Adj PAT	104	523	855	1,973	1,295	1,638	1,886	2,766	3,454	7,585
Change (%)	332.4	111.4	272.1	73.5	1,142.7	213.2	120.7	40.2	110.9	119.6

Kalpataru Projects International

Buy
CMP: INR1,198 | TP: INR1,450 (+21%)
EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue growth of 23% YoY due to strong execution across segments such as T&D, B&F, and oil & gas, barring the Water segment, which is still slow.
- Key monitorables include execution ramp-up, margin trajectory, customer collections, and outlook on the urban infra and railways division.
- We expect an EBITDA margin of 8.5% (+10bp YoY & QoQ) and gradual improvement through the remainder of FY26.
- We will monitor the working capital cycle closely. The payment status of water projects will also remain a focus area.
- TP increased to INR1,450 on roll-forward to Sep'27 EPS.

Standalone - Quarterly Earning Model

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Sales	37,219	41,361	48,257	62,042	45,898	51,495	55,973	70,526	1,88,879	2,23,892
YoY Change (%)	2.8	7.6	16.4	20.5	23.3	24.5	16.0	13.7	12.7	18.5
Total Expenditure	34,085	37,877	44,239	56,810	41,997	47,015	50,936	64,014	1,73,009	2,03,961
EBITDA	3,135	3,485	4,019	5,232	3,901	4,480	5,038	6,512	15,870	19,931
Margins (%)	8.4	8.4	8.3	8.4	8.5	8.7	9.0	9.2	8.4	8.9
Depreciation	929	914	956	949	1,120	1,147	1,176	1,261	3,749	4,703
Interest	861	998	1,071	877	929	905	905	882	3,807	3,622
Other Income	295	264	185	235	285	361	370	465	979	1,480
PBT before EO expense	1,640	1,836	2,177	3,641	2,138	2,789	3,326	4,834	9,294	13,087
Extra-Ord expense	-	-	-	330	-	-	-	-	330	-
PBT	1,640	1,836	2,177	3,311	2,138	2,789	3,326	4,834	8,964	13,087
Tax	474	513	604	894	593	773	923	1,341	2,485	3,630
Rate (%)	28.9	27.9	27.7	27.0	27.7	27.7	27.7	27.7	27.7	27.7
Reported PAT	1,166	1,323	1,574	2,416	1,545	2,015	2,404	3,493	6,479	9,457
Adj PAT	1,166	1,323	1,574	2,657	1,545	2,015	2,404	3,493	6,718	9,457
YoY Change (%)	-7.4	17.1	9.3	51.8	32.4	52.3	52.8	31.5	20.3	40.8
Margins (%)	3.1	3.2	3.3	4.3	3.4	3.9	4.3	5.0	3.6	4.2

KEC International

Neutral

CMP: INR910 | TP: INR980 (+8%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect 13% YoY revenue growth on a low base, driven by a strong opening order book of INR334b.
- Key monitorables include order pipeline in both T&D and civil, execution ramp-up, and margin improvement.
- We expect EBITDA margin to expand 100bp YoY on easing of legacy drag.
- We will monitor the payment cycle, debt levels, and NWC improvement.
- TP increased to INR980 on roll-forward to Sep'27.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	45,119	51,133	53,494	68,721	50,935	58,575	63,668	81,496	2,18,467	2,54,674
YoY Change (%)	6.3	13.7	6.8	11.5	12.9	14.6	19.0	18.6	9.7	16.6
Total Expenditure	42,415	47,931	49,749	63,333	47,369	53,889	58,448	74,382	2,03,428	2,34,088
EBITDA	2,704	3,202	3,745	5,388	3,565	4,686	5,221	7,113	15,039	20,586
Margins (%)	6.0	6.3	7.0	7.8	7.0	8.0	8.2	8.7	6.9	8.1
Depreciation	465	453	453	465	496	508	521	559	1,837	2,084
Interest	1,550	1,681	1,702	1,703	1,634	1,676	1,634	1,593	6,636	6,538
Other Income	431	66	9	202	138	141	145	155	709	580
PBT before EO expense	1,120	1,135	1,598	3,422	1,573	2,643	3,210	5,118	7,275	12,544
Extra-Ord expense										
PBT	1,120	1,135	1,598	3,422	1,573	2,643	3,210	5,118	7,275	12,544
Tax	245	281	303	740	403	677	822	1,310	1,568	3,211
Rate (%)	21.8	24.7	18.9	21.6	25.6	25.6	25.6	25.6	21.5	25.6
Reported PAT	876	854	1,296	2,682	1,170	1,966	2,388	3,808	5,707	9,333
Adj PAT	876	854	1,296	2,682	1,170	1,966	2,388	3,808	5,707	9,333
YoY Change (%)	106.9	53.1	33.7	76.7	33.6	130.2	84.4	42.0	64.6	63.5
Margins (%)	1.9	1.7	2.4	3.9	2.3	3.4	3.8	4.7	2.6	3.7

Kirloskar Oil Engines

Buy

CMP: INR857 | TP: INR1,150 (+34%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue growth of 4% YoY even on a high base of 1QFY25, driven by strong B2B performance. We expect the Powergen segment's performance to pick up QoQ, driven by improved volumes.
- Key monitorables include outlook on genset demand, pricing environment, and export ramp-up.
- We expect the EBITDA margin to contract 220bp YoY on a high base due to one-offs, but improve 20bp QoQ due to the company's increased focus on higher kVA nodes and better absorption of costs in B2C.
- Ramp-up of the US and Middle East businesses, B2C business, and Arka Fincap performance will be closely observed.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	13,429	11,944	11,636	14,125	14,021	14,196	13,943	16,257	51,133	58,417
YoY Change (%)	6.2	12.8	2.5	1.5	4.4	18.9	19.8	15.1	5.4	14.2
Total Expenditure	11,452	10,294	10,466	12,384	12,268	12,379	12,102	14,073	44,596	50,823
EBITDA	1,977	1,650	1,170	1,741	1,753	1,817	1,840	2,184	6,537	7,594
Margins (%)	14.7	13.8	10.1	12.3	12.5	12.8	13.2	13.4	12.8	13.0
Depreciation	247	266	320	337	327	335	343	368	1,170	1,373
Interest	27	26	31	37	21	22	22	24	121	90
Other Income	108	118	68	52	94	96	98	105	344	393
PBT before EO expense	1,810	1,476	887	1,419	1,498	1,556	1,573	1,897	5,590	6,525
EO items				(209)	-	-	-	-	(209)	-
PBT	1,810	1,476	887	1,628	1,498	1,556	1,573	1,897	5,799	6,525
Tax	462	365	236	416	382	397	401	485	1,480	1,665
Rate (%)	25.5	24.7	26.7	25.6	25.5	25.5	25.5	25.6	25.5	25.5
Reported PAT	1,347	1,111	650	1,211	1,116	1,159	1,172	1,412	4,319	4,859
Adj PAT	1,347	1,111	650	1,056	1,116	1,159	1,172	1,412	4,164	4,859
YoY Change (%)	30.5	89.6	(20.9)	(10.2)	(17.2)	4.4	80.2	33.8	15.1	12.5
Margins (%)	10.0	9.3	5.6	7.5	8.0	8.2	8.4	8.7	8.1	8.3

Larsen & Toubro

Buy

CMP: INR3,667 | TP: INR4,100 (+12%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect consolidated revenue growth of 12% YoY, led by a 13% YoY revenue growth for Core E&C.
- Key monitorables include a ramp up in domestic ordering, conversion of prospect pipeline across the Middle East, margin performance, and working capital cycle.
- We expect an EBITDA margin of 7.8% for Core E&C, up 20bp YoY but down 210bp QoQ on a high base.
- We will also look out for execution ramp-up in Saudi projects and trends in the GCC order pipeline.

Consolidated - Quarterly Snapshot

(INR b)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	551	616	647	744	618	700	741	876	2,557	2,936
YoY Change (%)	15.1	20.6	17.3	10.9	12.2	13.8	14.6	17.7	15.7	14.8
Total Expenditure	495	552	584	662	557	632	662	776	2,293	2,627
EBITDA	56	64	63	82	61	68	79	100	264	308
Margins (%)	10.2	10.3	9.7	11.0	9.9	9.8	10.7	11.4	10.3	10.5
Depreciation	10	10	10	11	10	10	11	11	41	42
Interest	9	9	8	7	8	8	9	9	33	34
Other Income	9	11	10	11	11	11	12	12	41	47
PBT before EO expense	47	56	53	75	54	61	71	92	231	279
Extra-Ord expense	-	-	-	-5	-	-	-	-	-5	-
PBT	47	56	53	80	54	61	71	92	236	279
Tax	12	14	13	19	14	16	19	24	59	73
Rate (%)	26.4	26.0	25.0	23.5	26.1	26.1	26.1	26.1	25.0	26.1
MI & P/L of Asso. Cos.	7	7	6	6	7	7	7	8	27	28
Reported PAT	28	34	34	55	34	38	46	60	150	178
Adj PAT	28	34	34	51	34	38	46	60	147	178
YoY Change (%)	11.7	5.4	14.0	18.8	20.6	13.3	36.9	16.6	13.0	21.2
Margins (%)	5.1	5.5	5.2	6.9	5.4	5.5	6.2	6.8	5.7	6.1

Siemens Ltd

Neutral

CMP: INR3,323 | TP: INR3,450 (+4%)

EPS CHANGE (%): FY25|FY26: -3|-

- We expect revenue to grow 12% YoY, led by improved traction in the smart infra and mobility segments.
- Key monitorables include the demand trajectory of the digital industries segment, private capex pipeline, margin trajectory, and execution of the locomotive order.
- We expect total EBITDA margin to contract ~30bp, primarily due to a low margin in the Digital industries segment, which had a high base in 3QFY24.
- Demand outlook from both the government and private sectors and export outlook are required to be keenly monitored.
- We increase our TP to INR3,450 onroll-forwardto Sept'27.

Consolidated - Quarterly Snapshot ((Merged

(INR m)

Y/E September	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	37,095	41,524	37,628	44,570	35,872	42,590	42,133	49,301	1,60,817	1,69,896
YoY Change (%)					-3.3	2.6	12.0	10.6		5.6
Total Expenditure	32,565	35,155	32,773	39,122	31,863	37,915	36,822	42,560	1,39,615	1,49,161
EBITDA	4,530	6,369	4,855	5,448	4,009	4,675	5,310	6,741	21,202	20,735
Margins (%)	12.2	15.3	12.9	12.2	11.2	11.0	12.6	13.7	13.2	12.2
Depreciation	605	629	698	624	689	686	652	652	2,556	2,679
Interest	28	212	22	178	34	23	42	42	440	140
Other Income	1,618	3,253	1,545	2,355	1,723	1,515	1,825	1,825	8,771	6,889
PBT before EO expense	5,515	8,781	5,680	7,001	5,009	5,481	6,443	7,873	26,977	24,806
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	5,515	8,781	5,680	7,001	5,009	5,481	6,443	7,873	26,977	24,806
Tax	1,399	2,289	1,309	1,776	1,288	1,402	1,624	1,937	6,773	6,251
Rate (%)	25.4	26.1	23.0	25.4	25.7	25.6	25.2	24.6	25.1	25.2
Reported PAT	4,116	6,492	4,371	5,225	3,721	4,079	4,819	5,936	20,204	18,555
Adj PAT	4,116	6,492	4,371	5,225	3,721	4,079	4,819	5,936	20,204	18,555
YoY Change (%)	11.1	15.6	11.6	11.7	10.4	9.6	11.4	12.0	12.6	10.9
Margins (%)	NA	NA	NA	NA	-9.6	-37.2	10.3	13.6		-8.2

Thermax

Sell

CMP: INR3,353 | TP: INR3,250 (-3%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue to grow 12% YoY, driven by industrial products, green solutions, and chemical segments.
- Key monitorables include the finalization of the inquiry pipeline, revival of base ordering, margin outlook, and performance of the Industrial Infra and Chemicals segments.
- We expect EBITDA/PAT growth of 43%/16% YoY. We expect EBITDA margin to expand 180bp YoY to 8.3%, while sequentially, it is expected to contract 140bp.
- The performance of key subsidiaries (FEPL, TOESL) needs to be monitored closely.
- TP increased to INR3,250 on roll-forward to Sep'27 EPS.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	21,844	26,116	25,078	30,849	24,437	29,056	27,987	34,432	1,03,887	1,15,912
YoY Change (%)	13.0	13.4	7.9	11.6	11.9	11.3	11.6	11.6	11.4	11.6
Total Expenditure	20,433	23,336	23,188	27,853	22,420	26,510	25,188	30,461	94,809	1,04,578
EBITDA	1,412	2,780	1,890	2,997	2,017	2,546	2,800	3,972	9,078	11,334
Margins (%)	6.5	10.6	7.5	9.7	8.3	8.8	10.0	11.5	8.7	9.8
Depreciation	360	421	351	453	456	467	491	500	1,585	1,913
Interest	275	294	287	313	323	330	347	354	1,168	1,355
Other Income	841	598	315	769	525	538	566	577	2,522	2,207
PBT before EO expense	1,617	2,663	1,568	3,000	1,765	2,287	2,528	3,694	8,847	10,273
Extra-Ord expense										0
PBT	1,617	2,663	1,568	3,000	1,765	2,287	2,528	3,694	8,847	10,273
Tax	519	683	425	951	494	640	708	1,034	2,578	2,877
Rate (%)	32.1	25.6	27.1	31.7	28.0	28.0	28.0	28.0	29.1	28.0
Reported PAT	1,094	1,980	1,137	2,056	1,271	1,647	1,820	2,660	6,268	7,397
Adj PAT	1,094	1,980	1,137	2,056	1,271	1,647	1,820	2,660	6,268	7,397
YoY Change (%)	17.4	24.9	-19.0	5.3	16.1	-16.8	60.0	29.4	6.7	16.5
Margins (%)	5.0	7.6	4.5	6.7	5.2	5.7	6.5	7.7	6.0	6.4

Triveni Turbine

Buy

CMP: INR606 | TP: INR700 (+16%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect the moderation in domestic demand to continue for some time, while export traction remains robust. We, thus, expect revenue growth of 6% YoY in 1QFY26.
- Key monitorables include a ramp-up in domestic order inflow, inquiry pipeline, and trends in the export and aftermarket business.
- We expect EBITDA/PAT to grow 5%/3% YoY, while margin is expected to contract ~30bp YoY.
- Domestic ordering from the government and private sectors, updates on API turbines, and performance of the 30-100MW segment will be the key areas to monitor.

Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	4,633	5,011	5,034	5,380	4,933	5,525	5,886	6,792	20,058	23,137
YoY Change (%)	23.1	29.2	16.6	17.5	6.5	10.3	16.9	26.2	21.3	399.4
Total Expenditure	3,677	3,897	3,941	4,176	3,932	4,349	4,621	5,273	15,691	18,174
EBITDA	956	1,114	1,093	1,204	1,001	1,177	1,266	1,519	4,367	4,963
Margins (%)	20.6	22.2	21.7	22.4	20.3	21.3	21.5	22.4	21.8	21.5
Depreciation	62	61	65	75	73	74	76	82	263	305
Interest	10	8	4	7	9	8	8	9	29	35
Other Income	194	196	222	199	207	215	259	255	810	936
PBT before EO expense	1,078	1,241	1,246	1,321	1,127	1,310	1,440	1,683	4,885	5,559
PBT	1,078	1,241	1,246	1,321	1,127	1,310	1,440	1,683	4,885	5,559
Tax	274	331	320	375	300	348	383	448	1,300	1,479
Rate (%)	25.4	26.7	25.7	28.4	26.6	26.6	26.6	26.6	26.6	26.6
MI & Profit/Loss of Asso. Cos.	0	0	1	0	0	0	0	0	1	0
Reported PAT	804	910	925	946	827	961	1,057	1,235	3,584	4,080
Adj PAT	804	910	925	946	827	961	1,057	1,235	3,584	4,080
YoY Change (%)	31.8	41.4	34.8	25.9	2.9	5.6	14.2	30.6	33.0	407.4
Margins (%)	17.4	18.2	18.4	17.6	16.8	17.4	18.0	18.2	17.9	17.6

Zen Technologies

Neutral

CMP: INR1,978 | TP: INR1,850 (-6%)

EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue growth of 2% YoY on a high base of last year.
- Key monitorables include order inflows for both training simulators and anti-drones in domestic and export markets, execution of equipment orders, and working capital days.
- We expect EBITDA margin to contract 460bp YoY after a spike last year, while sequentially, it is expected to expand 380bp.
- We will monitor the progress of acquired companies after the latest acquisitions made by the company.
- TP increased to INR1,850 on roll forward to Sep'27 EPS.

Standalone - Quarterly Snapshot

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE	FY25	FY26E
Net Sales	2,540	2,417	1,415	2,935	2,589	2,697	2,481	3,021	9,307	10,789
YoY Change (%)	91.7	277.4	44.3	116.3	2.0	11.6	75.3	2.9	116.3	15.9
Total Expenditure	1,508	1,623	1,048	1,991	1,657	1,672	1,514	1,954	6,169	6,797
EBITDA	1,032	794	367	944	932	1,025	968	1,067	3,137	3,992
Margins (%)	40.6	32.9	26.0	32.2	36.0	38.0	39.0	35.3	33.7	37.0
Depreciation	22	23	26	29	31	32	32	35	101	130
Interest	10	21	27	36	25	25	26	28	94	104
Other Income	30	84	220	244	217	212	212	206	578	846
PBT	1,030	835	534	1,122	1,094	1,180	1,121	1,211	3,520	4,605
Tax	288	182	147	273	280	302	287	310	890	1,179
Rate (%)	28.0	21.8	27.6	24.3	25.6	25.6	25.6	25.6	25.3	25.6
Reported PAT	742	652	386	849	814	878	834	901	2,630	3,426
Adj PAT	742	652	386	849	814	878	834	901	2,630	3,426
YoY Change (%)	57.4	276.1	21.9	177.3	9.7	34.5	116.0	6.1	107.3	30.3
Margins (%)	29.2	27.0	27.3	28.9	31.4	32.5	33.6	29.8	28.3	31.8

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NEUTRAL	> - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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