Capital Goods


Capital Goods

Preference remains for growth companies

Fairly decent quarter with strong inflow momentum

Our analysis of the key 30 companies in the industrials, defense and railways segments indicates that 3QFY26 reflected a broadly positive outlook, with resilient profitability and steady ordering momentum. The outlook is supported by improved budgetary allocation for capex, continued spending across high-growth areas like renewables, data center and defense across both domestic and international markets, while private capex remains selective. Export outlook has improved after India-US and India-EU trade deals. Commodity price movements have been sharp and will have to be monitored regularly for any impact on margins. We continue to prefer companies with stronger execution growth and the ability to sustain margins amid commodity volatility. We reiterate our positive stance on LT, Cummins India (KKC), and Siemens Energy in the large-cap space and Kirloskar Oil Engines (KOEL) and Kalpataru Projects International (KPIL) in the mid-cap and small-cap segments. In the defense sector, Bharat Electronics (BHE) remains our top pick.

Profitability remains resilient despite softer execution growth

In 3QFY26, execution across our coverage universe was slightly below our estimates, with revenue rising 11% YoY (est. +16%), mainly due to weaker-than-expected execution at LT, SIEM and BDL. Among EPC players, we had expected LT's core E&C revenues to ramp up from 3QFY26, which we believe would happen in the coming quarters. Most product companies reported in-line or better-than-expected execution. The quarterly performance of defense companies tends to be lumpy, with 4Q typically being the strongest quarter as a majority of government payments are released toward the end of the fiscal year. PAT was broadly ahead of our estimates, reflecting stable profitability.

Sustainability of order inflows to be seen

Ordering remained healthy in 3QFY26 across EPC projects from the Middle East, T&D, renewables, defense, real estate and data center, supporting base orders as well as large orders. The government has increased capex spending by 11% YoY for FY27, including a much higher 18% YoY growth in allocation for defense capex to INR2.2t. Along with this, AoNs worth ~INR6.9t accorded over YTDFY26 are also expected to convert into firm contracts over the next 2-3 years. Apart from this, private capex remains selective, driven by thermal, metals and mining, automobile and cement. New areas like renewables, grid expansion and data centers continue to see strength, aided by the proposed tax holiday for data centers until CY47. Going ahead, we will monitor broad-based capex growth and corresponding base order inflow traction for ABB, Siemens, Thermax and Triveni Turbine.

Margins expanded YoY despite rising commodity costs

Overall margins improved to 13.1% (vs. our estimate of 12.9%), expanding ~70bp YoY. Both EPC and product companies reported YoY margin expansion, supported by operating leverage and improved mix. Margin performance was largely stable across defense companies, with compression limited to BDL due to weak execution. Commodity price pressures were highlighted by several companies, though largely mitigated through hedging and price-escalation clauses. Despite softer revenue growth, overall sector margin trends remain stable. While commodity price pressures could weigh on margins in the near term, most companies are expected to pass on these costs to customers with a lag of 2-3 months.

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Export outlook turns positive after India-EU and India-US trade deals

Ordering activity for EPC players from international markets has been strong. For product companies, the export outlook, which was uncertain till sometime back, has improved after India-US and India-EU trade deals. Industrial and electronic exports saw volatility due to tariff changes and delayed order finalizations, which we believe will ease out now. Most companies are trying to capitalize on upcoming demand from data center and renewable infrastructure from the US and EU markets. For new capacity expansions across transformer companies, most players have earmarked nearly 25-30% of the output from incremental capacities for export markets, indicating upcoming demand from export markets. In defense too, export momentum is gradually improving, and the Defense Ministry has guided for defense exports to double over the next 4-5 years, though conversion timelines remain long.

Capacity expansion to cater to both domestic and export demand

Capacity expansion activity continues across the sector in transmission equipment, transformers, power generation, and rail manufacturing. Investments are focused on scaling transformer and HVDC capacities, expanding tower and hardware facilities, increasing powergen capacity, and adding capacity in data center segments. Most expansions are being undertaken in a phased manner and largely funded through internal accruals. Overall, these additions reflect steady demand visibility across power, infrastructure, railways and data center.

Limited impact from Chinese competition

Management commentary indicated that potential Chinese participation does not pose a material near-term threat. Current discussions are largely around selective component imports rather than full equipment, which may ease supply bottlenecks and support execution. Chinese players' transformers capacities are running at full capacities to cater to their local demand as well as export markets such as Australia, the Middle East and Africa. Any meaningful entry would require Chinese players to set up a local manufacturing unit, regulatory approvals and product qualification, implying a long gestation period. As a result, pricing pressure remains limited and existing expansion plans are unlikely to be affected in the near term.

Key future monitorables

Key monitorables include 1) increased tendering activity on higher capital allocation in the union budget, 2) finalization of large-sized defense orders, for which AoNs have already been accorded, 3) broad-based recovery in private sector ordering, 4) improved export activities on recent trade deals, and 5) movement in commodity prices.

Our recommendations

We maintain our selective stance on the sector and prefer companies with stronger execution growth and the ability to sustain margins amid commodity volatility. We reiterate our positive stance on LT, KKC, and Siemens Energy in the large-cap space and KOEL and KPIL in the mid-cap and small-cap segments. In the defense sector, BHE remains our top pick.

Sector performance during 3QFY26 remained mixed vs. estimates

Exhibit 1: Sector performance was healthy on YoY basis

Companies	Revenue (INR b)				EBITDA (INR b)				PAT (INR b)			
	3QFY26	Growth (%) YoY	Growth (%) QoQ	Var. over Exp. (%)	3QFY26	Growth (%) YoY	Growth (%) QoQ	Var. over Exp. (%)	3QFY26	Growth (%) YoY	Growth (%) QoQ	Var. over Exp. (%)
ABB India*	35.6	5.7	7.4	4.5	6.1	-6.9	22.3	15.1	4.8	-9.0	18.3	9.5
Astra Microwave	2.6	0.7	21.3	-0.7	0.8	8.3	72.5	34.0	0.5	-1.3	95.8	53.6
Bharat Dynamics	5.7	-31.9	-50.6	-50.5	0.3	-79.5	-86.1	-87.4	0.7	-50.4	-66.2	-64.7
Bharat Electronics	71.2	23.7	23.6	5.0	21.2	28.1	24.9	10.8	15.9	20.8	23.6	6.9
Cummins India	30.5	-1.0	-3.6	3.8	6.3	5.7	-8.7	5.7	5.5	7.0	-13.8	-0.5
Hind.Aeronautics	77.0	10.7	16.1	-2.2	18.7	11.2	20.1	-5.0	18.7	29.6	11.8	0.4
Hitachi Energy	20.8	28.5	13.6	-5.5	3.5	106.9	15.5	-2.0	2.9	241.2	15.9	7.4
Kalpataru Proj.	57.9	19.9	6.8	2.5	4.8	19.8	7.6	0.3	2.3	48.2	16.6	7.0
KEC International	60.0	12.2	-1.5	-2.2	4.3	14.8	-0.1	-5.3	1.7	34.5	8.4	-1.4
Kirloskar Oil	13.8	18.6	-5.4	-3.6	1.7	44.3	-17.2	-11.4	1.0	57.1	-23.5	-16.7
Larsen & Toubro	714.5	10.5	5.1	-4.8	74.2	18.6	9.0	-4.1	41.0	22.1	4.4	-4.6
Siemens*#	38.3	6.8	-25.9	-13.7	4.2	5.2	-31.6	-20.6	3.5	-5.4	-27.5	-19.9
Siemens Energy**	19.1	26.0	-27.8	-4.2	4.6	37.4	-3.9	12.7	3.6	57.4	1.4	20.4
Thermax	26.3	5.1	6.5	-2.9	2.5	34.8	48.1	-9.5	1.6	43.6	36.8	-3.7
Triveni Turbine	6.2	24.0	23.3	11.4	1.3	22.7	17.0	12.9	1.0	11.3	12.8	3.9
Zen Technologies	1.2	-17.9	-6.8	-16.5	0.5	43.2	25.8	3.6	0.5	23.8	3.6	-2.3
Amber Enterp.	29.4	37.9	78.7	16.1	2.5	55.0	169.6	46.1	0.8	111.5	NA	22.7
Dixon Tech.	106.7	2.1	-28.2	-0.6	4.1	6.1	-26.2	1.7	1.8	6.4	-26.4	11.7

Source: Company, MOFSL

Note: *For ABB, 3QFY26 denotes 4QCY25 data.

#For Siemens, company has now switched from Sep Y/E to Mar Y/E, hence, 3QFY26 denotes 5QFY26 data.

**For Siemens Energy, 3QFY26 denotes 1QFY26 data.

Exhibit 2: Revenue growth moderated, with strength in transmission and select defense players while remained weak for private capex-oriented names

Revenue YoY %	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
ABB India*	44.0	19.2	15.5	22.5	22.2	30.6	13.6	27.8	12.8	5.2	22.0	2.6	12.2	13.7	5.7
Astra Microwave	25.8	-2.9	8.9	7.9	-17.5	8.8	4.9	37.0	16.0	20.8	11.9	15.2	28.7	-6.5	0.7
BDL	NA	6.1	-42.6	-42.2	-57.2	15.2	30.3	7.0	-35.8	-11.5	38.3	108.0	29.7	110.6	-31.9
BEL	90.4	7.8	11.8	2.1	12.8	1.2	0.1	32.1	19.6	14.8	39.1	6.9	5.2	25.8	23.7
Cummins India	42.4	13.0	25.7	29.0	31.0	-2.6	16.2	20.3	4.3	31.2	21.8	6.1	26.2	27.2	-1.0
HAL	124.2	-7.3	-3.9	8.1	8.1	9.5	7.0	18.2	11.0	6.0	14.8	-7.2	10.8	10.9	10.7
Hitachi Energy	25.8	31.3	-7.9	19.8	5.5	10.2	23.2	27.1	27.6	26.5	27.2	11.1	11.4	17.9	28.5
KEC	30.6	13.3	31.0	29.2	27.9	10.7	14.4	11.6	6.3	13.7	6.8	11.5	11.3	19.1	12.2
KOEL	NA	22.4	19.5	16.4	26.5	4.8	13.5	20.7	6.2	12.8	2.5	1.5	7.6	22.2	18.6
KPIL	NA	NA	NA	NA	15.4	16.7	18.2	17.1	2.8	7.6	16.4	20.5	35.4	31.0	19.9
L&T	22.2	23.0	17.3	10.4	33.6	19.3	18.8	15.0	15.1	20.6	17.3	10.9	15.5	10.4	10.5
Siemens*#	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-3.3	2.6	15.5	16.0	6.8
Siemens Energy**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	20.2	27.3	26.0
Thermax	57.2	41.2	26.9	16.0	16.8	10.9	13.4	19.6	13.0	13.4	7.9	11.6	-1.6	-5.3	5.1
Triveni Turbine	40.7	41.9	44.7	56.3	45.3	32.4	32.5	23.9	23.1	29.2	16.6	17.5	-19.9	1.0	24.0
Zen Tech	263.9	30.0	166.5	364.4	298.5	203.1	197.8	83.0	91.7	277.4	44.3	116.3	-56.3	-48.4	-17.9
Amber	157.9	0.0	38.4	55.0	-6.8	23.5	-4.0	-6.6	41.1	81.7	64.8	33.8	43.6	-2.2	37.9
Dixon	52.9	37.9	-21.8	3.8	14.6	27.8	100.4	52.0	101.1	133.3	117.0	121.0	95.1	28.8	2.1

Source: Company, MOFSL

Note: *For ABB, 3QFY26 denotes 4QCY25 data.

#For Siemens, company has now switched from Sep Y/E to Mar Y/E, hence, 3QFY26 denotes 5QFY26 data.

**For Siemens energy, 3QFY26 denotes 1QFY26 data.

Exhibit 3: Profit growth remained strong for most players, barring a few names

PAT YoY %	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26
ABB India*	99.7	64.1	62.2	-34.3	110.9	84.0	13.1	87.4	49.6	21.7	54.1	3.2	-20.5	-7.2	-9.0
Astra Microwave	-33.4	507.1	142.5	24.1	NM	46.3	56.7	302.3	NM	-15.4	9.3	35.1	125.9	-5.9	-1.3
BDL	NA	75.3	-60.7	-48.7	4.9	94.0	61.2	89.0	-82.7	-16.7	9.0	-5.5	154.3	76.2	-50.4
BEL	NA	-0.2	2.6	19.6	23.0	32.9	49.2	30.6	46.2	34.3	47.3	18.0	24.9	17.9	20.8
Cummins India	43.4	14.8	49.5	68.4	50.6	30.2	26.7	76.3	33.0	37.2	12.7	-7.2	32.3	41.5	7.0
HAL	218.5	44.2	23.8	-8.8	31.3	1.3	9.2	52.2	76.5	21.7	14.1	-7.7	-3.7	10.9	29.6
Hitachi Energy	-91.8	8.1	-92.6	-1.6	79.9	-33.3	401.5	123.7	332.4	111.4	272.1	73.5	1163.0	381.1	241.2
KEC	NA	-52.0	-81.2	-35.6	36.8	1.0	449.5	110.2	106.9	53.1	33.7	76.7	42.3	88.2	34.5
KOEL	NA	80.3	169.8	-40.6	59.9	-19.3	20.5	81.3	30.5	89.6	-20.9	-10.2	-8.8	20.2	57.1
KPIL	NA	NA	NA	NA	-23.2	8.7	29.7	52.6	-7.4	17.1	9.3	51.8	72.1	51.1	48.2
L&T	44.9	27.4	19.6	10.1	46.5	44.6	20.0	8.4	11.7	5.4	14.0	18.8	29.8	15.6	22.1
Siemens*#	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-9.6	-37.2	-3.1	-7.1	-5.4
Siemens Energy**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	80.2	31.4	57.4
Thermax	39.0	24.1	59.1	52.5	58.1	45.3	11.0	24.9	17.4	24.9	-19.0	5.3	38.4	-39.7	43.6
Triveni Turbine	18.0	66.0	24.8	68.4	59.2	39.0	30.4	35.1	31.8	41.4	35.0	25.9	-19.9	0.4	11.3
Zen Tech	NA	440.1	NA	928.2	474.2	279.1	467.2	77.3	57.4	276.1	21.9	177.3	-50.0	-29.2	23.8
Amber	238.4	NA	-55.9	81.7	8.5	133.1	NA	-8.9	58.6	NA	NA	22.6	43.5	NA	111.5
Dixon	151.7	23.3	11.9	27.9	50.6	38.9	85.8	18.0	94.3	99.7	77.5	93.9	68.3	15.5	6.4

Source: Company, MOFSL

Note: *For ABB, 3QFY26 denotes 4QCY25 data.

#For Siemens, company has now switched from Sep Y/E to Mar Y/E, hence, 3QFY26 denotes 5QFY26 data.

**For Siemens energy, 3QFY26 denotes 1QFY26 data.

T&D, renewables, and defense remain key growth drivers; new-age sectors such as AI, data centers and semiconductors provide future prospects

Exhibit 4: Management commentaries on public and private capex across the sector for our coverage companies

Companies	Management Comments
Astra Microwave	■ Order pipeline remains strong across defense, space and weather segments, supported by a sizeable addressable opportunity of ~INR250b over the next 4-5 years. In defense, the company is well positioned to secure orders for platforms such as QRSAM and other EW programs from DPSUs and DRDO. In space, it expects repeats orders for satellite payload electronics, while in meteorology, opportunities under Mission Mausam and IMD tenders provide multi-year visibility.
BDL	■ BDL has a strong order pipeline of ~INR500b for the next five years. The company is targeting ~INR200b worth of orders to come in within the next 18 months of which ~INR40b-50b is expected in 4QFY26. User evaluation trials for several systems where BDL can be a key participant have either been completed or are in the final stages.
BEL	■ BHE's prospect pipeline remains strong across both near-term base orders and large strategic programs. Key near-term opportunities include LCA Mk-1A orders(INR24b), Shatrughat EW (INR30b), NGC (INR20-30b in FY26, balance INR100b-120b by 1HFY27), and a few additional large programs of ~INR20b, providing strong support to FY26 order inflows.
Cummins India	■ Enquiry levels from data centers improved on higher activity from hyperscalers and co-location players, aided by recent policy incentives. Besides data centers, the core powergen business continued to grow at a steady pace, supported by sustained demand from infrastructure, manufacturing, and commercial & residential real estate.
Hindustan Aeronautics	■ Order pipeline remains strong, supported by an order book of ~INR2.3t and recent DAC approvals worth INR3.6t, including Air-Ship Based High-Altitude Pseudo Satellite (AS-HAPS). Execution on Tejas Mk1A is progressing, with five aircraft ready following receipt of F404 engines and GE committing 24 engines in FY27. Recent orders such as the INR23b Dornier-228 contract and INR18b Dhruv-NG deal further add to manufacturing visibility.
Hitachi Energy	■ The demand outlook remains strong driven by investments in transmission, renewables, and industrial electrification, with HVDC, data centers and BESS emerging as key growth drivers. The company has built HVDC capacities to address a large TBCB pipeline, including projects such as the ~6,000 MW Barmer LCC, while remaining selective based on risk-reward.
Kalpataru Proj.	■ KPIL's tender pipeline remains strong, with management noting further strengthening post the Union Budget, supported by higher PGCIL capex and rising metro and urban infra tenders, alongside improving international opportunities across T&D, B&F, and oil & gas. Of the ~INR260b order inflow expected in FY26, T&D is likely to contribute ~INR150b, with 15-20% annual growth in T&D inflows expected over the next few years.
KEC International	■ KECI's tender pipeline stands at ~INR1.8t, driven by strong domestic opportunities in T&D and Civil. Rising transmission capex and higher private participation under the TBCB route (~75% of awards this year) are supporting strong ordering activity. Capacity expansion in tower and hardware facilities is underway to meet growing demand.
Kirloskar Oil	■ Powergen demand remained strong, supported by healthy traction across LHP and HHP segments and improving market share in the 1,000-3,000 kVA range. Demand from infrastructure, real estate, manufacturing and data centers, along with channel incentives and strengthened sales and service capabilities, is driving steady order inflows.
L&T	■ L&T's prospect pipeline for 4QFY26 stands at INR5.9t (+7% YoY), spanning infrastructure, hydrocarbons, carbon solutions and hi-tech. The pipeline remains strong despite oil price volatility, supported by focus on urban development, infrastructure, gas, renewables, AI and data centers in international markets, and B&F, thermal power, power T&D, urban infra, and metals & minerals domestically. L&T is targeting 4-5 GW of thermal power projects over the next two years out of a 10-15 GW sector opportunity, and is also exploring nuclear EPC opportunities.
Siemens	■ The company expects support from macroeconomic tailwinds, with the recently signed India–EU Free Trade Agreement and the trade deal with the US likely to open new avenues for technology collaboration and exports.
Siemens energy	■ The domestic and global push toward energy transition and electrification has driven strong demand for large power transformers. Accordingly, the company is incurring ~INR20.6b capex, to be funded through internal accruals, to expand capacity by ~30,000 MVA in FY30-32, taking total capacity to 60,000 MVA.
Thermax	■ A broad-based pickup in private capex is yet to materialize, with tariff clarity still recent. The ethanol sector remains under pressure due to project deferrals and delayed financial closures. The pipeline remains healthy across power, refining, petrochemicals, fertilizers, water, cooling and clean-air solutions with strong international demand and the INR200b carbon capture outlay offering incremental medium-term opportunities, supporting confidence in backlog quality.
Triveni Turbine	■ 3Q impacted by timing-related deferrals due to non-receipt of advances, and a pickup is expected in 4Q as pending orders convert. The enquiry pipeline remains strong, with healthy traction across steel, cement, sugar, chemicals and cogeneration in domestic, while export order finalization has been slower due to tariff uncertainty and geopolitical factors.
Zen Technologies	■ Ordering improved in 3Q, with the order book at INR14.3b as of Jan'26. Of this, INR11b is equipment, largely executable over the next ~18 months, while the balance is AMC. The expected simulator order could take the book to ~INR20b in the near term, and it may need to scale to INR25-30b by end-FY27 to support the INR40B execution plan.
Amber	■ RAC demand expected to be flat YoY in FY26, while industry will continue to clock a 12-15% CAGR over the next 4-5 years
Dixon Technologies	■ Industry smartphone volumes declined due to post-festive withdrawal of consumer offers, elevated channel inventories, rupee depreciation and softer mass-market affordability, along with supply constraints and rising memory costs. Memory prices have surged globally over the past two quarters, driven by AI and data center demand diverting capacity away from consumer devices, with further increases expected by mid-2026. As a result, memory has become one of the most sensitive components in the bill of materials for smartphones and PCs, particularly in lower-priced devices.

Exhibit 5: Management commentaries on public and private capex across the sector for companies not under our coverage

Companies	Management Comments
GE T&D	■ The company indicated that ordering activity remains strong with no visible slowdown, supported by a healthy TBCB pipeline from central and state utilities, while inquiry momentum continues in both domestic and export markets, alongside execution of the planned ~INR10b capex in a phased manner largely over FY27-FY28 to support future growth.
TRIL	■ Order inflows are expected to improve in the near term, supported by strong 4Q PSU ordering and a healthy enquiry pipeline of ~INR16b. Management expects to close FY26 with an order book of ~INR8b, while keeping the execution timeline broadly within 18-24 months.
Techno Electric	■ Management highlighted healthy ordering momentum in EHV substation and grid projects, supported by a strong power transmission cycle and rising digital infrastructure demand. The company plans capex of ~INR5-6b in FY27 for data centers, along with continued investments in smart metering, funded through internal accruals.
Voltamp Transformers	■ Order intake remains selective, with a focus on profitability, execution certainty and cash flows. While the enquiry pipeline is healthy, a recent sharp rise in copper prices has temporarily slowed order finalization among end customers and corporates.
CG Power	■ Demand visibility remains strong till FY29, led by transmission expansion, renewables, data centers and exports. Transformer capacity has ramped from ~20,000 MVA to ~40,000-45,000 MVA and is expected to reach ~65,000 MVA in 4Q, with further additions likely to be preponed, reflecting sustained domestic and export ordering momentum.
Carborundum Universal	■ CUMI expects Ceramics demand to improve, as projects that were deferred, particularly in the US due to tariff uncertainty, are now beginning to firm up, supporting a stronger 4Q backed by a healthy order book. Abrasives continue to see broad-based demand across retail, industrial and precision, while capex execution remains on track, with INR2.5b spent in 9M and the FY26 guidance of INR3.5b unchanged.
TD Power	■ TD Power sees strong demand across segments: steam turbines are growing steadily (~10-12%), while gas turbines and gas engines continue to see very strong demand from the US and Europe, led by data centers and grid stabilization, with visibility up to 2030. Hydro has improved on strong order inflows and refurbishment work, and management expects next year to be the strongest year for this segment.
Texmaco Rail	■ The Union Budget's railway allocation of ~INR2.93t, with emphasis on infrastructure, safety and electrification, is expected to support sustained tendering activity across wagons and rail infrastructure. Management highlighted improving traction in private wagon demand from steel, cement and automobile sectors, while also evaluating opportunities in safety systems (Kavach), propulsion and passenger mobility as part of its diversification strategy.
Titagarh	■ Titagarh sees steady demand across freight and passenger rail, targeting ~800 wagons per month in freight and ~20 metro cars per month in the near term. The passenger order book stands at ~INR110b (direct) plus ~INR70b via the BHEL JV. The ongoing ~INR10b capex, including aluminum coach and propulsion integration, supports the planned scale-up.
Jupiter Wagons	■ Jupiter Wagons continues to see healthy demand momentum, supported by an order book of ~INR50b (~8,000 wagons pending), with ~70% from private customers across steel, cement, container and automobile segments. Indian Railways' procurement estimate of ~32,000 wagons provides medium-term visibility, while the Odisha wheelset capex is progressing to strengthen supply and support growth.
Garden Reach	■ GRSE has a strong prospect pipeline of ~INR2.5t over the next 12-18 months, of which ~INR1.6t is from its defense business. It was already declared as L1 for Next-gen corvette order for 5 ships amounting to INR330b. Additionally, the company anticipates several major government announcements, including 1) Project-17 Bravo for 7 ships worth ~INR700b to be split between two bidders, 2) Landing Platform Dock worth INR350b, and 3) Mine-Counter Measure Vessel worth INR320b to be split between 2 vendors (L1 to get 8 vessels, and L2 to get 4 vessels).
Solar Industries	■ Demand remained steady in mining, though domestic growth was impacted by earlier monsoon disruptions, while international explosives demand stayed strong across key markets. Defense momentum improved significantly during the quarter, with an order book of ~INR180b and Pinaka supplies expected to contribute from 4QFY26 onward.
Apar Industries	■ Demand remains healthy for APAR Industries, supported by renewables, railways, data centers and transmission. US cable exports were impacted by tariffs in 3Q, but ~INR5b of fresh orders should aid recovery in 4Q. The company remains on track with its ~INR14b capex plan, with major capacities expected to be commissioned by mid-FY27, positioning it for improved volumes and sustained profitability.

Trade deals with EU and US provide incremental opportunities over long run

Exhibit 6: Management commentaries on the international exposures of the companies under our coverage

Covered companies	
Astra Microwave	■ Export contribution has moderated sequentially due to the company's strategic shift away from low-margin BTP contracts toward higher-margin, design-led BTS opportunities. Management highlighted renewed traction in export discussions, particularly with European players following recent trade developments, though conversions may take time given long qualification cycles. The company is targeting ~INR1-1.25b of export order inflows in FY27.
BDL	■ BDL's export share has historically stayed below 10% of total revenue. The company has now outlined a strategy to raise this share to 25% by FY29-30 by deepening ties with friendly nations and countries facing geopolitical challenges. Akash-NG user trials were also completed in Jan'26 which has seen a lot of interest in export markets too.
BEL	■ Exports remain a focus area, with the company aiming to increase contribution from the current 3-4% to ~5% in the near term and ~10% over the long term. Near-term opportunities include satellite communication systems, TR modules (including repeat orders from France), data link projects and coastal surveillance systems, with some expected to convert in 4Q.
Cummins India	■ Exports remained volatile during the quarter, with Asia Pacific and Europe showing relative resilience while other regions stayed subdued. Management is evaluating the potential impact of the EU trade developments and recent US tariff revisions, which could support future opportunities, though near-term visibility remains limited.
Hitachi Energy	■ Exports continue to gain traction under a three-pronged strategy spanning global feeder factories, allocated markets, and component supplies to overseas units. Management indicated exports are trending toward 25-30% of revenue (excluding large HVDC projects), with incremental opportunities from global capacity constraints and EU-India trade developments.
Kalpataru Proj.	■ International T&D momentum remains strong, with ~INR45b in L1 position and management guiding for total international T&D inflows (including Sweden) of ~INR 95-100b in FY26. The company highlighted substantial tender activity across CIS countries, Sweden and select LatAm markets over the next 24 months, where it remains well positioned.
KEC International	■ International T&D momentum remains strong, with healthy traction across the Middle East, Africa, CIS and the Americas. KEC holds multiple L1 positions expected to convert in 4Q, with a T&D order book and L1 position exceeding INR260b. Management highlighted a strong global tender pipeline across key overseas markets.
Kirloskar Oil	■ Exports remained strong, led by traction in the Middle East and Africa, supported by continued investments in capability, capacity, and coverage. The company has strengthened its presence in South Africa and is gradually building its US business, while evaluating region-specific go-to-market strategies.
L&T	■ The domestic/international mix of the order book stands at 51%/49%, with the international order book at ~INR3.6t. Of this, ~75% is concentrated in the Middle East. International inflows remained strong, supported by ultra-mega Hydrocarbon orders and traction in Renewables and Power Transmission & Distribution. The international prospects pipeline also remains strong, with Hydrocarbon opportunities largely outside India and ~INR1.4t of Infrastructure prospects coming from overseas markets.
Thermax	■ International ordering remained healthy, with exports contributing nearly 50% of total revenue, supported by the Dangote order and one of the largest cooling wins in the U.S. data center segment, along with other international inflows. Management indicated that the international pipeline remains strong and structurally more profitable than domestic.
Triveni Turbine	■ International ordering remained mixed, with delays in order finalization due to U.S. tariff uncertainty and geopolitical factors in Europe and the Middle East. However, enquiry pipelines across products and refurbishment remain strong, and with U.S. tariffs now reduced to 18%, management indicated this could support quicker order finalization.
Zen Technologies	■ Export ordering is gaining traction across the Middle East, Africa, Southeast Asia and South America. Opportunities under pursuit range between INR1-8b, and exports could contribute 20-30% of revenues by FY28. While US orders may take longer due to regulatory processes, the EU is emerging as a promising near-term market.
Dixon Technologies	■ Exports in the mobile segment are expected to close at around INR55-60b in FY26. The company plans to sustain a similar run rate in FY27, supported by ongoing exports to Motorola and scale-up with another strategic partner. Management sees emerging export opportunities in lighting and LED TVs post the India-EU FTA, subject to final tariff details.

Source: Company

Exhibit 7: Management commentaries on the international exposures of the companies not under our coverage

Companies	Management Comments
GE T&D	■ The share of exports in the order backlog remains healthy at ~24-27%. A large export opportunity (for which RPT approval had been taken earlier) has been deferred to 2HFY27 due to customer-side delays, while the broader international pipeline remains active across geographies.
TRIL	■ Export opportunities form part of the ~INR160b tender pipeline currently under evaluation, with the company actively participating in international transformer bids. Management expects meaningful order finalizations in 4Q, driven by advanced-stage tenders across the broader pipeline.
CG Power	■ Export order bookings grew over 50% YoY during 9MFY26 across segments. The company secured a ~INR9b power transformer export order from the U.S. for a large data center project. Management highlighted a clearly laid-out go-to-market strategy focused on select geographies, leveraging speed, technology and reliability to drive international growth.
Carborundum Universal	■ Exports remained supportive, particularly in Electrominerals where the export mix is trending toward the company's long-term target of ~30%. In Ceramics, exports continue to account for ~50-55% of revenues (and ~75% in industrial ceramics). Among international subsidiaries, management expects RHODIUS to see a stronger 4Q following the seasonally softer 3Q, while AWUKO's profitability is likely to improve sequentially as production normalizes and fixed cost absorption improves.
TD Power	■ Exports continue to dominate TD Power's order mix, with 75% of the pending non-railway order book and 79% of nine-month order inflows coming from exports and deemed exports. Management highlighted strong demand for gas turbine and gas engine generators in the U.S. and Europe, driven by data centers and grid stabilization, with OEM forecasts indicating visibility up to 2030.
Texmaco Rail	■ Export wagon execution is resuming in 4QFY26 after limited activity in previous quarters, with additional overseas opportunities in the pipeline. Foundry exports have also restarted post tariff disruptions, with volumes improving from ~5,000 MT historically to a scheduled ~7,500 MT and a targeted scale-up towards 20,000 MT over the next 3-4 quarters. Management remains focused on expanding its international presence through partnerships and global engagements.
Jupitor Wagons	■ Export outlook remains positive, supported by recent U.S. and EU trade developments. The upcoming Odisha wheelset plant will cater to Tatravagonka and other global customers, strengthening international presence. The company also sees opportunities in crossings, containers, and integrated battery storage systems in the U.S., aided by tariff advantages and supply chain diversification, while actively preparing for European CBAM compliance.
Garden Reach	■ GRSE's overall order book stands at ~INR185b, of which exports account for ~8%, largely driven by private overseas clients such as a German customer. Management stated that export contracts involve lengthy negotiations and relationship-building, with initial deals taking around six months due to extensive commercial discussions and alignment on terms. However, once the first contract is secured, subsequent orders tend to follow more quickly. They emphasized that these projects do not involve government approvals and are purely between the shipyard and the client, and that while export momentum has improved, near-term scaling is constrained by capacity limitations rather than demand.
Solar Industries	■ The company continues to see healthy traction in its international business across Africa, Southeast Asia and Turkey, supported by strong demand for commodities such as gold and copper. Management noted that after several years of overseas capacity building and earlier turbulent phases, international operations are now shaping up well, with most geographies performing strongly. In defense, global ammunition shortages and a large international order book provide visibility for continued overseas orders.
Apar Industries	■ Exports were impacted during the quarter due to US tariffs, particularly in cables, as weak 2Q bookings affected 3Q execution. However, management indicated that US order inflows improved in 3Q (~INR5b), with execution expected in 4Q. While pricing adjustments were made to sustain market presence, export traction outside the US remains steady, and the India-EU trade agreement is viewed as structurally positive, subject to product-level tariff clarity.

Source: Company

Margin trajectory remains stable despite commodity inflation

Exhibit 8: Management comments on future margins

Astra Microwave	■	Management expects margins to remain healthy, supported by an improved product mix and higher value-added programs as scale increases.
BDL	■	Pressure on margins is expected to persist due to higher COGS for medium term.
BEL	■	The company has maintained EBITDA margin guidance of 27% for FY26, with no material impact expected from commodity price increases given limited metal exposure, while semiconductor cost risks are largely mitigated through exchange rate variation clauses.
Cummins India	■	Management expects to maintain current margin levels, with competitive intensity already factored in.
Hindustan Aeronautics	■	Company expects to continue maintaining margins similar to last year levels
Hitachi Energy	■	Commodity inflation is not expected to materially impact margins, as over 70% of the order backlog carries price escalation clauses, and management indicated that double-digit margins are sustainable and expected to improve further.
Kalpataru Proj.	■	For FY26, management expects margin improvement of ~50 bps at standalone and ~100 bps at the consolidated level, with commodity inflation risk largely mitigated through hedging (80-95% on key metals except steel) and cost provisioning in fixed-price bids. Margins are expected to improve further in FY27, supported by a better project mix and operating leverage.
KEC International	■	For FY26, EBITDA margins are expected at 7-7.5%, with some improvement likely in 4Q, and no material impact anticipated from commodity price hikes given minimal and fully hedged copper exposure in the Cables business. Management remains confident that margins will improve in FY27 and move toward 9-10% by FY28 as legacy issues ease and better-margin projects scale up.
Kirloskar Oil	■	Gross margins are expected to improve with higher HHP revenues, while EBITDA margins should benefit from the transfer of the B2C business to its subsidiary.
L&T	■	L&T's order book comprises 55% fixed-price and 45% variable-price contracts, with exposures well hedged across currencies and commodities, resulting in no material impact from commodity or forex volatility, while the company has maintained its core E&C EBITDA margin guidance at 8.5% for FY26.
Thermax	■	For Chemicals, management expects margins to improve toward ~10% in the near term, with a medium-term target of 13-14% EBITDA, while in Industrial Infra, margins are expected to be maintained ~10% in FY27-28; however, commodity inflation poses a mild margin risk, partly mitigated through early cost locking with limited residual exposure.
Triveni Turbine	■	Management stated that margins are expected to improve gradually. PBT shall be maintained above 20% for FY27.
Zen Technologies	■	Management expects consolidated PAT margins to sustain ~25% at a consolidated level over the long term.
Amber	■	The company expects double-digit margins for electronics division for FY27.
Dixon Technologies	■	FY27 visibility limited due to memory price volatility and Vivo JV delays, though margin is expected to remain in 2.8%-3.2% range.
Not covered companies		
GE T&D	■	Management now expects FY26 EBITDA margins to close at the higher end of the mid-20s range, supported by strong 9M performance, with commodity risks largely mitigated through variable pricing mechanisms and prudent cost provisioning in firm-price contracts.
TRIL	■	Management guides FY26 EBITDA margins at 16-17%, with 15-16% expected over the next 1-2 years, and does not anticipate any material impact from commodity inflation as most orders are protected by IEEMA price variation clauses; gross margins could improve to ~35% by FY28 and ~40% over the longer term, supported by backward integration.
Techno Electric	■	Management expects EPC EBITDA margins to remain in the 13-15% range, while data centers are targeted to deliver ~50-60% EBITDA margins and network services ~40-50%, leading to higher overall profitability.
CG Power	■	Management highlighted continued margin expansion in the Power Systems segment driven by strong demand and operating leverage, while Industrials faced temporary pressure from commodity inflation and product mix. The company emphasized disciplined pricing, cost optimization and operational efficiency initiatives to support margin stability going ahead.
Carborundum Universal	■	Management lowered its FY26 margin guidance. Ceramics PBIT margin is now guided at 21-22% (earlier 23.5-23.7%), Abrasives at 4-4.5% (earlier 6–6.5%), while Electrominerals remains unchanged at 4.5-5.5%. Consolidated PBIT margin guidance has been revised down to 7-8% from 8.2-8.5%.
TD Power	■	Gross margin is expected to sustain around 35%, with commodity inflation not anticipated to materially impact margins as price increases are being passed through and supported by previously secured lower-cost inventory.
Texmaco Rail	■	Management indicated that near-term margins remain under pressure due to lower wagon volumes and operating leverage impact, but expects improvement going forward supported by better product mix, export recovery in foundry, and higher contribution from infrastructure and new business segments.

Titagarh	▪ The company indicated that freight wagon EBITDA margins remain stable at ~11-12.5%, while passenger rail margins are currently at similar levels and are targeted to improve to ~15% over the next couple of years as scale benefits and backward integration initiatives materialize.
Jupiter Wagons	▪ The company has maintained EBITDA margins at ~13% for FY26, with management indicating that margins are expected to improve as wheelset supply stabilizes and new capacities come on stream, positioning FY27-28 for stronger performance
Garden Reach	▪ GRSE expects LPD and MCMV orders to be slightly lower than current overall margin levels as these projects will be done in collaboration with other players, whereas P-17B is expected to have healthy margins, similar to P-17A. Majority of orders in current order book are expected to be delivered by FY28, however revenue accrual will continue beyond the delivery date providing some cushion to margins beyond FY28 as well. If any large ship repair order come sin, the company expects margins to improve.
Solar Industries	▪ The company expects EBITDA margins to remain ~27-28%, in line with its earlier guidance
Apar Industries	▪ The company indicated that cable EBITDA margins are around 9.5-10% and are expected to remain in a similar range, with commodity cost increases largely passed through to customers; meanwhile, conductor margins continue to be supported by a higher premium product mix.

Source: Company

Limited impact from Chinese players bidding for government contracts

Exhibit 9: Management comments on Chinese players bidding for government contracts

Companies	Management Comments
Covered companies	
Hitachi Energy	▪ Management does not see Chinese competition as a major threat at this stage. Imports from neighboring countries remain restricted, and any participation would require local manufacturing. As long as there is a level playing field, the company remains confident of competing effectively and is not altering its expansion plans.
KEC International	▪ Management does not see any material impact from potential Chinese competition. The discussion is largely around allowing select critical components or equipment imports to ease supply bottlenecks, which could actually benefit EPC players like KEC by improving execution timelines. There is no perceived threat to its core T&D, cables or EPC positioning.
L&T	▪ Management clarified that policy discussions are mainly about permitting imports of certain constrained components or special alloys rather than full equipment, and that this does not materially affect L&T's competitive position in core EPC offerings. They added that allowing such component imports actually supports domestic BTG manufacturing and protects local players, and also reiterated that in the Middle East they already compete successfully with Chinese, Korean and European contractors and do not see a change in the competitive landscape.
Not covered companies	
GE T&D	▪ Management does not foresee any immediate material impact from potential Chinese competition, even in high-voltage segments such as 400kV and 765kV. They emphasized that any participation would require local manufacturing, qualification and rigorous testing, which would take significant time, limiting near-term competitive disruption.
TRIL	▪ Management does not expect any meaningful near-term impact from potential Chinese competition. They clarified that even if Chinese players are allowed, manufacturing would need to be done locally in India, and currently only one Chinese-origin plant operates domestically, which is already fully booked. Additionally, new entrants would require plant setup and product approvals, which would take significant time. Hence, no immediate pricing or demand disruption is anticipated.
CG Power	▪ Management indicated that even if Chinese players are allowed to participate, they do not see any immediate concern provided there is a level playing field. They emphasized that CG remains competitive through operational efficiency and disciplined execution. Additionally, setting up transformer manufacturing would take significant time (24-36 months), limiting any near-term disruption. As of now, no pricing pressure or material impact from Chinese competition is being observed.
TD Power	▪ Management does not see any meaningful impact from potential Chinese competition. They clarified that Chinese equipment can already be imported into India and there are no new restrictions being lifted. In the captive power segment (up to 100 MW), they do not expect any disruption to demand or competitive intensity.

Source: Company, MOFSL

New-age sectors such as AI and data centers provide future prospects

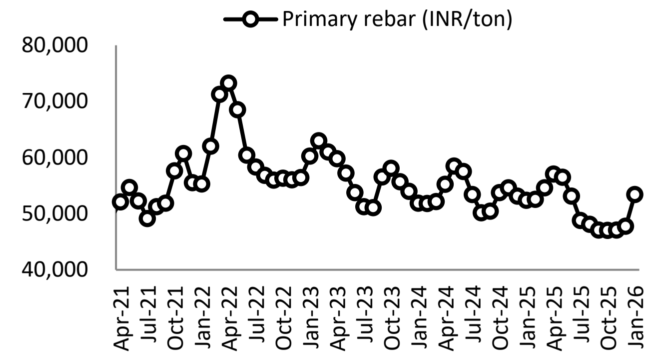
Exhibit 10: Management comments on data centres

Companies	Management Comments
Covered companies	
Cummins India	Management indicated that data centers contribute ~25% of domestic Power Gen revenue on average, though execution is lumpy. The pipeline is building well, with increased hyperscaler announcements and steady demand from co-location players. Customers typically procure high horsepower gensets (2,500 kVA and above). The company expects positive momentum over the next 3-4 years, supported by recent tax incentives and rising AI-led activity.
Hitachi Energy	The company sees data centers as a key growth opportunity, supported by rising AI-driven power demand. It commissioned a 220 kV GIS substation for a data center in Pune during the quarter. Data centers currently contribute high single-digit orders, but the company expects faster growth ahead and has capabilities to support advanced and flexible power solutions.
KEC International	The company stated that it has executed five data center projects so far and is actively bidding for more. Management indicated that while large data center investments have been announced, only limited tenders are currently available in the market. They highlighted that contracts are often split into smaller packages, with KEC bidding selectively for Civil and in some cases Civil plus MEP scopes. The company views data centers as an exciting and growing sector going forward.
Kirloskar Oil	Management stated that infrastructure demand, including data center customers, is contributing to HHP growth. Data centers procure gensets from 400-500 kVA upwards, and the company is seeing traction in 2,500-3,000 kVA units. Capability-building initiatives have been undertaken to support sales of these more technical HHP products.
L&T	L&T has rebranded its data-center business as Larsen & Toubro-Vyoma, which will lead its expansion into hyperscale data centers in key Indian metros like Mumbai, Chennai and Bengaluru, with facilities tailored for high-performance computing and advanced data-storage workloads. The company plans ~32 MW capacity (14 MW operational; 18 MW to be commissioned by FY26-end) with ~INR10bn capex, positioning data centers as a key new-age growth vector alongside semiconductors and digital platforms.
Thermax	Thermax secured two data center-related cooling orders - one domestic and one from a marquee U.S. client, with the U.S. order among its largest cooling wins. Management highlighted that North America offers higher value addition and larger opportunity size, with relatively lower competition once the application is established. Margins are very good, and the company may consider capacity expansion next year if order momentum sustains.
Triveni Turbine	The company is witnessing a meaningful rise in U.S. enquiries driven by data center power demand. Due to gas turbine supply constraints, developers are evaluating combined-cycle configurations, creating opportunities for steam turbines. Enquiries range from ~20 MW to ~70 MW+ applications. However, management cautioned that while interest is strong, order conversions may take time and near-term contribution is likely to remain limited.
Not covered companies	
GE T&D	The company highlighted announcements by four major U.S. companies outlining nearly USD80b of planned investments in data centers and AI factories over the next four to five years. Management indicated that this is expected to create significant opportunities for data center and AI-linked power infrastructure, including in India. The company is coordinating closely with global GE Vernova teams and stated that it will actively pursue these data center and AI-driven opportunities alongside its existing domestic and export businesses.
Techno Electric	The company identified data centers as a core growth driver, operating as a developer, operator and managed service provider. Its Chennai project (36 MW planned) has 6 MW live with ~1.3 PUE, with Phase 1 expected to be fully utilized by 1HFY27, alongside expansion in Noida and Kolkata. The company plans INR5-6b capex in FY27 and ~INR50b by 2030. Data center revenue is targeted at ~INR3-4b in 2–3 years, supported by higher-margin cloud, bare metal and network services.
CG Power	The company secured a INR9b (~USD99m) order for 330 kV power transformers for a large hyperscale data center project, to be executed over 12-20 months. This is the company's largest-ever single order. Management highlighted data centers as a key strategic focus over the past two years, reflecting growing demand and strong visibility in this segment.
TD Power	Management stated that data center demand remains strong in the U.S. and Europe, with increasing preference for captive power over grid supply. They see clear visibility of robust demand up to 2030, supported by OEM forecasts and sustained AI-related investments by major tech companies. While data centers are a key growth driver, demand is also coming from grid stabilization and other applications, reducing concentration risk.
Apar Industries	Management stated that the cable division is supplying to multiple data centers in India and has seen growth in this segment. Project sizes range from 10-15 MW facilities to large developments like Adani's proposed 1 GW data center in Navi Mumbai. Cables typically account for ~3-4% of total project cost. However, in the US, most data centers use copper-based cables, and due to tariff disadvantages on copper exports, APAR is currently unable to meaningfully participate in that opportunity.

Source: Company, MOFSL

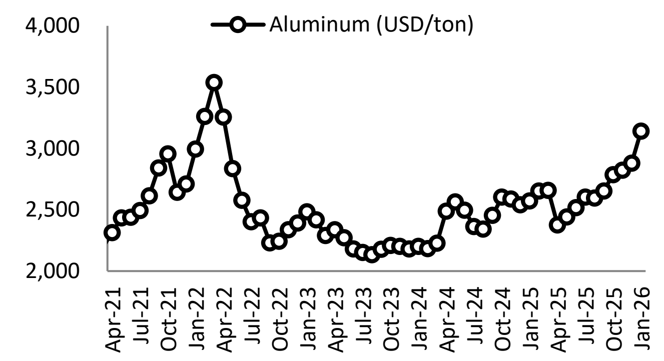
Commodity prices have been moving up from past few quarters

Exhibit 11: Primary rebar price trend (INR/ton)



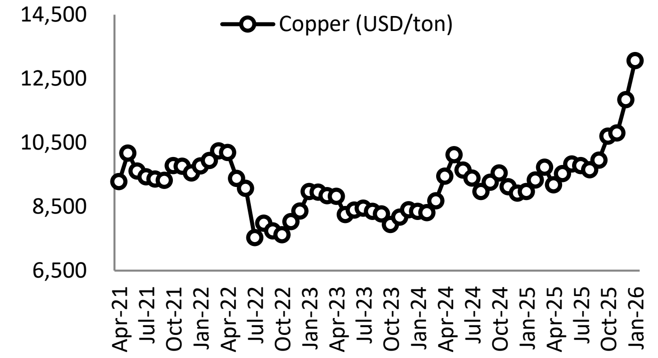
Source: Bloomberg, MOFSL

Exhibit 12: Aluminum price trend (USD/ton)



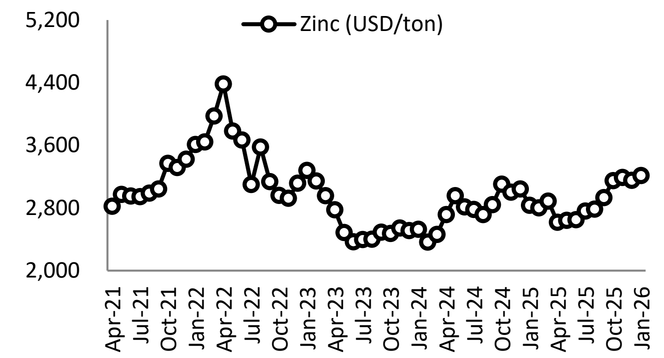
Source: Bloomberg, MOFSL

Exhibit 13: Copper price trend (USD/ton)



Source: Bloomberg, MOFSL

Exhibit 14: Zinc price trend (USD/ton)



Source: Bloomberg, MOFSL

Order inflow growth and margin sustainability can be potential valuation re-rating triggers

Exhibit 15: Target valuations for the core business and expected growth over FY25-28

Companies	Target Multiple	TP (INR)	CAGR FY25-28 (%)		
			Revenue	EBITDA	PAT
ABB India*	DCF-based	5,800	11.1	5.5	5.7
Astra Microwave	38x	1,150	17.9	18.6	22.8
Bharat Dynamics	42x	1,800	34.7	55.0	44.1
Bharat Electronics	45x	520	18.2	17.4	16.5
Cummins India	42x	4,950	15.7	15.8	16.7
Hindustan Aeronautics	Avg of DCF and 30x 2Y fwd	5,500	22.4	16.6	14.7
Hitachi Energy	60x	18,400	22.3	47.9	58.3
Kalpataru Proj.	18x	1,500	17.3	20.0	28.2
KEC International	20x	890	17.0	21.1	29.7
Kirloskar Oil	28x on core business	1,600	14.6	19.5	20.9
Larsen & Toubro	27x on Core E&C	4,600	14.8	15.1	19.8
Siemens#	45x	3,150	9.2	10.7	6.1
Siemens Energy*	55x	3,600	29.4	41.2	44.2
Thermax	37x	2,900	10.0	16.1	13.6
Triveni Turbine	40x	615	11.2	10.7	10.9
Zen Technologies	30x	1,400	13.7	17.3	18.3
Amber Enterprises	DCF-based	8,700	20.7	29.1	42.7
Dixon Technologies	DCF-based	16,700	31.2	35.5	35.6

Note: *ABB India CAGR for CY24-27 (Dec ending), Siemens Energy CAGR for Sep'24-Sep'27; #Siemens CAGR for 3.5 years from Oct'24-Mar'28;

Source: Company, MOFSL

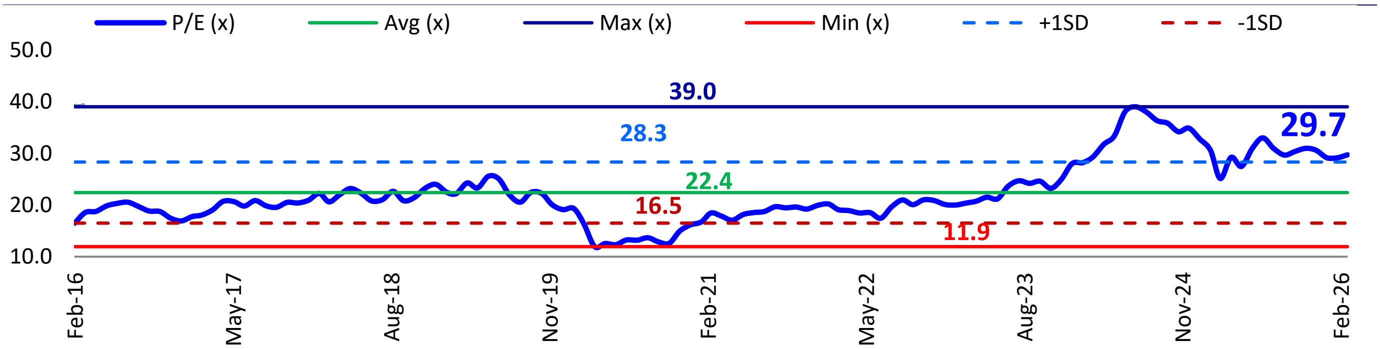
Exhibit 16: Capital Goods & Defense – relative valuation

Companies	CMP	TP	% upside	Rating	Mcap (INR b)	EPS (INR)			P/E (X)			RoE (%)			RoCE (%)		
						FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
ABB India	5,985	5,800	-3	BUY	1,268	81.1	90.3	105.5	73.8	66.3	56.7	23.1	22.9	23.6	23.3	23.1	23.8
Astra Microwave	900	1,150	28	BUY	85	16.4	23.7	30.2	54.9	38.0	29.8	13.1	16.3	17.6	12.0	14.2	15.3
BDL	1,311	1,800	37	BUY	480	22.3	31.4	44.9	58.9	41.7	29.2	17.7	20.9	24.0	18.3	21.5	24.5
BEL	441	520	18	BUY	3,225	8.2	9.8	11.4	53.6	45.2	38.6	24.0	22.8	21.7	26.9	25.4	23.9
Cummins India	4,738	4,950	4	BUY	1,313	87.2	97.8	114.0	54.4	48.4	41.6	32.4	32.2	33.0	30.6	30.7	31.5
HAL	4,173	5,500	32	BUY	2,791	136.5	152.4	188.4	30.6	27.4	22.2	22.0	21.0	21.6	22.8	21.5	22.1
Hitachi Energy	23,873	18,400	-23	SELL	1,065	210.3	254.9	307.3	113.5	93.7	77.7	18.3	18.2	18.1	18.9	18.7	18.4
KEC	584	890	52	BUY	155	27.1	37.0	46.8	21.6	15.8	12.5	12.9	15.8	17.4	12.8	14.4	15.1
KOEL	1,415	1,600	13	BUY	205	33.3	40.8	50.8	42.5	34.7	27.8	15.2	16.5	17.9	14.9	16.2	17.7
KPIL	1,136	1,500	32	BUY	194	52.7	67.8	82.8	21.6	16.8	13.7	11.9	13.7	14.7	10.8	12.3	13.3
L&T	4,380	4,600	5	BUY	6,021	129.7	156.4	183.5	33.8	28.0	23.9	17.2	18.4	19.0	9.7	10.7	11.3
Siemens*	3,207	3,150	-2	NEUTRAL	1,142	68.7	58.2	69.9	46.7	55.1	45.9	13.8	10.5	11.2	14.1	10.7	11.3
Siemens Energy	2,774	3,600	30	Buy	988	30.9	41.0	58.7	89.8	67.7	47.2	25.1	25.2	26.5	26.9	26.5	27.5
Thermax	3,150	2,900	-8	SELL	355	62.6	67.1	81.6	50.3	46.9	38.6	13.5	13.0	14.2	11.5	11.2	12.2
Triveni Turbine	491	615	25	BUY	156	12.0	13.4	15.4	40.8	36.8	31.9	28.1	26.1	25.0	28.3	26.2	25.1
Zen Tech	1,322	1,400	6	NEUTRAL	119	20.6	36.9	48.2	64.1	35.9	27.4	10.5	16.3	18.0	10.4	16.3	18.0
Amber	7,649	8,700	14	BUY	268	77.6	137.7	201.9	98.6	55.5	37.9	9.3	12.7	16.1	8.9	12.8	15.9
Dixon	11,061	16,700	51	BUY	666	148.3	189.5	292.2	74.6	58.4	37.8	26.6	26.9	31.3	34.5	38.2	42.1

Note: For ABB India, FY26E/FY27E/FY28E indicate datapoints for year-ends Dec'25/Dec'26/Dec'27; For Siemens Energy, FY26E/FY27E/FY28E indicate datapoints for year-ends Sep'25/Sep'26/Sep'27 ; * For Siemens, FY26E data is for 18 months Mar'26 Y/E, FY27E/FY28E is for 12 months Mar Y/E

Source: Company, MOFSL

Exhibit 17: Overall valuations for capital goods and the defense sectors are still down from the previous highs on a two-year forward basis – P/E (x)



Source: Bloomberg, MOFSL

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	**Expected return (over 12-month)**
BUY	>=15%
SELL	< - 10%
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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