

Capital Goods

Result Preview



Company

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

Activity remains strong in select pockets

During 2QFY26, the capital goods sector witnessed multiple positive developments: 1) the CEA pipeline with projects worth ~INR333b recommended by the NCT over the past three months, 2) MoD's TPCR 2025 outlines 15-year sectoral needs, targeting annual defense spending of USD25-30b, and 3) benign commodity prices. In our recent reports, we highlighted two much-awaited defense orders, i.e., [additional 97 Tejas Mk1A jets](#) and [RFP issuance for the QRSAM](#). Although the sector has seen positive developments, a broad-based revival in government and private capex is yet to be seen. For our coverage companies, we expect margins to contract ~50bp YoY in 2QFY26 mainly due to lower margin assumptions for product companies. However, sequentially, we expect a ~40bp expansion in margins. For 2QFY26, we estimate our coverage companies to report revenue growth of 15% YoY, EBITDA growth of 11% YoY, and PAT growth of 14% YoY. We maintain our view that valuation re-rating for the sector is contingent upon a broad-based capex revival. We reiterate our positive stance on LT, Cummins India (KCC), and Siemens Energy in the large-cap space and Kirloskar Oil Engines (KOEL) and Kalpataru Projects International (KPIL) in the mid- and small-cap segments. In the defense sector, Bharat Electronics (BHE) remains our top pick.

Ordering momentum stable with large-size order wins

Ordering activity during the quarter remained strong yet selective, with traction seen across defense, power T&D, renewables, thermal, hydrocarbon, and buildings & factories segments. During the quarter, notable wins included two ultra-mega projects for L&T in the thermal and hydrocarbon segments, a significant contract from NPCIL, and large orders in power T&D, heavy civil, high-speed rail, renewables, and metals & minerals. HAL secured an INR630b contract for 97 additional LCA Mk-1A aircraft, while the Indian Army issued a tender to BHE for the QRSAM project valued at INR300b. ABB was awarded an INR1.7b order from Siemens Gamesa, Chennai, for the supply of 3.X wind turbine converters. During 2QFY26, BHE booked orders worth ~INR52b, KECI secured ~INR61.5b, and KPIL acquired ~INR27.2b. Supported by a strong order backlog and the expected finalization of pending pipeline opportunities, we estimate 15% YoY growth in execution for our coverage universe in 2QFY26.

Recent developments in the defense sector

The recently announced Technology Perspective and Capability Roadmap (TPCR) 2025 outlines the Indian Armed Forces' future technology and capability requirements over the next 15 years spread across domains like land systems, aviation, maritime, space, cyber, artificial intelligence, robotics, electronic warfare, and unmanned systems. Further, the revised Defense Procurement Manual (DPM) 2025 aims to streamline approvals by reducing bureaucratic hurdles, which will help the armed forces maintain operational readiness with quicker access to equipment, repairs and ammunitions. The Defence Ministry is also encouraging private players' participation in large projects and moving away from nomination-based tendering. During the quarter, L&T and BHE formed a strategic partnership to participate in the AMCA program of the Indian Air Force. The ongoing emergency procurement program and the expected DAC meeting in the coming weeks will be keenly watched in the near term, and the budgetary allocation for defense will be looked out for in the medium term.

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Commodity prices remain benign

With commodity prices being broadly benign during the quarter, we expect EPC companies' margins to remain flat QoQ, with management guiding for YoY margin expansion for the full year. Following the uptick seen in FY25, input costs have eased, creating a supportive backdrop. Notably, prices of aluminum/zinc/copper have eased 2%/1%/4% vs. Mar'25 levels, while HRC prices have remained stable. Product-oriented companies' margins would be dependent upon the revenue mix. In defense, the margin outlook is supported by higher levels of indigenization and localization of critical components. We expect ~50bp YoY margin contraction in 2QFY26 for our coverage universe mainly due to a high base of margins for select companies like ABB and Triveni Turbine last year. Sequentially, we expect margin to expand ~40bp.

Export prospects building up for domestic players

Export performance is gradually improving for companies. Overall, engineering companies have shown their intent to ramp up exports in FY26 after cautiously evaluating export markets amid the current geopolitical situation. EPC exports are gaining from consistent global investments in grid expansion, modernization, transmission, renewables, and decarbonization projects, and we expect this trajectory to continue going forward. Defense export prospects have strengthened following NATO's announcement to raise defense spending commitments. We will be watchful of the current geopolitical scenarios and overall export trajectory of the companies.

View: Selective stance continues

Our selective stance continues on the sector and we continue to prefer companies in T&D, renewables and defense sectors. We maintain our view that valuation re-rating for the sector is contingent upon a broad-based capex revival. Companies that are growing at a high pace will remain preferred bets over the medium to long term.

Our top picks

We continue to prefer **L&T, KKC, and Siemens Energy** in the large-cap industrial space and **KOEL and KPIL** in the mid- and small-cap segments. **BHE** continues to remain our top pick in the defense sector.

Exhibit 1: Summary of quarterly earnings estimates

Sector	CMP (INR)	RECO	SALES (INR m)			EBITDA (INR m)			NET PROFIT (INR m)		
			Sep-25	Var % YoY	Var % QoQ	Sep-25	Var % YoY	Var % QoQ	Sep-25	Var % YoY	Var % QoQ
ABB India	5198	Buy	33,412	14.7	5.2	4,778	-11.6	15.4	3,949	-10.3	12.2
Bharat Dynamics	1542	Buy	7,095	30.2	186.2	1,419	43.6	LP	1,637	33.6	792.1
Bharat Electronics	407	Buy	52,580	14.7	19.0	14,408	3.8	16.2	11,178	2.4	15.3
Cummins India	3848	Buy	28,779	15.5	-1.0	5,756	19.7	-7.7	5,264	16.8	-5.2
Hind.Aeronautics	4803	Buy	67,496	12.9	40.1	18,561	13.2	44.7	17,548	16.6	26.8
Hitachi Energy	18168	Sell	20,931	34.7	41.5	2,512	128.9	62.1	1,856	254.9	41.0
Kalpataru Proj.	1241	Buy	51,718	25.0	2.6	4,448	27.6	3.8	1,973	49.1	-1.7
KEC International	854	Neutral	58,575	14.6	16.6	4,276	33.5	22.1	1,706	99.7	36.9
Kirloskar Oil	926	Buy	14,389	20.5	-0.4	1,871	13.4	-1.7	1,199	8.0	-2.3
Larsen & Toubro	3670	Buy	7,15,302	16.2	12.3	69,844	9.8	10.6	38,815	14.3	7.3
Siemens	3123	Neutral	47,966	7.6	10.3	6,413	17.7	23.0	5,179	-0.9	22.3
Siemens Energy	3400	Buy	20,412	-1.8	14.4	4,290	11.5	26.1	4,126	50.8	57.1
Thermax	3167	Sell	28,863	10.5	34.2	2,763	-0.6	22.7	1,779	-10.2	17.4
Triveni Turbine	524	Buy	4,972	-0.8	33.9	1,019	-8.5	38.5	849	-6.7	31.8
Zen Technologies	1464	Neutral	1,379	-42.9	24.2	483	-39.2	26.9	398	-38.9	7.3
Capital Goods			11,53,868	15.4	14.2	1,42,840	11.1	17.5	97,456	14.2	15.8

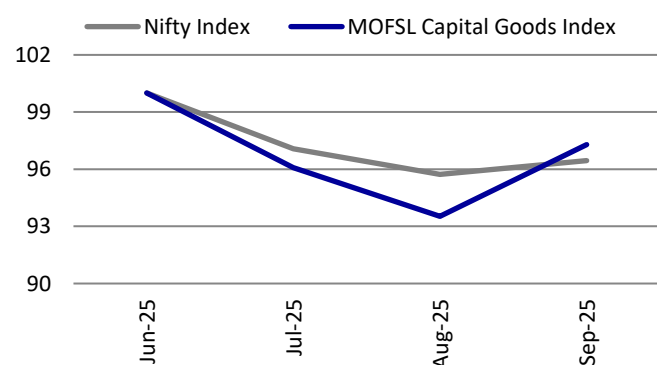
ABB: December ending; siemens energy: September ending; SIEM: March ending

Exhibit 2: Comparative valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
Capital Goods						39.1	33.2	27.4	7.3	6.3	5.4	18.7	18.9	19.5
ABB India	5,198	Buy	80.0	95.1	111.9	64.9	54.6	46.5	14.2	12.8	11.6	22.8	24.6	26.2
Bharat Dynamics	1,542	Buy	28.2	37.8	52.0	54.6	40.7	29.7	11.7	9.5	7.5	21.5	23.3	25.2
Bharat Electronics	407	Buy	8.2	9.8	11.7	49.5	41.4	34.7	11.9	9.5	7.7	24.0	22.9	22.1
Cummins India	3,848	Buy	83.5	98.4	114.3	46.1	39.1	33.7	13.4	11.8	10.4	30.9	32.1	32.8
Hind.Aeronautics	4,803	Buy	141.2	161.2	197.9	34.0	29.8	24.3	7.7	6.5	5.4	22.6	21.8	22.2
Hitachi Energy	18,168	Sell	177.4	238.4	319.9	102.4	76.2	56.8	15.4	12.8	10.4	15.9	17.6	19.2
Kalpataru Proj.	1,241	Buy	57.0	74.9	87.0	21.8	16.6	14.3	2.6	2.3	2.0	12.8	14.8	15.0
KEC International	854	Neutral	34.9	44.2	53.6	24.5	19.3	15.9	3.7	3.2	2.7	16.2	17.9	18.6
Kirloskar Oil	926	Buy	33.6	40.9	47.6	27.6	22.6	19.4	4.0	3.5	3.1	15.3	16.4	16.8
Larsen & Toubro	3,670	Buy	130.5	155.1	185.0	28.1	23.7	19.8	4.6	4.0	3.5	17.3	18.2	19.1
Siemens	3,123	Neutral	75.8	66.9	77.8	41.2	46.7	40.2	6.2	5.4	4.8	14.9	11.7	11.9
Siemens Energy	3,400	Buy	32.4	41.5	61.4	105.0	81.9	55.4	27.7	20.7	15.1	26.4	25.3	27.2
Thermax	3,167	Sell	68.0	79.8	94.6	46.6	39.7	33.5	6.4	5.7	5.0	14.6	15.2	15.9
Triveni Turbine	524	Buy	11.8	14.0	16.8	44.5	37.4	31.2	11.2	9.2	7.6	27.7	27.1	26.7
Zen Technologies	1,464	Neutral	28.9	45.5	61.1	50.6	32.2	24.0	6.8	5.6	4.5	14.3	19.1	20.9

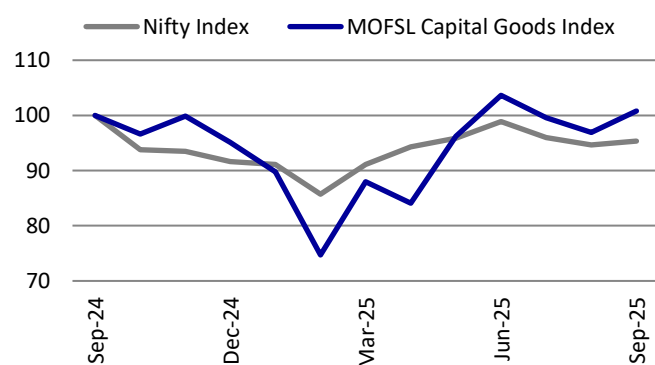
For ABB India, FY26E/FY27E/FY28E indicate Dec'25/Dec'26/Dec'27 data; For siemens energy, FY26E/FY27E/FY28E indicate Sep'25/Sep'26/Sep'27 data; For SIEM, FY26E indicate 18 months Mar Y/E, and FY27E/FY28E indicate 12 months Mar Y/E

Exhibit 3: Relative performance – three months (%)



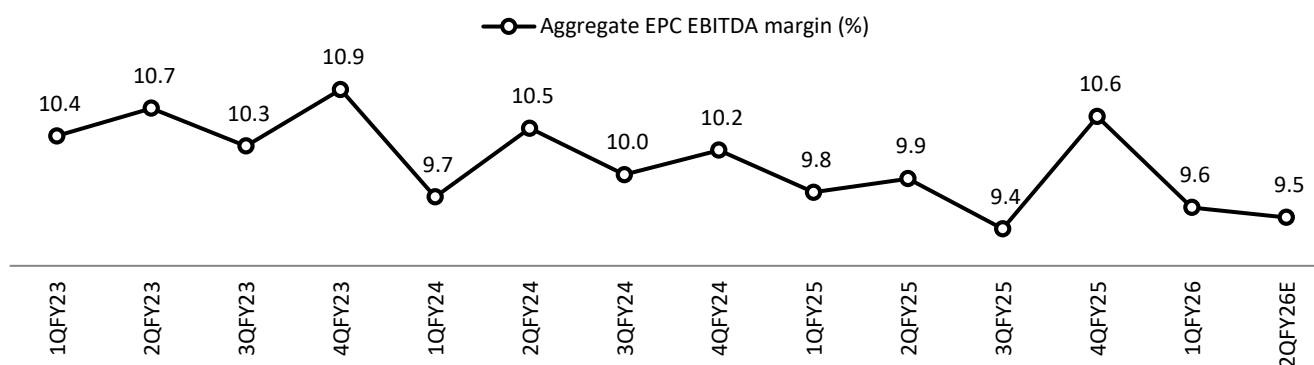
Source: Bloomberg, MOFSL

Exhibit 4: Relative performance – one year (%)



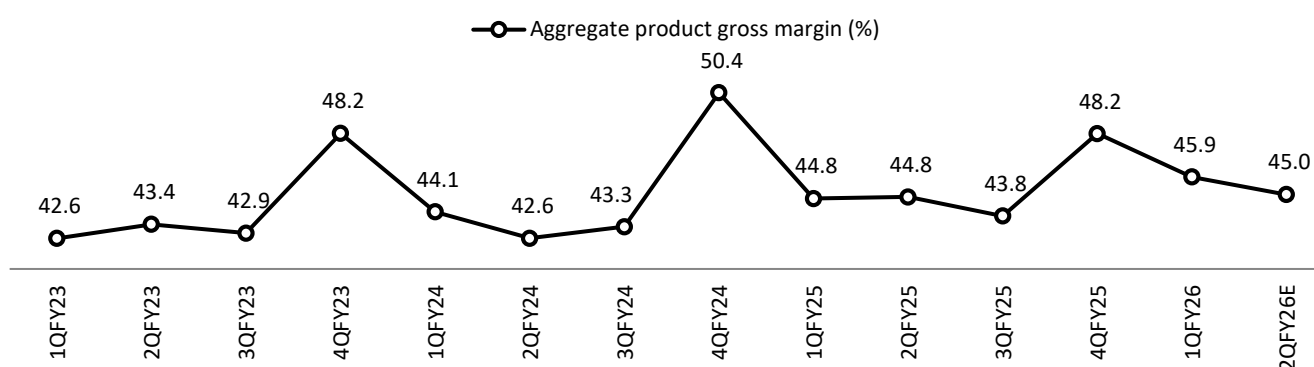
Source: Bloomberg, MOFSL

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



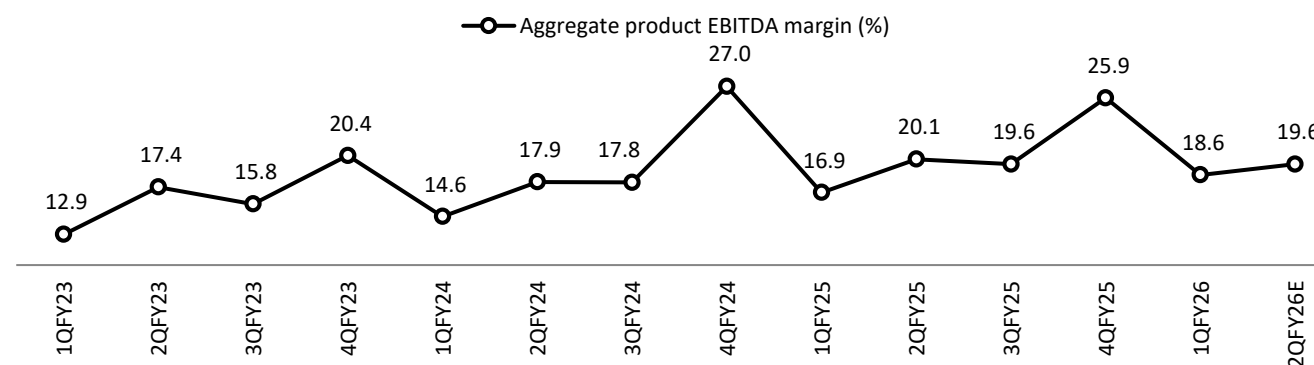
Source: Company, MOFSL

Exhibit 6: Gross margin snapshot for product companies under our coverage



Source: Company, MOFSL

Exhibit 7: EBITDA margin snapshot for product companies under our coverage



Source: Company, MOFSL

Input prices have been broadly benign YTD

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

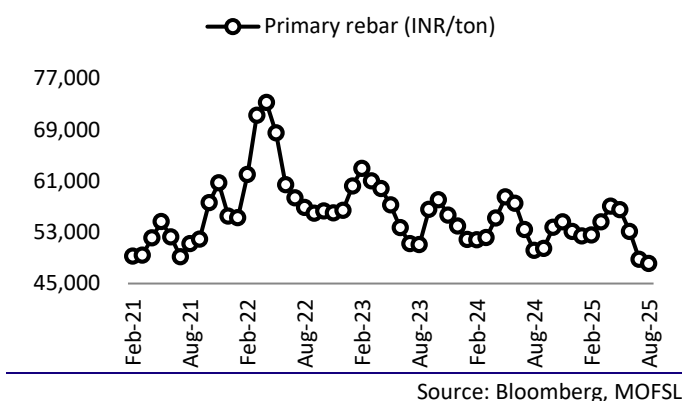


Exhibit 9: Aluminum price trend (USD/ton)

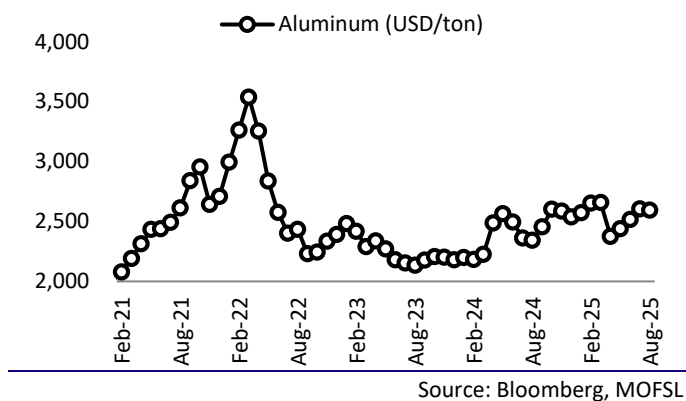


Exhibit 10: Copper price trend (USD/ton)

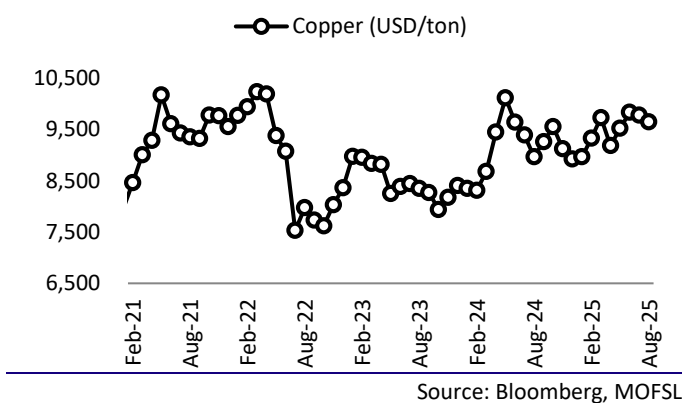
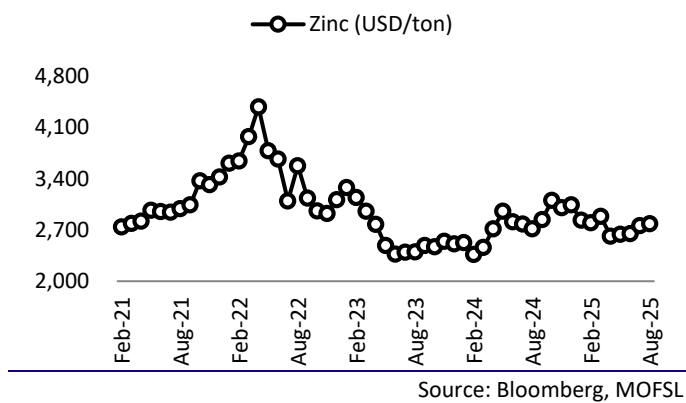


Exhibit 11: Zinc price trend (USD/ton)



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: INR5,198 | TP: INR6,000 (+15%)

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

- Expect revenue to grow 15% YoY, driven by strong execution of base orders in Electrification/Motion, aided by tailwinds in data centers, renewables and railways.
- Key monitorables include order inflow improvement, margin improvement, export outlook, and localization levels.
- We expect margins to contract by ~430bp YoY due to QCO compliance forcing higher-cost imports, along with forex volatility and pricing pressure in motors.
- We will watch out for incremental inflows from transmission, railways, data centers, transportation, F&B, and private capex to support order inflow growth.

Standalone - Quarterly Snapshot

(INR m)

Y/E December	CY24				CY25E				CY24	CY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	30,804	28,309	29,122	33,649	31,596	31,754	33,412	37,971	1,21,883	1,34,733
YoY Change (%)	27.8	12.8	5.2	22.0	2.6	12.2	14.7	12.8	16.7	10.5
Total Expenditure	25,152	22,884	23,719	27,076	25,773	27,614	28,634	32,194	98,831	1,14,214
EBITDA	5,652	5,425	5,402	6,573	5,823	4,141	4,778	5,777	23,052	20,519
Margins (%)	18.3	19.2	18.6	19.5	18.4	13.0	14.3	15.2	18.9	15.2
Depreciation	314	310	328	337	338	355	336	336	1,289	1,365
Interest	38	45	30	51	47	42	36	20	165	145
Other Income	871	868	929	866	923	998	874	874	3,534	3,668
PBT before EO expense	6,171	5,938	5,973	7,051	6,361	4,741	5,279	6,295	25,133	22,677
PBT	6,171	5,938	5,973	7,051	6,361	4,741	5,279	6,295	25,133	22,677
Tax	1,575	1,511	1,568	1,732	1,620	1,220	1,330	1,544	6,387	5,715
Rate (%)	25.5	25.5	26.3	24.6	25.5	25.7	25.2	24.5	25.4	25.2
Reported PAT	4,596	4,426	4,405	5,319	4,741	3,521	3,949	4,752	18,746	16,962
Adj PAT	4,596	4,426	4,405	5,319	4,741	3,521	3,949	4,752	18,746	16,962
YoY Change (%)	87.4	49.6	21.7	54.1	3.2	-20.5	-10.3	-10.7	50.2	-9.5
Margins (%)	14.9	15.6	15.1	15.8	15.0	11.1	11.8	12.5	15.4	12.6

Bharat Dynamics

Buy

CMP: INR1,542 | TP: INR1,900 (+23%)

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

- We expect revenue to grow 30% YoY, driven by the healthy execution of the opening order book.
- Key monitorables include emergency procurement orders for MPATGM, VSHORAD, ALWT, and other missile systems.
- We expect margins to expand 190bp YoY as execution scales up.
- The execution of orders, finalization of tender for QRSAM from BHE to BDL should drive margin improvement going forward.

Standalone - Quarterly Snapshot

(INR m)

Income Statement	FY25				FY26				FY25	FY26E
Y/E March	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net revenue	1,912	5,448	8,321	17,770	2,479	7,095	11,443	24,756	33,451	45,773
Change (%)	-35.8	-11.5	38.3	108.0	29.7	30.2	37.5	39.3	41.2	36.8
Expenses	2,435	4,459	7,053	14,780	2,933	5,676	8,583	17,699	28,727	34,890
EBITDA	-523	988	1,269	2,990	-454	1,419	2,861	7,057	4,724	10,883
As of % Sales	-27.4	18.1	15.2	16.8	-18.3	20.0	25.0	28.5	14.1	23.8
Depreciation	157	177	177	197	177	187	196	216	707	776
Interest	12	7	7	7	7	8	8	10	33	33
Other Income	804	860	844	996	869	989	1,036	1,139	3,504	4,033
PBT	112	1,665	1,929	3,782	231	2,212	3,692	7,971	7,488	14,106
Tax	40	439	458	1,054	48	575	960	2,168	1,991	3,751
Effective Tax Rate (%)	35.8	26.4	23.7	27.9	20.7	26.0	26.0	27.2	26.6	26.6
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
Reported PAT	72	1,225	1,471	2,728	183	1,637	2,732	5,802	5,496	10,355
Adj PAT	72	1,225	1,471	2,728	183	1,637	2,732	5,802	5,496	10,355
Change (%)	-82.7	-16.7	9.0	-5.5	154.3	33.6	85.7	112.7	-10.3	88.4
As of % Sales	3.8	22.5	17.7	15.4	7.4	23.1	23.9	23.4	16.4	22.6

Bharat Electronics

Buy

CMP: INR407 | TP: INR490 (+21%)

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

- We expect revenue growth of 15% YoY, led by the healthy execution of the order book of INR749b.
- Key monitorables include update on orders for sub-systems and 97 LCA MK1A aircraft, execution of orders for LRSAM and EW projects, incremental share of exports, and working capital cycle.
- We expect margins to contract 290bp YoY to 27.4% on a high base.
- The status of EoI for AMCA, finalization of emergency procurement-related orders, execution of the huge backlog, and further indigenization of modules and subsystems will remain key areas of focus.

Standalone Quarterly Performance

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	41,988	45,834	57,561	91,197	44,168	52,580	66,417	1,13,572	2,36,580	2,76,738
Change (%)	19.6	14.8	39.1	6.9	5.2	14.7	15.4	24.5	17.3	17.0
EBITDA	9,367	13,885	16,533	27,890	12,399	14,408	18,530	32,048	67,676	77,386
Change (%)	41.0	38.2	57.5	22.3	32.4	3.8	12.1	14.9	35.4	14.3
As of % Sales	22.3	30.3	28.7	30.6	28.1	27.4	27.9	28.2	28.6	28.0
Depreciation	997	1,032	1,029	1,298	1,129	1,212	1,242	1,386	4,356	4,968
Interest	12	13	13	58	14	13	13	55	96	96
Other Income	2,015	1,668	2,051	1,942	1,636	1,803	2,213	2,545	7,676	8,198
PBT	10,373	14,509	17,542	28,476	12,892	14,987	19,489	33,152	70,900	80,520
Tax	2,612	3,596	4,381	7,428	3,201	3,809	4,953	8,500	18,017	20,462
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.4	25.4	25.6	25.4	25.4
Reported PAT	7,761	10,913	13,161	21,048	9,691	11,178	14,536	24,652	52,883	60,058
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	10.5	17.1	31.5	13.6
Adj PAT	7,761	10,913	13,161	21,048	9,691	11,178	14,536	24,652	52,883	60,058
Change (%)	46.2	34.3	47.3	18.0	24.9	2.4	10.5	17.1	31.5	13.6

Cummins India

Buy

CMP: INR3,848 | TP: INR4,500 (+17%)

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

- We expect revenue to grow 16% YoY, driven by a broad-based improvement across all segments.
- Key monitorables include demand outlook across segments, the pricing environment in Powergen, and the export trajectory.
- We expect EBITDA margin to expand ~70bp YoY, broadly in line with overall management commentary on margins.
- We expect the powergen segment to benefit from volume recovery and prices to remain stable. We also expect exports to grow 10% YoY.

Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	23,042	24,923	30,860	24,569	29,068	28,779	31,903	31,125	1,03,394	1,20,875
YoY Change (%)	4.3	31.2	21.8	6.1	26.2	15.5	3.4	26.7	15.4	16.9
Total Expenditure	18,369	20,113	24,860	19,372	22,833	23,023	25,714	25,482	82,714	97,052
EBITDA	4,673	4,810	6,000	5,197	6,235	5,756	6,189	5,644	20,680	23,824
Margins (%)	20.3	19.3	19.4	21.2	21.4	20.0	19.4	18.1	20.0	19.7
Depreciation	439	452	481	457	479	483	507	507	1,829	1,976
Interest	48	26	27	52	27	42	46	51	151	166
Other Income	1,322	1,611	1,209	2,119	1,529	1,695	1,857	2,043	6,261	7,124
PBT before EO expense	5,509	5,944	6,702	6,807	7,258	6,926	7,493	7,128	24,961	28,805
Extra-Ord expense					-442	-	-	-	-	-442
PBT	5,509	5,944	6,702	6,807	7,700	6,926	7,493	7,128	24,961	29,246
Tax	1,311	1,438	1,562	1,593	1,807	1,662	1,873	1,585	5,904	6,927
Rate (%)	23.8	24.2	23.3	23.4	23.5	24.0	25.0	22.2	23.7	23.7
Reported PAT	4,198	4,506	5,140	5,214	5,893	5,264	5,619	5,543	19,058	22,319
Adj PAT	4,198	4,506	5,140	5,214	5,555	5,264	5,619	5,544	19,058	21,982
YoY Change (%)	33.0	37.2	12.7	-7.2	32.3	16.8	9.3	6.3	14.7	15.3
Margins (%)	18.2	18.1	16.7	21.2	19.1	18.3	17.6	17.8	18.4	18.2

Hindustan Aeronautics Ltd

Buy

CMP: INR4,803 | TP: INR5,800 (+21%)

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

- We expect revenue growth of 13% YoY, driven by a healthy execution of the opening order book.
- Key monitorables include the working capital cycle, and the status of Tejas Mk1a deliveries, MoU with GE and related orders for Su-30 avionics upgrade project.
- We expect EBITDA margin to expand ~10bp YoY even on a high base, aided by increased indigenization and easing of supply chain issues.
- The execution of a huge order backlog, any major provisions, incremental inflows, and margin will be the key focus areas.

Consolidated - Quarterly Snapshot

(INR b)

Income Statement Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	43.5	59.8	69.6	137.0	48.2	67.5	78.7	180.5	309.8	375.0
Change (%)	11.0	6.0	14.8	(7.2)	10.8	12.9	13.2	31.8	3.9	21.0
Expenses	33.6	43.4	52.7	84.0	35.4	48.9	59.1	119.8	213.7	263.2
EBITDA	9.9	16.4	16.8	52.9	12.8	18.6	19.7	60.7	96.1	111.8
As of % Sales	22.8	27.4	24.2	38.6	26.6	27.5	25.0	33.6	31.0	29.8
Depreciation	1.5	1.8	2.8	7.4	1.9	2.8	3.1	7.7	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	7.5	7.6	7.7	6.7	25.6	29.4
PBT pre EO items	15.8	20.0	20.4	52.0	18.4	23.3	24.3	59.7	108.2	125.8
Extra-ordinary Items	-	0.1	-	-	-	-	-	-	0.1	-
PBT	15.8	20.1	20.4	52.0	18.4	23.3	24.3	59.7	108.3	125.8
Tax	1.5	5.1	6.0	12.4	4.7	5.9	6.1	15.1	25.0	31.8
Effective Tax Rate (%)	9.3	25.5	29.6	23.9	25.5	25.3	25.3	25.2	23.1	25.3
MI & P/L Share of JV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.1	0.4	0.5
Reported PAT	14.4	15.1	14.4	39.8	13.8	17.5	18.2	44.8	83.6	94.4
Adj PAT	14.4	15.0	14.4	39.8	13.8	17.5	18.2	44.8	83.6	94.4
Margin (%)	33.1	25.2	20.7	29.0	28.7	26.0	23.2	24.8	27.0	25.2
Change (%)	76.5	21.7	14.1	(7.7)	(3.7)	16.6	26.7	12.7	38.4	13.0

Hitachi Energy India

Sell

CMP: INR18,168 | TP: INR16,500 (-9%)

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

- We expect revenue growth of 35% YoY, led by healthy execution of the opening order book of INR291b.
- Key monitorables include further ramp-up in margins, progress on HVDC project execution, and STATCOM order finalization.
- We expect EBITDA margin to expand ~490bp YoY, aided by operating leverage gains and improved order book mix.
- The execution of product and export orders is expected to support revenue and margin in the near term.

Standalone - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	13,272	15,537	16,203	18,837	14,789	20,931	21,827	28,466	63,849	86,012
Change (%)	27.6	26.5	27.2	11.1	11.4	34.7	34.7	51.1	21.9	34.7
EBITDA	479	1,097	1,669	2,713	1,549	2,512	2,837	4,252	5,958	11,150
Change (%)	42.3	68.0	145.5	49.1	223.4	128.9	70.0	56.8	70.7	87.1
As % of Sales	3.6	7.1	10.3	14.4	10.5	12.0	13.0	14.9	9.3	13.0
Depreciation	221	228	230	235	250	282	282	313	914	1,126
Interest	109	164	120	60	40	113	116	184	452	452
Other Income	1	1	2	182	509	450	300	117	186	1,376
PBT	150	706	1,322	2,600	1,769	2,567	2,740	3,872	4,778	10,948
Tax	46	183	467	628	453	711	759	1,111	1,324	3,034
Effective Tax Rate (%)	30.8	25.9	35.3	24.1	25.6	27.7	27.7	28.7	27.7	27.7
Extra-ordinary Items			519	(134)					386	
Reported PAT	104	523	1,374	1,839	1,316	1,856	1,981	2,761	3,840	7,914
Change (%)	332.4	111.4	498.1	61.8	1,163.0	254.9	44.2	50.2	110.9	129.1
Adj PAT	104	523	855	1,973	1,316	1,856	1,981	2,761	3,454	7,914
Change (%)	332.4	111.4	272.1	73.5	1,163.0	254.9	131.8	40.0	110.9	129.1
As % of Sales	2.5	0.7	1.7	0.4	7.9	1.2	0.6	0.1	0.2	0.2

Kalpataru Projects International

Buy

CMP: INR1,241 | TP: INR1,450 (+17%)

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

- We expect revenue growth of 25% YoY on strong execution across segments such as T&D, B&F, and O&G, barring the water and railway 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 EBITDA margin of 8.6% (+20bp YoY/+10bp 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.

Standalone - Quarterly Snapshot

Y/E March	FY25E				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	37,219	41,361	48,257	62,042	50,397	51,718	57,210	69,516	1,88,879	2,28,842
YoY Change (%)	2.8	7.6	16.4	20.5	35.4	25.0	18.6	12.0	12.7	21.2
Total Expenditure	34,085	37,877	44,239	56,810	46,114	47,271	52,062	63,024	1,73,009	2,08,470
EBITDA	3,135	3,485	4,019	5,232	4,284	4,448	5,149	6,491	15,870	20,372
Margins (%)	8.4	8.4	8.3	8.4	8.5	8.6	9.0	9.3	8.4	8.9
Depreciation	929	914	956	949	936	1,085	1,112	1,314	3,749	4,447
Interest	861	998	1,071	877	840	897	942	942	3,807	3,622
Other Income	295	264	185	235	234	264	315	346	979	1,159
PBT before EO expense	1,640	1,836	2,177	3,641	2,742	2,730	3,410	4,581	9,294	13,462
Extra-Ord expense	-	-	-	330	-	-	-	-	330	-
PBT	1,640	1,836	2,177	3,311	2,742	2,730	3,410	4,581	8,964	13,462
Tax	474	513	604	894	734	757	946	1,297	2,485	3,734
Rate (%)	28.9	27.9	27.7	27.0	26.8	27.7	27.7	28.3	27.7	27.7
Reported PAT	1,166	1,323	1,574	2,416	2,008	1,973	2,464	3,284	6,479	9,729
Adj PAT	1,166	1,323	1,574	2,657	2,008	1,973	2,464	3,284	6,718	9,729
YoY Change (%)	-7.4	17.1	9.3	51.8	72.1	49.1	56.6	23.6	20.3	44.8
Margins (%)	3.1	3.2	3.3	4.3	4.0	3.8	4.3	4.7	3.6	4.3

KEC International

Neutral

CMP: INR854 | TP: INR950 (+11%)

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

- We expect 15% YoY revenue growth, driven by a strong opening order book of INR344b.
- Key monitorables include the order pipeline in both T&D and civil, execution ramp-up, and margin improvement.
- We expect EBITDA margin to expand 100bp YoY (bridging toward 8-8.5% in FY26), supported by T&D inflows and civil stabilization.
- We will monitor the payment cycle, debt levels, and NWC improvement.

Consolidated - Quarterly Snapshot

Y/E March - INR m	FY25				FY26E				(INR M)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	45,119	51,133	53,494	68,721	50,229	58,575	63,668	82,202	2,18,467	2,54,674
YoY Change (%)	6.3	13.7	6.8	11.5	11.3	14.6	19.0	19.6	9.7	16.6
Total Expenditure	42,415	47,931	49,749	63,333	46,728	54,299	58,448	74,614	2,03,428	2,34,088
EBITDA	2,704	3,202	3,745	5,388	3,501	4,276	5,221	7,588	15,039	20,586
Margins (%)	6.0	6.3	7.0	7.8	7.0	7.3	8.2	9.2	6.9	8.1
Depreciation	465	453	453	465	459	508	521	596	1,837	2,084
Interest	1,550	1,681	1,702	1,703	1,511	1,676	1,634	1,716	6,636	6,538
Other Income	431	66	9	202	54	124	127	204	709	509
PBT before EO expense	1,120	1,135	1,598	3,422	1,585	2,216	3,193	5,480	7,275	12,473
Extra-Ord expense	-	-	-	-	-	-	-	-	-	-
PBT	1,120	1,135	1,598	3,422	1,585	2,216	3,193	5,480	7,275	12,473
Tax	245	281	303	740	339	510	817	1,527	1,568	3,193
Rate (%)	21.8	24.7	18.9	21.6	21.4	23.0	25.6	27.9	21.5	25.6
Reported PAT	876	854	1,296	2,682	1,246	1,706	2,375	3,953	5,707	9,280
Adj PAT	876	854	1,296	2,682	1,246	1,706	2,375	3,953	5,707	9,280
YoY Change (%)	106.9	53.1	33.7	76.7	42.3	99.7	83.3	47.4	64.6	62.6
Margins (%)	1.9	1.7	2.4	3.9	2.5	2.9	3.7	4.8	2.6	3.6

Kirloskar Oil Engines

Buy

CMP: INR926 | TP: INR1,230 (+33%)

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

- We expect revenue growth of 20% YoY, driven by healthy growth across segments.
- Key monitorables include outlook on genset demand, pricing environment, and export ramp-up.
- We expect EBITDA margin to contract 80bp YoY on a high base of last year due to provision reversal.
- Ramp-up of the US and Middle East businesses, B2C business, scale-up of distribution business, and Arka Fincap performance will be closely observed.

Standalone - Quarterly Snapshot

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	13,429	11,944	11,636	14,125	14,447	14,389	13,943	15,639	51,133	58,417
YoY Change (%)	6.2	12.8	2.5	1.5	7.6	20.5	19.8	10.7	5.4	14.2
Total Expenditure	11,452	10,294	10,466	12,384	12,545	12,518	12,102	13,658	44,596	50,823
EBITDA	1,977	1,650	1,170	1,741	1,902	1,871	1,840	1,981	6,537	7,594
Margins (%)	14.7	13.8	10.1	12.3	13.2	13.0	13.2	12.7	12.8	13.0
Depreciation	247	266	320	337	340	335	343	355	1,170	1,373
Interest	27	26	31	37	32	22	22	13	121	90
Other Income	108	118	68	52	123	96	98	76	344	393
PBT before EO expense	1,810	1,476	887	1,419	1,653	1,610	1,573	1,689	5,590	6,525
Extra-Ord expense				(209)	-	-	-	-	(209)	-
PBT	1,810	1,476	887	1,628	1,653	1,610	1,573	1,689	5,799	6,525
Tax	462	365	236	416	425	410	401	429	1,480	1,665
Rate (%)	25.5	24.7	26.7	25.6	25.7	25.5	25.5	25.4	25.5	25.5
Reported PAT	1,347	1,111	650	1,211	1,228	1,199	1,172	1,260	4,319	4,859
Adj PAT	1,347	1,111	650	1,056	1,228	1,199	1,172	1,260	4,164	4,859
YoY Change (%)	30.5	89.6	(20.9)	(10.2)	(8.8)	8.0	80.2	19.4	15.1	16.7
Margins (%)	10.0	9.3	5.6	7.5	8.5	8.3	8.4	8.1	8.1	8.3

Larsen & Toubro

Buy

CMP: INR3,670 | TP: INR4,300 (+17%)

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

- We expect consolidated revenue growth of 16% YoY, led by 19% YoY revenue growth for Core E&C.
- Key monitorables include a ramp-up in domestic ordering, conversion of prospect pipeline in international markets, margin performance, and working capital cycle.
- We expect EBITDA margin to be flat YoY at 7.6% for Core E&C, but down 50bp YoY at consolidated level.
- The company received two ultra-mega orders in the quarter for its energy and hydrocarbon businesses.
- We will also look out for execution ramp-up in Saudi projects, and trends in the GCC order pipeline.

Consolidated - Quarterly Earning Model

Y/E March - INR b	FY25				FY26E					
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	551	616	647	744	637	715	743	873	2,557	2,968
YoY Change (%)	15.1	20.6	17.3	10.9	15.5	16.2	14.8	17.4	15.7	16.1
Total Expenditure	495	552	584	662	574	645	664	774	2,293	2,657
EBITDA	56	64	63	82	63	70	79	99	264	311
Margins (%)	10.2	10.3	9.7	11.0	9.9	9.8	10.6	11.3	10.3	10.5
Depreciation	10	10	10	11	10	11	11	11	41	42
Interest	9	9	8	7	8	9	9	9	33	34
Other Income	9	11	10	11	14	11	11	11	41	47
PBT before EO expense	47	56	53	75	59	62	70	90	231	281
Extra-Ord expense	-	-	-	-5	-	-	-	-	-5	-
PBT	47	56	53	80	59	62	70	90	236	281
Tax	12	14	13	19	15	16	18	24	59	73
Rate (%)	26.4	26.0	25.0	23.5	26.2	26.2	26.2	26.0	25.0	26.1
MI & P/L of Asso. Cos.	7	7	6	6	7	7	7	7	27	28
Reported PAT	28	34	34	55	36	39	44	60	150	179
Adj PAT	28	34	34	51	36	39	44	60	147	179
YoY Change (%)	11.7	5.4	14.0	18.8	29.8	14.3	31.9	17.0	13.0	22.2
Margins (%)	5.1	5.5	5.2	6.9	5.7	5.4	6.0	6.9	5.7	6.0

Siemens Ltd

Neutral

CMP: INR3,123 | TP: INR3,300 (+6%)

EPS CHANGE (%): 18M26E | 12M2027E: -1|-

- We expect revenue to grow 8% YoY, led by improved traction in the smart infra and digital 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 EBITDA margin to expand ~120bp, on account of improvement in mobility, digital and low-voltage motors segment.
- Demand outlook from both the government and private sectors and export outlook are to be keenly monitored.

Consolidated – Quarterly Snapshot

(INR m)

Income Statement Y/E March	12FY24 (Y/E Sep)				18FY26E (Y/E Mar)					12M24		18M26E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE	5QE	6QE		
Net Sales	37,095	41,524	37,626	44,572	35,872	42,590	43,468	47,966	44,364	48,414	1,60,817	2,62,674
Change (%)					-3.3	2.6	15.5	7.6	23.7	13.7		63.3
Expenses	32,565	35,155	32,773	39,122	31,863	37,915	38,254	41,553	38,904	42,001	1,39,615	2,30,489
EBITDA	4,530	6,369	4,853	5,450	4,009	4,675	5,214	6,413	5,460	6,413	21,202	32,185
As of % Sales	12.2	15.3	12.9	12.2	11.2	11.0	12.0	13.4	12.3	13.2	13.2	12.3
Depreciation	605	629	697	625	689	686	711	744	698	716	2,556	4,244
Interest	28	212	46	154	34	23	49	34	33	34	440	207
Other Income	1,618	3,253	1,569	2,331	1,723	1,515	1,241	1,192	1,310	1,342	8,771	8,322
PBT pre EO items	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,827	6,038	7,005	26,977	36,055
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0	0	0
PBT	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,827	6,038	7,005	26,977	36,055
Tax	1,399	2,289	1,309	1,776	1,288	1,402	1,461	1,648	1,522	1,765	6,773	9,086
Effective Tax Rate (%)	25.4	26.1	23.0	25.4	25.7	25.6	25.7	24.1	25.2	25.2	25.1	25.2
Reported PAT	4,116	6,492	4,370	5,226	3,721	4,079	4,234	5,179	4,517	5,240	20,204	26,969
Adj PAT	4,116	6,492	4,370	5,226	3,721	4,079	4,234	5,179	4,517	5,240	20,204	26,969
Margin (%)	11.1	15.6	11.6	11.7	10.4	9.6	9.7	10.8	10.2	10.8	12.6	10.3
Change (%)	NA	NA	NA	NA	-9.6	-37.2	-3.1	-0.9	21.4	28.5		33.5

Siemens Energy

Buy

CMP: INR3,400 | TP: INR3,800 (+12%)

EPS CHANGE (%): FY25E | FY26E: +3|+4

- We expect revenue to decline 2% YoY on a high base.
- Key monitorables include the status of capacity expansion, HVDC orders and margin trajectory.
- T&D sector ordering and execution ramp-up on commissioning of additional capacities will be in focus.
- We expect EBITDA margin to expand ~250bp YoY, with sequential improvement expected in power transmission and generation on better pricing.
- TP was increased to INR3,800 to factor in better execution.

Consolidated - Quarterly Snapshot

(INR m)

Income Statement Y/E September	FY24			FY25E				FY25E
	2Q(2M)	3Q	4Q	1Q	2Q	3Q	4QE	
Net Sales	11,966	14,842	20,788	15,169	18,795	17,846	20,412	72,222
Change (%)				NA	NA	20.2	-1.8	17.3
Expenses	9,271	12,708	16,939	11,816	15,210	14,443	16,122	57,591
EBITDA	2,695	2,134	3,849	3,353	3,585	3,403	4,290	14,631
As of % Sales	22.5	14.4	18.5	22.1	19.1	19.1	21.0	20.3
Depreciation	103	160	191	207	243	266	223	939
Interest	150	13	21	44	33	142	141	360
Other Income	2	0	20	16	144	525	1,399	2,084
PBT pre EO items	2,444	1,961	3,657	3,118	3,453	3,520	5,325	15,416
Extra-ordinary Items	0	0	0	0	0	0	0	0
PBT	2,444	1,961	3,657	3,118	3,453	3,520	5,325	15,416
Tax	639	503	920	801	992	893	1,199	3,885
Effective Tax Rate (%)	26.1	25.7	25.2	25.7	28.7	25.4	22.5	25.2
Reported PAT	1,805	1,458	2,737	2,317	2,461	2,627	4,126	11,531
Adj PAT	1,805	1,458	2,737	2,317	2,461	2,627	4,126	11,531
Margin (%)	15.1	9.8	13.2	15.3	13.1	14.7	20.2	16.0
Change (%)	NA	NA	NA	NA	NA	80.2	50.8	65.3

Thermax

Sell
CMP: INR3,167 | TP: INR3,450 (+9%)
EPS CHANGE (%): FY26|FY27: -|-

- We expect revenue to grow 11% YoY, driven by growth across all 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 margin to contract 100bp YoY, while sequentially it is expected to contract 90bp as 1QFY26 was aided by government incentives.
- The performance of key subsidiaries (FEPL, TOESL) needs to be monitored closely.

Consolidated - Quarterly Snapshot

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	21,844	26,116	25,078	30,849	21,502	28,863	27,830	36,990	1,03,887	1,15,184
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	10.5	11.0	19.9	11.4	10.9
Total Expenditure	20,433	23,336	23,188	27,853	19,251	26,100	25,159	32,947	94,809	1,03,457
EBITDA	1,412	2,780	1,890	2,997	2,251	2,763	2,671	4,043	9,078	11,728
Margins (%)	6.5	10.6	7.5	9.7	10.5	9.6	9.6	10.9	8.7	10.2
Depreciation	360	421	351	453	489	491	467	467	1,585	1,913
Interest	275	294	287	313	302	340	358	395	1,168	1,395
Other Income	841	598	315	769	656	538	566	446	2,522	2,207
PBT before EO expense	1,617	2,663	1,568	3,000	2,117	2,470	2,413	3,627	8,847	10,627
Extra-Ord expense										0
PBT	1,617	2,663	1,568	3,000	2,117	2,470	2,413	3,627	8,847	10,627
Tax	519	683	425	951	600	692	676	1,008	2,578	2,976
Rate (%)	32.1	25.6	27.1	31.7	28.4	28.0	28.0	27.8	29.1	28.0
Reported PAT	1,094	1,980	1,137	2,056	1,515	1,779	1,737	2,621	6,268	7,651
Adj PAT	1,094	1,980	1,137	2,056	1,515	1,779	1,737	2,621	6,268	7,651
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-10.2	52.7	27.5	6.7	20.5
Margins (%)	5.0	7.6	4.5	6.7	7.0	6.2	6.2	7.1	6.0	6.6

Triveni Turbine

Buy
CMP: INR524 | TP: INR620 (+18%)
EPS CHANGE (%): FY26|FY27: -|-

- Revenue is likely to grow on improved execution (vs. weak trends in 1QFY26), while delayed decision-making on international geographies may reflect in low order inflows. Domestic segment inflows are expected to grow QoQ.
- Key monitorables include a ramp-up in domestic and international inflows, conversion of inquiry pipeline and recovery of execution in 2H.
- We expect margins to decline YoY by 170bp, driven by revenue mix.
- Domestic ordering from the government and private sectors, updates on API turbines, and export order recovery will be the key areas to monitor.

Consolidated - Quarterly Snapshot Mode

Y/E March	FY25				FY26E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY25	FY26E
Net Sales	4,633	5,011	5,034	5,380	3,713	4,972	5,709	6,750	20,058	21,144
YoY Change (%)	23.1	29.2	16.6	17.5	-19.9	-0.8	13.4	25.5	21.3	5.4
Total Expenditure	3,677	3,897	3,941	4,176	2,977	3,953	4,442	5,237	15,691	16,609
EBITDA	956	1,114	1,093	1,204	736	1,019	1,267	1,513	4,367	4,535
Margins (%)	20.6	22.2	21.7	22.4	19.8	20.5	22.2	22.4	21.8	21.5
Depreciation	62	61	65	75	77	74	76	77	263	305
Interest	10	8	4	7	8	8	8	8	29	32
Other Income	194	196	221	199	222	219	230	230	810	902
PBT before EO expense	1,078	1,241	1,245	1,321	873	1,157	1,414	1,657	4,885	5,101
PBT	1,078	1,241	1,245	1,321	873	1,157	1,414	1,657	4,885	5,101
Tax	274	331	320	375	228	308	376	445	1,300	1,357
Rate (%)	25.4	26.7	25.7	28.4	26.1	26.6	26.6	26.9	26.6	26.6
MI & P/L of Asso. Cos.	0	0	1	0	-1	0	0	1	1	0
Reported PAT	804	910	926	946	644	849	1,038	1,213	3,586	3,744
Adj PAT	804	910	926	946	644	849	1,038	1,213	3,586	3,744
YoY Change (%)	31.8	41.4	35.0	25.9	-19.9	-6.7	12.1	28.2	33.3	4.4
Margins (%)	17.4	18.2	18.4	17.6	17.3	17.1	18.2	18.0	17.9	17.7

Zen Technologies

Neutral
CMP: INR1,464 | TP: INR1,550 (+6%)
EPS CHANGE (%): FY26|FY27: -3|-3

- We expect revenue to decline 43% YoY as decision delays on overall ordering weigh on execution performance.
- Key monitorables include order inflows for both training simulators and anti-drones in domestic and export markets, execution of equipment orders, and working capital cycle.
- We expect EBITDA margin to expand 210bp YoY/70bp QoQ, in line with broader guidance of the company.
- Emergency procurement, progress of acquired companies and updates on utilization of QIP proceeds will be in focus.
- TP was decreased to INR1,550 to factor in lower other income in our estimates.

Standalone - Quarterly Earning Model

(InR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
Net Sales	2,540	2,417	1,415	2,935	1,111	1,379	1,866	3,756	9,307	8,112
YoY Change (%)	91.7	277.4	44.3	116.3	(56.3)	(42.9)	31.8	28.0	116.3	(12.8)
Total Expenditure	1,508	1,623	1,048	1,991	730	896	1,166	2,318	6,169	5,110
EBITDA	1,032	794	367	944	380	483	700	1,439	3,137	3,001
Margins (%)	40.6	32.9	26.0	32.2	34.3	35.0	37.5	38.3	33.7	37.0
Depreciation	22	23	26	29	31	32	32	35	101	130
Interest	10	21	27	36	14	25	26	39	94	104
Other Income	30	84	220	244	199	135	185	221	578	740
PBT	1,030	835	534	1,122	535	561	826	1,586	3,520	3,508
Tax	288	182	147	273	164	163	212	360	890	898
Rate (%)	28.0	21.8	27.6	24.3	30.6	29.0	25.6	22.7	25.3	25.6
Reported PAT	742	652	386	849	371	398	615	1,226	2,630	2,610
Adj PAT	742	652	386	849	371	398	615	1,226	2,630	2,610
YoY Change (%)	57.4	276.1	21.9	177.3	(50.0)	(38.9)	59.2	44.3	107.3	(0.7)
Margins (%)	29.2	27.0	27.3	28.9	33.4	28.9	33.0	32.6	28.3	32.2

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UNDER REVIEW	Rating may undergo a change
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