

Sector closes the year on a strong footing

Our analysis of result commentaries of nearly 30 companies in industrials, defense, and railways segments indicates multi-year growth opportunities across T&D, renewables, data centres, and defense. The overall ordering outlook is also supported by selective improvement in private capex and exports, while government capex will have to be seen in the context of higher oil prices. Most companies have managed challenges related to the West Asia crisis quite well during 4QFY26 but may see an indirect impact on commodity and freight cost inflation in the coming quarters. This may necessitate price hikes too, mostly from product companies. We remain positive on transmission, data centre, and defense-led capex beneficiaries. Sector valuations are presently at the higher end of the valuation band, but we believe companies positioned in these buckets can continue to surprise on inflows from these segments as investments scale up over the next few years. We prefer companies with a higher earnings CAGR that can support higher valuations. Our top picks in the sector are L&T, Cummins, GE Vernova T&D in the large cap space and KPIL in the mid cap space. In defense, Bharat Electronics remains our preferred pick. We continue to like Dixon in the EMS space.

Profitability exceeded our estimates on strong margins for 4QFY26

Execution across our coverage universe grew 10% YoY in 4QFY26, below our estimate of 13%, primarily due to weaker-than-expected execution in LT, KECI, ABB, BDL, and ZEN. EPC execution was impacted by delays in domestic water projects and disruptions arising from the Middle East conflict. Among product companies, most product companies delivered in-line or better-than-expected execution, while defense companies reported a 1% YoY revenue decline, primarily due to revenue deferrals at BDL. Despite slower execution growth, rising commodity prices, and INR depreciation during the quarter, PAT exceeded our estimates as margin performance remained fairly strong.

Data center, transmission, and defense emerging as multi-year themes

Ordering during the quarter for key product companies was driven by large-sized inflows and export orders, while base ordering was slightly weaker than our expectations. Large-sized or big export orders were witnessed in ABB, SIEM, TMX, CG Power, and GVTD. Base ordering for some of the companies was slightly weaker in 4QFY26. Companies have indicated a strong opportunity pipeline from data center (8-10GW capacity by 2030), transmission (INR8t investments planned till 2030), and energy storage (BESS capacity of 80GW by 2036). Players like KKC, ABB, SIEM, Hitachi Energy, GVTD, and Siemens Energy are already capitalizing on data center demand, with 10-15% of sales coming from DC for KKC, ABB, and SIEM, which can go up further. Transmission players like Hitachi Energy, GVTD, and Siemens Energy are already capitalizing on a strong transmission pipeline. In anticipation of demand sustainability, many players have announced capacity expansion with confirmed order visibility in the pipeline. In FY26, we witnessed AoN approvals of INR6-7t, which we expect to translate into orders over the next 2-3 years.

Exports can be a joker in the pack, particularly from the US and Middle East

An export opportunity is unfolding for industrial names, driven by: 1) industrialization-led demand in the US, driving growth for transmission equipment, 2) increasing investments in AI, leading to higher demand for data centre equipment such as combined cycle turbines, boilers, and transformers to meet power demand of data centres, and 3) parent entities using Indian firms as feeder factories for

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components and projects. This is likely to benefit all product companies. Once the West Asia crisis ends, we expect reconstruction-led demand to emerge for various players from energy infrastructure and urban infra, which can benefit players like LT, KPIL, and KEC. In the near term, however, we expect ordering from the Middle East and GCC region to remain weak.

Private sector ordering picks up selectively; government capex spending to be watched out for

While we keep a watch on government capex spending in light of higher crude prices, most companies like ABB, Siemens, Thermax, Triveni Turbine, and L&T have indicated that private sector ordering has improved from industries like thermal, steel, cement, pharma, FMCG, and B&F. They expect private capex-led ordering to grow between 10-15% going forward.

Input costs and forex fluctuations to be keenly watched for margins

EBITDA margin for our coverage universe came at 14.9% (vs est 14.2%) despite higher RM prices, as most companies managed cost pressures well during the quarter with the right product mix. However, companies have indicated continuous cost pressures coming from higher commodity prices, forex fluctuations, as well as higher freight and insurance costs. We expect the short-term impact of these costs to reflect on margins in the coming quarters for short-cycle contracts. For transmission value chain and genset players, EBITDA margin performance was strong, driven by price hikes as well as variable pricing clauses. Margins for EPC players like L&T and KEC were impacted by revenue loss owing to the West Asia crisis.

EMS: Demand improving for smartphones, while it remains strong for RAC

Smartphone demand is expected to remain healthy in FY27, with Dixon targeting 32m volumes. Memory prices remain elevated and may support higher realizations, although margins may remain optically lower until additional global capacity helps normalize pricing. Key growth drivers for Dixon include the approval of the Vivo JV, which could add 18–20m annual smartphone volumes, and the continued ramp-up of backward integration initiatives. For Amber, RAC demand remains strong, with FY27 industry growth expected at 12-13%, and the company targeting similar growth. In the electronics segment, recent acquisitions, strategic partnerships, and ECMS approvals are supporting revenue growth while also aiding margin expansion.

Key future monitorables

Key future monitorables include: 1) resolution of the West Asia crisis, which can ease out commodity and logistic cost inflation, 2) traction in base orders, 3) finalization of large tenders in T&D, data centre, and defense, 4) finalization of PLI 2.0 for smartphone manufacturers and trend in memory prices, and 5) movement in commodity prices.

Recommendation

We remain positive on transmission, data centre, and defense-led capex beneficiaries. Sector valuations are presently at the higher end of the valuation band, but we believe that companies positioned in these buckets can continue to surprise on inflows from these segments as investments scale up over the next few years. We prefer companies with a higher earnings CAGR that can support higher valuations. Our top picks in the sector are L&T, Cummins, and GE Vernova T&D in the large cap space and KPIL in the mid cap space. In defense, Bharat Electronics remains our preferred pick. We continue to like Dixon in the EMS space.

Sector performance during 4QFY26 remained mixed vs. estimates

Exhibit 1: Sector performance was healthy on a sequential basis

Companies	Revenue (INR b)				EBITDA (INR b)				PAT (INR b)			
	4QFY26	Growth (%)		Var. over Exp. (%)	4QFY26	Growth (%)		Var. over Exp. (%)	4QFY26	Growth (%)		Var. over Exp. (%)
		YoY	QoQ			YoY	QoQ			YoY	QoQ	
ABB India*	31.8	0.8	-10.5	-8.7	4.1	-29.9	-33.3	-27.7	3.4	-27.9	-29.3	-26.1
Atlanta Electricals	7.5	81.7	58.5	24.2	1.5	117.9	63.8	29.4	1.0	129.1	130.0	36.7
Astra Microwave	4.9	19.7	87.6	7.5	1.6	35.9	96.8	39.3	1.1	44.2	126.4	50.6
Bharat Dynamics	4.8	-73.0	-15.3	-72.5	0.6	-81.5	112.6	-86.7	1.1	-58.5	55.2	-66.0
Bharat Electronics	101.8	11.6	42.9	-1.9	29.6	6.2	39.9	4.4	22.0	4.7	38.6	1.6
CG Power	27.5	25.6	9.4	0.7	3.5	22.2	4.8	1.0	2.7	13.5	13.1	19.5
Cummins India	30.1	22.6	-1.4	5.6	6.4	23.6	1.2	14.1	6.3	19.9	13.7	18.8
GE Vernova T&D	16.4	42.0	-3.7	1.1	4.4	76.5	-2.1	14.4	3.5	86.4	1.5	32.7
Hind.Aeronautics	139.4	1.8	81.1	6.4	50.6	-4.5	170.4	28.0	42.0	5.5	124.8	57.2
Hitachi Energy	27.5	46.2	0.3	6.5	4.5	65.1	0.3	1.1	3.6	83.5	0.2	18.1
Kalpataru Proj.	69.6	12.2	20.3	4.9	6.7	28.4	39.6	19.3	3.7	38.2	57.5	38.1
KEC International	63.9	-7.0	6.5	-9.4	4.5	-16.8	4.2	-9.7	1.9	-28.8	9.6	-7.3
Kirloskar Oil	15.3	8.7	11.2	9.9	1.9	10.8	14.2	0.2	1.2	12.1	15.8	-4.2
Larsen & Toubro	827.6	11.3	15.8	-5.1	86.1	5.0	16.1	-5.6	53.7	4.5	30.9	0.5
Siemens*#	46.2	14.6	20.5	5.8	4.4	-0.2	5.2	-8.7	3.7	-36.4	5.3	-1.5
Siemens Energy**	23.9	27.4	25.3	9.6	5.0	39.0	8.1	0.1	3.7	52.2	2.7	1.8
Thermax	34.3	11.1	30.1	4.0	3.7	24.9	46.9	13.9	2.4	17.9	48.4	-1.6
Triveni Turbine	6.8	26.3	8.9	1.5	1.3	6.3	-4.5	-10.7	1.0	8.0	-0.9	-14.6
Zen Technologies	0.7	-75.5	-38.1	-43.6	0.0	-96.2	-93.2	-92.3	0.1	-82.6	-69.2	-67.1
Amber Enterp.	41.5	10.5	40.9	9.6	3.6	21.5	45.6	21.7	0.7	-39.4	-7.3	-37.9
Dixon Tech.	105.1	2.1	-1.5	1.3	4.1	-7.8	-1.5	10.6	1.9	5.4	6.7	12.9

Source: Company, MOFSL

Note: *For ABB, 4QFY26 denotes 1QCY26 data.

#For Siemens, the company has now switched from Sep Y/E to Mar Y/E; hence, 4QFY26 denotes 6QFY26 data.

**For Siemens Energy, 4QFY26 denotes 2QFY26 data.

Exhibit 2: Revenue growth was supported by T&D and improving private capex trends

Revenue YoY %	1QFY23	2QFY23	3QFY23	4QFY23	1QFY24	2QFY24	3QFY24	4QFY24	1QFY25	2QFY25	3QFY25	4QFY25	1QFY26	2QFY26	3QFY26	4QFY26
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	0.8
Atlanta Electricals	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	5.1	17.3	79.7	81.7
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	19.7
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	-73.0
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	11.6
CG Power	58.6	16.7	14.5	28.2	12.5	18.0	11.5	15.2	18.9	20.5	27.1	25.6	29.2	21.1	26.2	25.0
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	22.6
GE Vernova T&D India	-7.1	-17.7	-15.0	6.2	21.0	-0.4	8.0	29.9	33.6	58.8	28.0	26.2	38.8	38.9	58.4	42.0
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	1.8
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	46.2
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	-7.0
KOEL	NA	22.4	19.5	16.4	26.5	4.8	13.5	20.7	6.2	12.8	2.5	1.5	-5.3	22.2	18.6	8.7
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	12.2
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	11.3
Siemens*#	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	-9.4	-3.0	9.2	9.9	14.0	14.6
Siemens Energy**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	20.2	27.3	26.0	27.4
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	-1.2	-5.3	5.1	11.1
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	26.3
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	-75.5
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	10.5
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	2.1

Source: Company, MOFSL

Note: *For ABB, 4QFY26 denotes 1QCY26 data.

#For Siemens, company has now switched from Sep Y/E to Mar Y/E; hence, 4QFY26 denotes 6QFY26 data.

**For Siemens energy, 4QFY26 denotes 2QFY26 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	4QFY26
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	-9.1	-27.9
Atlanta Electricals	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	25.3	-6.6	99.7	129.1
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	44.2
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	-58.5
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	4.7
CG Power	168.0	86.4	53.5	124.1	52.6	21.6	-1.2	-0.6	22.7	2.0	22.3	13.5	11.6	29.8	33.2	33.7
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	19.9
GE Vernova T&D India	-133.0	-184.4	-5269.9	-84.8	344.0	469.5	854.6	-428.5	376.4	289.1	189.1	181.3	116.4	107.1	140.1	86.4
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	5.5
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	1252.8	381.1	241.2	83.5
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	-28.8
KOEL	NA	80.3	169.8	-40.6	59.9	-19.3	20.5	81.3	30.5	89.6	-20.9	-10.2	-18.7	20.2	57.1	12.1
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	38.2
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	4.5
Siemens*#	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	49.2	-10.4	-3.2	-7.2	-42.8	-36.4
Siemens Energy**	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	80.2	31.4	57.4	52.2
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	17.9
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	8.0
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	-82.6
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	-39.4
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	5.4

Source: Company, MOFSL

Note: *For ABB, 4QFY26 denotes 1QCY26 data.

#For Siemens, company has now switched from Sep Y/E to Mar Y/E; hence, 4QFY26 denotes 6QFY26 data.

**For Siemens energy, 4QFY26 denotes 2QFY26 data.

T&D, renewables, and defense remain the key growth drivers, while AI-led data centers, BESS, and HVDC emerge as incremental growth levers

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

Companies	Management Comments
ABB India	❖ ABB highlighted resilient demand with a healthy order pipeline, driven by strong ordering across data centres, railways, renewables, private industry, and buildings. The company noted continued strength in private capex, particularly across data centres, renewables, and industrial sectors.
Atlanta Electricals	❖ The company remains upbeat on demand and expects the industry’s demand-supply situation to remain favorable for at least five years. It highlighted strong demand from higher-kV grid projects and exports.
Astra Microwave	❖ Defense pipeline remains strong. The business continues to scale across radar, electronic warfare, missile, and strategic electronics programs, with upcoming growth driven by large indigenous opportunities such as Uttam radar, QRSAM, Su-30 upgrades, and BEL-linked platforms like Himshakti. Rising indigenization and increasing defense procurement are expected to support medium-term growth.
Bharat Electronics	❖ BHE expects a strong pipeline of large orders over FY27 and beyond, driven by ongoing and new opportunities including NGC, Shatrughat and Samaghat EW solutions, P751, Hammer program, and Shakti Phase 4 and MFR radar for naval ships, with some spill over into the next year. It also indicated that post QRSAM, additional large projects worth INR200b-250b could emerge over the next 2-3 years.
CG Power	❖ The company remains optimistic on demand, particularly in power systems, citing strong domestic power demand and continued supply requirements from utilities and large customers. Transformer capacity has been ramped up to ~75,000 MVA (Gwalior + Bhopal) and is targeted to reach ~1,10,000 MVA by end-CY26 with a new greenfield plant (~45,000 MVA).
Cummins India	❖ The company highlighted strong genset demand, driven by data centres, manufacturing, pharma, commercial real estate, luxury residential projects, and quick-commerce infrastructure. Management highlighted strong inquiry momentum from both hyperscalers and colocation players.
GE Vernova T&D	❖ The company remains optimistic on overall transmission capex and expects to capitalize on demand through base as well as HVDC orders over the next 4-5 years.
Hindustan Aeronautics	❖ HAL expects a strong near-term order pipeline of ~INR900b over the next two years, led by 143 ALH helicopter orders, Sukhoi and Dornier upgrade programs, with ALH expected to be the largest contributor. Future indigenous aircraft program approvals could further strengthen long-term visibility.
Hitachi Energy	❖ The company’s overall pipeline remains strong, supported by renewables, data centres, and transmission. The company is also optimistic on HVDC projects, which will remain a key growth driver.
Kalpataru Proj.	❖ KPIL remains positive on domestic demand, supported by over INR1t of T&D bids and healthy activity across B&F, O&G, and urban infrastructure. The company is targeting FY27 order inflows of over INR300b, including INR130b-150b from T&D.
KEC International	❖ KECI’s tender pipeline exceeds INR1.8t, driven by strong opportunities across T&D and civil businesses. The company highlighted a robust India T&D outlook, supported by rising peak demand, renewable integration, investments in transmission infrastructure.
Kirloskar Oil	❖ The company is seeing strong industrial demand across construction, mining, and railways, while powergen growth is being driven by LHP, the scaling of HHP/Optiprime portfolio, and rising data-centre opportunities. To support demand, it has announced INR14b capex to expand engine capacity by 20,000 units to 155,000 engines annually by FY28.
L&T	❖ L&T’s prospects pipeline for FY27 stands at INR17.8t (vs. INR19t in FY26), spanning infrastructure and utility, energy conventional, green energy, manufacturing, and product. Despite a marginal decline in the pipeline, management remains positive on strong capex momentum across India and the Middle East, driven by infrastructure, hydrocarbons, industrial projects, and data centre investments.
Siemens	❖ The company highlighted continued capex momentum across both private and public sectors, with healthy demand across power utilities, railways, chemicals, pharma, food & beverages, buildings, residential infrastructure, and data centres. The order pipeline remains broad-based across electrification, signalling, rolling stock, and utility projects.
Siemens Energy	❖ The company is seeing strong domestic demand, driven by electrification, renewables, grid expansion and stability requirements (HVDC, STATCOMs, synchronous condensers), and data centres. To support this, ENRIN is expanding capacity from 15,000 MVA to 30,000 MVA with INR7.4b capex by mid-FY27. It will also be scaling up capacity by another 30,000 MVA to 60,000 MVA by FY31-32.
Thermax	❖ The company is seeing a strong enquiry pipeline across steel, cement, power, oil & gas, industrial projects, pharma, chemicals, and FMCG. Demand in heating, water treatment, and pollution control remains healthy, while future opportunities could emerge from Bio-CNG and coal gasification with government support.
Triveni Turbine	❖ TRIV highlighted that the domestic enquiry pipeline nearly doubled YoY to ~7GW, driven by strong demand across thermal power, steel, cement, paper, pulp, ethanol, waste heat recovery, and process cogeneration applications. Management remains broadly optimistic on domestic ordering activity.
Zen Technologies	❖ The company has a strong bidding pipeline of around INR15b, with additional opportunities through single-vendor and nomination-based orders. Near-term order inflows are expected to pick up from 1HFY27.
Amber	❖ The company expects RAC industry growth to recover to ~12-13% YoY in FY27 (vs. flat trends in FY26), with 1QFY27 industry volumes likely up ~20% on a weak base, while Amber is expected to broadly grow in line with industry demand, supported by deeper ODM integration and higher finished goods contribution.
Dixon Technologies	❖ Management stated that the mobile industry witnessed headwinds over the last six months due to memory price inflation and demand moderation, leading to cautious procurement by brands and higher smartphone ASPs. However, the company noted that supply-demand dynamics are becoming more balanced, customer ordering patterns are improving, and it expects high double-digit sequential growth in smartphone volumes going forward.

Source: Company, MOFSL

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

Companies	Management Comments
TRIL	❖ Management highlighted a strong order pipeline and healthy inquiry momentum, with the inquiry pipeline standing at ~INR230b. The company reiterated its selective approach to order intake, limiting exposure to 18-24 months and avoiding orders beyond 24 months delivery.
Techno Electric	❖ Management highlighted a strong demand outlook and enquiry pipeline, supported by renewables, data centres, industrial expansion, and grid modernization. The company expects opportunities from India's planned ~INR8t transmission capex, rising HVDC and digital substation investments, and continued private-sector spending.
Voltamp Transformers	❖ The company started FY27 with an order backlog of INR12b (10,270 MVA) and added new orders worth INR3b (2,107 MVA) in Apr'26. The enquiry pipeline remains strong, while the company continues to stay selective in bidding and order acceptance.
Carborundum Universal	❖ The company stated that demand improved across abrasives, ceramics, and electrominerals in 2HFY26/4QFY26, supported by exports, deferred project execution, dealer additions, and new launches. Management highlighted sustained orders across anti-corrosives, structural composites, and wear ceramics, while guiding for ~INR4b FY27 capex toward advanced ceramics, power electronics substrates, thermal spray powders, and refractory expansion.
TD Power	❖ Management indicated strong demand across segments, driven by AI data centres, grid stabilization, base power generation, and renewable-linked opportunities. The company highlighted 10–12% growth in the steam turbine market and strong growth in gas turbines and engines, supported by customer capacity expansion plans through 2030.
Texmaco Rail	❖ Management highlighted strong wagon demand, driven by the National Rail Plan, freight corridor expansion, and rising private sector participation. The company expects annual domestic wagon demand of 25,000-30,000 wagons over the next 5-7 years, while private sector demand could reach 12,000-15,000 wagons annually.
Titagarh	❖ Management remains positive on wagon demand, supported by rail infrastructure investments and freight growth. The company is pursuing new orders from both government and private customers, while capacity expansion will be aligned with visibility on large wagon orders.
Jupiter Wagons	❖ Management expects new wagon orders from Indian Railways over the next two quarters and highlighted strong long-term demand driven by rail infrastructure expansion and freight modal shift, alongside opportunities in private wagons, wheelsets, containers, BESS, and exports.
Garden Reach	❖ Management highlighted a strong defence shipbuilding outlook, with opportunities across P-17 Bravo, mine countermeasure vessels, and landing platform docks, excluding the NGC project. The company noted multiple live tenders, upcoming RFPs over the next three months, and capacity expansion from 28 to 32 platforms by end-CY26.
Solar Industries	❖ Management highlighted a positive outlook for domestic explosives and defense businesses, with domestic demand expected to improve after a weak FY26 impacted by lower coal overburden removal. The company also indicated strong defense ordering activity, including discussions and negotiations for additional Pinaka-related orders and other advanced defense products.
Apar Industries	❖ The company highlighted continued investments in T&D, renewables, data centres, EVs, grid modernization, and HVDC infrastructure, and plans FY27 capex of ~INR15b to support future demand. However, management noted a near-term slowdown in ordering and deliveries due to higher metal prices, freight costs, war-related disruptions, manpower shortages, and customer-led postponement of procurement decisions.

Source: Company, MOFSL

Export demand remains strong, supported by global T&D, renewables, defense, rail, and data centers

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

Companies	Management Comments
Covered companies	
ABB India	❖ Exports account for ~10-11% of business, with the mix improving due to higher export orders. The company highlighted strong global demand for data centre-related offerings, with India serving as a sourcing hub for select products in ABB's global data-centre business, supporting continued export opportunities.
Atlanta Electricals	❖ The company intends to build a sustained presence in selected overseas markets, with exports targeted to gradually scale up to 15% of overall revenue in 3-4 years.
Astra Microwave	❖ The export business is shifting from low-margin offset manufacturing toward higher value-added co-developed RF systems, SDR programs, and proprietary subsystem exports. The company is increasingly focusing on Astra-branded strategic electronics and defense solutions, while leveraging its MMIC and RF design capabilities to expand globally beyond internal and JV-led requirements.
Bharat Electronics	❖ BHE is seeing improving export traction, with an export order book of ~USD96m and strong interest in SDRs, satellite communication systems, and customised C4I solutions following recent geopolitical developments. Exports currently contribute ~4-5% of revenue and are targeted to exceed 10% over the next 4-5 years.
CG Power	❖ Exports contribute ~5% of consolidated sales, while export and services order bookings have more than doubled YoY, reflecting strong momentum. The company sees exports and services as key future growth drivers with significantly larger ambitions in both segments.
Cummins India	❖ The company highlighted that export demand remains moderate, with Europe and Asia Pacific continuing to grow modestly, while the Middle East and other markets have seen slower growth. Management indicated that the export outlook remains unchanged.
GE Vernova T&D	❖ Export revenue contributed ~30% of overall revenue and is expected to grow steadily, supported by opportunities across the US, Europe, Middle East, and Asia in renewables, grid modernisation, aging infrastructure, and data centres. GVTD expects FY27 export ordering to improve materially, aided by a potential INR14-15b US data-centre HV product order and another INR30b parent-linked order by 2HFY27.
Hitachi Energy	❖ The company continues to follow a three-pronged export strategy, which includes allocated markets, India-only manufactured products sold globally, and feeder-factory components supplied to Hitachi Energy factories worldwide. Management highlighted that the export business remains stable, low-risk and largely pass-through in nature, with relatively steady margins.
Kalpataru Proj.	❖ The company sees strong T&D opportunities globally, with international T&D orders expected at INR80b-90b in FY27, including some solar EPC work. Overseas demand remains strong across the Nordics, South America, Africa and the Middle East.
KEC International	❖ The company sees strong international demand, driven by T&D opportunities across the Middle East, Africa, CIS and the Americas, along with SAE's tower and hardware supplies to North and Latin America. Despite near-term West Asia logistics disruptions, tendering and ordering remain resilient, supported by a T&D order book plus L1 of over INR250b.
Kirloskar Oil	❖ The company is moving beyond a conventional export model by building local teams, channels, service infrastructure, and potentially local assembly capabilities over time. The Middle East remains a key market, with the company expecting to benefit from infrastructure rebuilding opportunities.
L&T	❖ The domestic/international mix of the order book stands at 48%/52%, with the international order book at ~INR3.8t. Of this, ~78% is concentrated in the Middle East. The international prospects pipeline remains strong, driven by hydrocarbon, energy transition, and core infrastructure opportunities in the Middle East, alongside expanding opportunities in offshore wind, renewables, and modular EPC across Europe, Korea, Taiwan, Southeast Asia, and Central Asia.
Siemens	❖ Exports continue to remain a key opportunity for the mobility business, supported by the INR18b bogie traction motor and gearbox order received from the parent company, to be executed over 2029-2039. The company highlighted that the Aurangabad facility is now part of Siemens Mobility's global manufacturing network, while all 25 Siemens India factories are integrated into Siemens AG's global supply chain allocation framework across mobility and electrification businesses.
Siemens Energy	❖ The company is seeing strong export opportunities across the US, Europe and the Middle East, driven by renewable energy and data-centre demand. ENRIN has direct sales rights in South Asia, while exports to other global markets are routed through Siemens Energy based on group requirements.
Thermax	❖ International ordering outlook remains reasonably strong, supported by heating, water treatment, and air pollution control businesses. The company also highlighted strong opportunities in the Middle East, where it had earlier secured a ~INR4.5b industrial infra order, along with emerging global data center opportunities in cooling and boiler solutions.
Triveni Turbine	❖ Management highlighted a strong global enquiry pipeline across industrial capex, renewable energy, geothermal, biomass, combined-cycle power, and aftermarket applications, driven by demand from Europe, Turkey, Southeast Asia, and North America. The company also sees strong refurbishment opportunities emerging as a key aftermarket growth driver and remains optimistic on export order conversion despite geopolitical uncertainties.
Zen Technologies	❖ Management highlighted strong export demand across anti-drone systems, simulators, and naval training solutions, with the company expecting significant export orders going forward. The company noted rising global demand for anti-drone systems following recent conflicts, while naval simulator enquiries have increased amid greater focus on maritime security. Management also stated that its AI-enabled anti-drone systems with 70 MHz to 12 GHz jamming capabilities are receiving positive response in international markets.
Dixon Technologies	❖ Management highlighted improving export momentum across multiple segments, with smartphone exports through Ismartu expected to ramp up from mid-2Q for Africa markets, while telecom exports for microwave radios are also set to commence in FY27. The company further received export orders for lighting products from large US and European retail chains, with execution scheduled from 2QFY27. Management also indicated that the proposed PLI 2 scheme for mobiles could support incremental export volumes.

Source: Company, MOFSL

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

Companies	Management Comments
TRIL	❖ The company stated that exports currently remain minimal and that there is no major impact from the West Asia conflict on exports or deliveries.
Carborundum Universal	❖ The company stated that exports will remain a key priority in electrominerals, supported by existing global OEM relationships, treated grains, and anti-dumping duties against Chinese grains in Europe. Management also highlighted strong OEM orders in wear ceramics and stated that over 80% of the industrial ceramics business is export-oriented, with demand remaining healthy across export markets.
TD Power	❖ The company highlighted strong export demand and ordering momentum, driven by AI data centers, grid stabilization, power generation, and renewable-linked applications. Management stated that export demand visibility remains strong, supported by customer capacity additions and continued growth in gas turbine and gas engine orders.
Texmaco Rail	❖ Management highlighted strong export demand and ordering momentum, supported by its wagon supply track record across 16 countries and increasing traction in African markets. The company stated that exports to Cameroon have commenced, while the recently secured South African order, including a 15-year maintenance contract, is targeted for execution by FY28.
Titagarh	❖ Management highlighted a healthy outlook for the wheel business, supported by a 20-year contract for 80,000 wheels per annum from Indian Railways, internal requirements, and opportunities to export wheels and supply other industry players.
Jupiter Wagons	❖ Management remains positive on export opportunities, supported by a long-term wheelset supply arrangement with Tatravagonka and ongoing discussions with other global partners. The company expects the Odisha wheelset facility to support both domestic and export demand, with exports remaining a key focus area.
Garden Reach	❖ Management highlighted a positive export outlook, supported by growing interest from European commercial ship owners, ongoing execution of 12 multipurpose vessels for a German client, and export bridge deliveries. The company added that discussions with multiple European clients are ongoing and expects further commercial vessel export orders.
Solar Industries	❖ Management highlighted strong export demand across Africa, Southeast Asia, and Australia, supported by geographic expansion and new plant additions. The company expects continued export growth, aided by improving mining activity, rising commodity prices, and expansion into new markets such as Sierra Leone and Australia.
Apar Industries	❖ The company highlighted that export demand remains healthy, supported by continued growth opportunities in the US and Europe. While US business has started scaling up and visibility remains strong, management cautioned that near-term export activity could be impacted by higher freight costs, war-related disruptions, project delays in the Middle East, and customer postponement of procurement decisions.

Source: Company, MOFSL

Margins remain resilient despite commodity inflation

Exhibit 8: Management comments on future margins

Companies	Management Comments
Covered companies	
ABB India	❖ Management has implemented two price increases to offset commodity inflation, while long-term contracts include price escalation clauses, but these often come with a ceiling, limiting full protection against commodity inflation.
Atlanta Electricals	❖ Management expects margin to remain stable in the coming period, while adding that 400 kV and 765 kV class transformers and reactors are expected to deliver around 200bp higher margins than 220 kV class products.
Astra Microwave	❖ Management indicated that the company is focusing only on orders with higher value addition, which has supported the margin profile over the last couple of years. At the same time, it has cautioned that margins will continue to vary with the order mix.
Bharat Electronics	❖ Management guided EBIDTA margins to be more than 28% for FY27, stating indigenization as the key driver of margin expansion across the defense ecosystem in recent years.
CG Power	❖ Management indicated that margin improvement will be driven by disciplined pricing, cost and productivity initiatives, mix optimization, service-led growth in railways and new product development.
Cummins India	❖ Management reiterated its focus on maintaining margins while pursuing growth, and stated that it will continue evaluating further localization opportunities as market demand evolves.
Hindustan Aeronautics	❖ The company expects EBITDA margin to be around 30-31%.
GE Vernova T&D	❖ The company continues to target margins in the mid-20s going forward, supported by productivity and cost-control initiatives. Management also highlighted that commodity risks are addressed through cost inflation estimates incorporated at the tendering stage, based on historical experience, prevailing trends and anticipated future movements, to safeguard expected margins from the outset of an order.
Hitachi Energy	❖ Management stated that the current inflationary environment, including higher metal and transport costs, is being actively managed by commodity price pass-through mechanisms and price variation clauses built into contracts.
Kalpataru Proj.	❖ For FY27, consolidated PBT margins are expected to improve by 75-100bp, supported by operating leverage, better business mix, lower finance costs, and disciplined capital allocation. Management added exposures to aluminum, zinc, and copper, which are more than 90% hedged, so these metals should not create a significant margin issue on the current order book.
KEC International	❖ Margin guidance has been withheld due to uncertainty related to logistics, freight, and supply chain disruptions. Management stated that the impact of price hike is mainly limited to labor and overheads and does not expect steel to be a major spoiler.
Kirloskar Oil	❖ Management is comfortable sustaining current gross margin levels despite commodity inflation, believing demand drivers remain strong. Management stated there has been no margin deterioration with operating leverage kicking in for certain kVA nodes and intends to maximise operating leverage from FY27 onwards.
L&T	❖ The company expects core E&C margins to remain stable in FY27, while energy segment margins are expected to improve over the next couple of quarters as legacy projects conclude and newer projects progress through execution.
Siemens	❖ Management indicated that underlying margins remain strong and expects underlying profitability to improve as recent price increases are reflected over the next 3-4 months. However, the company refrained from providing margin guidance, citing uncertainty around future commodity prices and foreign-exchange movements.
Thermax	❖ The company expects commodity cost pressures to be more visible in 1QFY27, particularly in the Industrial products business. However, management indicated that industrial infrastructure project business margins remain relatively controllable through back-to-back tie-ups on buyouts and contracts for large orders.
Triveni Turbine	❖ Management indicated that margins are expected to remain around current levels of ~25%+ EBITDA margin, though quarterly fluctuations may occur due to changes in the product and geographic mix.
Zen Technologies	❖ Management expects EBITDA margin/PAT margin to be ~35%/25%, while margins of subsidiaries are expected to be around 30% for ARI and around mid-20s% for UTS.
Amber	❖ Management expects a temporary margin pressure of 50-100bp at the consolidated level over the next 1-2 quarters due to higher commodity costs, currency depreciation, and minimum wage revisions, but expects margins to normalize as the macro environment improves.
Dixon Technologies	❖ The overall margin profile for FY27 will be slightly under pressure due to elevated memory prices, PLI benefits fading away, and the delayed realization of component foray benefits.
Not covered companies	
TRIL	❖ Management expects margin to improve via capacity expansions at Changodar/Moraiya and operational efficiencies over 2-3 years. Backward integration will add 150-200bps initially, targeting ~35% gross margins by FY28 (up to 40% deeper), plus 200-300bps from FY27 start. Overall, commodity cost increases are creating modest input-price pressure across production, raising manufacturing costs and potentially squeezing margins if not passed on to customers.
Techno Electric	❖ Management expects standalone EBITDA margins of ~13% (assuming the war's impact is limited to 1H). Management expects commodity price impacts as near-term pressures and that margins should revert to structural levels as external factors normalise.

Companies	Management Comments
Carborundum Universal	❖ Management expects consolidated Abrasives margins of 9.5-10.0%, Ceramics margins of 20.5-21.0%, and Electrominerals margins of 9-9.5% for FY27.
TD Power	❖ Management expects gross contribution to move back toward historical average levels and the current commodity environment to remain manageable, with hedges and price variation clauses providing some buffer, unless commodity prices rise further by another 20-30%.
Texmaco Rail	❖ Management indicated that margins should improve from the current level. It emphasized that this is a gradual, sustainable journey aligned with its Vision 30 goal of doubling top-line while maintaining strong EBITDA margins.
Titagarh	❖ Management reiterated that freight rail margins should remain ~12% on a steady-state basis, while passenger rail margins are expected to be similar and improve further with higher volumes and backward integration into propulsion systems.
Jupiter Wagons	❖ Management expects profitability to improve across key businesses, supported by higher-margin wheelset operations, operational ramp-up in Stone India and Jupiter Electric Mobility, and benefits from backward integration following the freight brake system approval. The company reiterated its long-term aspiration of achieving at least 15% EBITDA margins by 2030.
Garden Reach	❖ Management is comfortable sustaining current margin levels going forward.
Solar Industries	❖ Management indicated that EBITDA margins should be maintained at current levels, supported by the improving mix from defence and international business.
Apar Industries	❖ Management indicated that it expects conductor margins to be in the range of INR35,000 to INR36,000 per metric ton on a medium to long-term basis, plus tailwinds. It also mentioned seeing some short-term pressure because of the war situation, high metal prices, high premiums and freight costs, and some postponement in ordering.

Middle East conflict creates near-term supply chain and execution challenges, while demand remains largely resilient

Exhibit 9: Management comments on the West Asia crisis

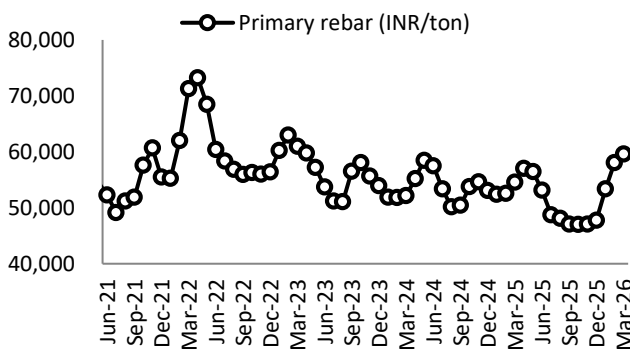
Companies	Management Comments
Covered companies	
ABB India	The company does not see any direct concern from the ongoing Middle East crisis.
Atlanta Electricals	❖ The ongoing West Asia disturbances have led to some inflation in smaller components such as fabricated parts, paints, and gaskets through higher crude-linked costs. However, the company expects these pressures to remain temporary and normalize over time.
Bharat Electronics	❖ The company faced minor supply chain delays of around 1-1.5 months due to certain subcomponents and high-end detectors sourced from the Middle East. However, key semiconductors are sourced from Europe, the US, and Taiwan, and the company does not expect any material impact on its annual revenue or turnover targets.
CG Power	❖ The company indicated that the ongoing conflict has not had any noticeable impact on motors and drives exports. The European drives business is largely serviced through its European plant, which also caters to the US market, and no specific decline attributable to the conflict has been observed.
Cummins India	❖ Management indicated that the Middle East crisis has not materially altered the overall outlook, though it remains a macro factor to monitor. Export demand in certain regions, including the Middle East and Africa, had previously been affected by weaker economic conditions and subdued oil-linked demand, particularly in low-horsepower products. Management added that external volatility continues to be managed through pricing actions, portfolio mix optimization, and market diversification.
GE Vernova T&D	❖ Management indicated that exposure to the Middle East region is limited, while highlighting growth opportunities across multiple geographies, including the US, Europe, the Middle East, and Australia.
Hitachi Energy	❖ The Middle East crisis has created pressure on supply chains and elevated inflation and transport costs across the industry. Management added that the situation is challenging, but the company is navigating it with mitigation measures and is able to pass through commodity price increases on most of its portfolio through price variation clauses.
Kalpataru Proj.	❖ The Middle East war caused some supply chain disruptions and a temporary revenue impact, especially in T&D, with estimated revenue loss of about INR2-2.5b.
KEC International	❖ Management stated that Middle East project execution and tendering remain largely unaffected, but supply chain and logistics disruptions led to shipment delays, higher freight costs, and an estimated revenue impact of ~INR3.8-4b in 4QFY26. The impact is expected to continue through 1QFY27 and potentially 2QFY27, while the region remains a key growth market.
Kirloskar Oil	❖ Management indicated that the company has not seen any impact from the Middle East crisis in the current quarter.
L&T	❖ The ongoing West Asia conflict led to project delivery delays in the Middle East, particularly power T&D and renewables. 4Q revenue loss from these issues is estimated to be around INR50b. For FY27, management expects a softer first half and mentioned that execution should pick up in the second half as supply chain constraints ease.
Siemens	❖ The company stated that the West Asia conflict has led to rupee depreciation and commodity price volatility, which could impact inflation, but it currently sees no slowdown in private or public capex and will monitor developments over the next 3-6 months.
Siemens Energy	❖ The company stated that India has shown resilience amid the Middle East crisis, though a prolonged conflict could increase challenges. It also noted that energy security concerns could support greater electrification and the use of domestic energy sources.
Thermax	❖ The company stated that the Middle East remains a strong opportunity with ongoing order execution, including a large Industrial Infra order. While freight-related cost pressures have emerged, no execution delays have been seen so far. Management also indicated that war-related damage could create additional business opportunities going forward.
Triveni Turbine	❖ Management indicated that the West Asia conflict impacted revenue and order booking toward the end of FY26. However, it remains confident in growth, supported by a strong enquiry pipeline, healthy order backlog, and diversified geographic presence. Higher oil prices have also driven improved API enquiries and order finalizations globally, with no reconstruction-related opportunities factored into projections.
Not covered companies	
TRIL	❖ The West Asia conflict has minimal impact, with very low exports and imports from the region. There are no major supply chain or delivery effects. The only noted issue is gas availability for fabrication units due to the Hormuz closure, but the company is mitigating this via alternatives like laser/plasma cutting (electricity-based), which are already online for efficiency. There are no production ramp-down risks.
Techno Electric	❖ Management indicated that the Middle East conflict disrupted supply chains, with gas-dependent production operating at below 50% capacity, leading to delays in critical EHV material supplies and higher energy and commodity costs. This adversely impacted margins and reduced near-term revenue by ~INR2bn, though management expects these disruptions to be temporary and normalize over the coming quarters.
TD Power	❖ Management stated that the war has not affected its India-based manufacturing plants because the company does not import from the Middle East and most completed-product contracts are on an ex-works basis. However, one contract in Turkey was hit by severe shipping delays for a lot of components from India, which led to a high liquidated damages penalty on that contract.

Companies	Management Comments
Titagarh	❖ Management indicated that the West Asia situation led to supply-chain constraints in gas and LDO, along with delays in steel and component supplies. However, management noted that the situation is now much better and believes it should not impact targets for the year.
Jupiter Wagons	❖ Management highlighted that geopolitical developments led to supply chain disruptions, including LPG availability issues and delays in equipment shipments for the Odisha wheelset project. However, the company indicated that most equipment has now been received and does not expect any further delays.
Apar Industries	❖ Management said the war situation is causing some uncertainty, including higher metal premiums, freight costs, and postponement in decision-making or ordering. Some conductor contracts with Iraq and similar geographies were also pushed out and would likely remain delayed until the conflict is resolved. Overall, management stated that the Middle East business will continue to remain subdued until the war ends.

Source: Company, MOFSL

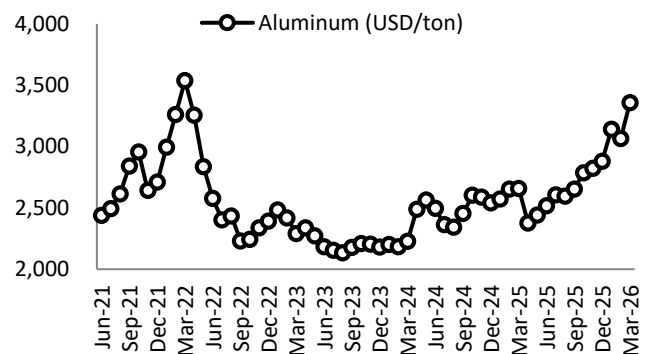
Commodity prices have been increasing over the past few quarters

Exhibit 10: Primary rebar price trend (INR/ton)



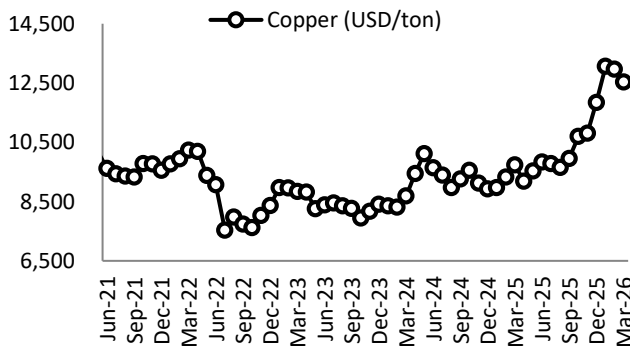
Source: Bloomberg, MOFSL

Exhibit 11: Aluminum price trend (USD/ton)



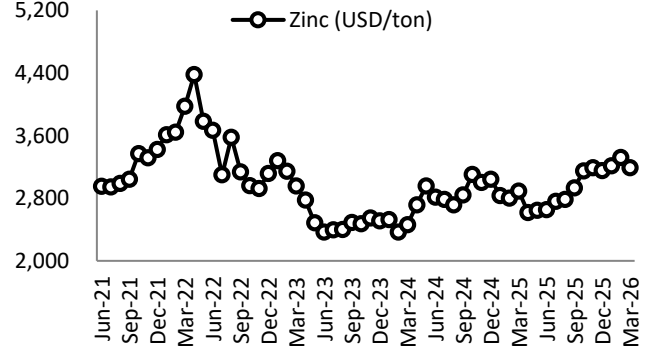
Source: Bloomberg, MOFSL

Exhibit 12: Copper price trend (USD/ton)



Source: Bloomberg, MOFSL

Exhibit 13: Zinc price trend (USD/ton)



Source: Bloomberg, MOFSL

Order inflow growth, margin sustainability, and PAT growth critical to sustain valuations

Exhibit 14: Target valuations for the core business and expected growth over FY26-28

Companies	Target Multiple	TP (INR)	CAGR FY26-28 (%)		
			Revenue	EBITDA	PAT
ABB India*	DCF-based	6,600	10.7	14.3	15.4
Atlanta Electricals	32x Jun'28 EPS	1,950	35.8	40.8	45.6
Astra Microwave	40x Jun'28 EPS	1,580	20.4	16.7	30.4
Bharat Dynamics	42x Jun'28 EPS	1,150	58.3	109.5	52.5
Bharat Electronics	45x Mar'28 EPS	510	17.3	16.2	16.8
CG Power	SoTP	940	25.4	34.9	31.8
Cummins India	Avg of 45x Sep'28 EPS & DCF	6,600	18.0	19.9	21.3
GE Vernova T&D	58x Jun'28 EPS	5,200	29.4	31.4	31.3
Hindustan Aeronautics	Avg of DCF & 30x 2Y forward	5,500	19.6	18.3	14.8
Hitachi Energy	60x Jun'28 EPS	32,000	32.0	46.5	43.1
Kalpataru Proj.	18x Jun'28 EPS for the core business	1,500	14.5	14.2	16.4
KEC International	18x Mar'28 EPS	630	15.7	15.4	19.3
Kirloskar Oil	SoTP	1,900	20.6	27.1	29.9
Larsen & Toubro	25x 2Y forward on Core E&C	4,550	16.0	15.1	19.5
Siemens*	45x 2Y forward	3,500	16.3	25.1	25.7
Siemens Energy*	55x 2Y forward	3,700	26.9	32.2	34.5
Thermax	40x 2Y forward for the core business	3,900	19.2	26.9	23.4
Triveni Turbine	40x Jun'28 EPS	720	15.5	17.7	19.2
Zen Technologies	30x 2Y forward	1,400	80.2	91.8	70.6
Amber Enterprises	DCF-based	8,450	23.5	30.1	74.1
Dixon Technologies	DCF-based	14,600	32.6	36.6	35.5

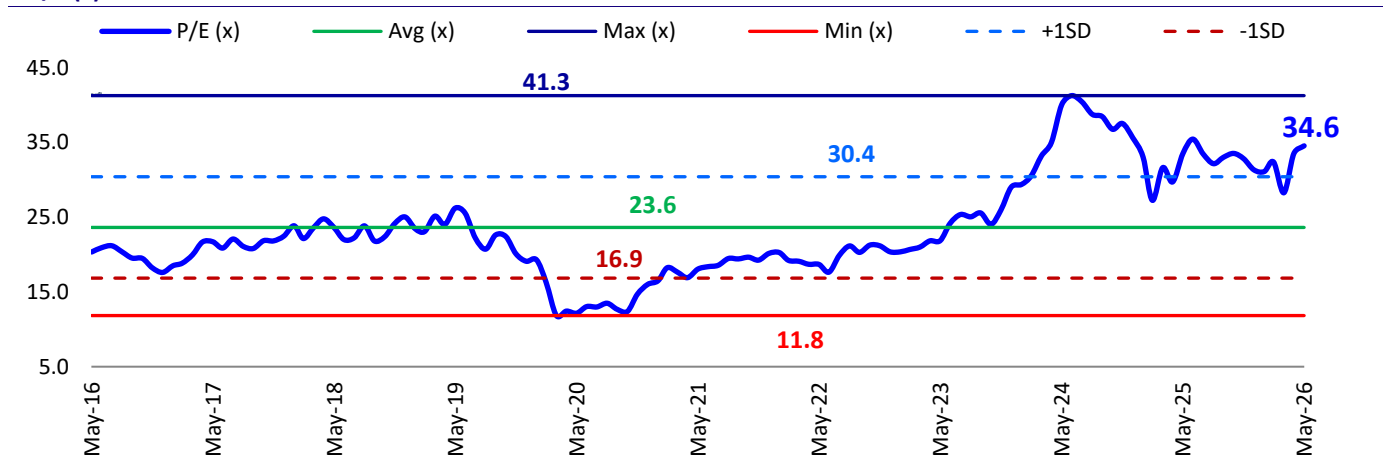
Note: *ABB India CAGR for CY25-28 (Dec ending), Siemens Energy CAGR for Sep'25-Sep'28; #Siemens CAGR for 2 years from 12MFY26-Mar'28; Source: Company, MOFSL

Exhibit 15: Capital Goods & Defense - relative valuation

Companies	CMP	TP	% upside	Rating	Mcap (INR b)	EPS (INR)			P/E (X)			RoE (%)			RoCE (%)		
						FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E	FY26	FY27E	FY28E
ABB India	7,160	6,600	-8	Neutral	1,517	81.1	83.6	101.6	88.3	85.6	70.4	23.1	19.7	20.1	23.3	19.9	20.3
Atlanta Electricals	2,152	1,950	-9	BUY	165	26.4	36.9	56.0	81.5	58.3	38.4	21.8	23.4	26.2	24.4	23.2	26.8
Astra Microwave	1,374	1,580	15	BUY	130	20.3	26.3	34.6	67.6	52.2	39.8	16.0	17.4	19.0	14.5	15.2	16.4
BDL	1,213	1,150	-5	Neutral	445	11.5	18.2	26.7	105.8	66.6	45.5	9.9	14.3	18.3	10.2	14.7	18.7
BEL	410	510	24	BUY	2,996	8.3	9.6	11.3	49.5	42.7	36.3	25.5	23.2	21.7	27.8	26.0	24.2
CG Power	938	940	0	BUY	1,477	7.9	10.2	13.7	119.1	91.8	68.5	21.0	18.6	21.1	20.9	18.6	21.1
Cummins India	5,788	6,600	14	BUY	1,604	87.8	106.8	129.1	66.0	54.2	44.8	32.6	34.9	36.6	31.9	33.3	35.0
GE Vernova T&D	5,085	5,200	2	BUY	1,302	50.0	65.5	86.3	101.7	77.6	58.9	57.4	50.0	45.2	57.9	50.4	45.5
HAL	4,192	5,500	31	BUY	2,803	136.3	149.9	179.6	30.8	28.0	23.3	22.2	20.9	21.1	22.7	21.3	21.4
Hitachi Energy	36,526	32,000	-12	NEUTRAL	1,629	234.6	327.7	480.0	155.7	111.5	76.1	20.2	22.1	24.5	20.8	22.6	24.9
KEC	507	630	24	BUY	135	25.0	28.3	34.8	20.3	17.9	14.5	11.5	11.7	13.1	11.7	11.3	12.0
KOEL	1,950	1,900	-3	BUY	283	31.9	42.6	53.9	61.2	45.8	36.2	14.6	17.2	18.8	14.4	16.9	18.6
KPIL	1,292	1,500	16	BUY	221	58.6	65.5	79.4	22.0	19.7	16.3	13.0	12.9	13.9	11.7	11.9	12.8
L&T	3,940	4,550	15	BUY	5,415	123.7	142.9	176.7	31.8	27.6	22.3	16.4	16.9	18.5	9.5	10.0	11.4
Siemens*	3,687	3,500	-5	NEUTRAL	1,312	79.4	58.2	72.4	46.4	63.3	50.9	20.4	13.0	13.9	17.4	13.2	14.1
Siemens Energy#	3,700	3,700	0	Buy	1,317	30.9	42.5	61.5	119.7	87.1	60.1	25.1	25.9	27.3	26.9	27.2	28.3
Thermax	4,870	3,900	-20	SELL	548	60.1	71.2	91.4	81.1	68.4	53.3	12.9	13.7	15.6	10.7	11.4	12.9
Triveni Turbine	693	720	4	BUY	220	11.5	12.9	16.2	60.3	53.6	42.9	27.1	25.8	26.7	27.3	26.0	26.8
Zen Tech	1,810	1,400	-23	NEUTRAL	163	16.2	33.6	47.0	112.0	53.9	38.5	8.3	15.4	18.2	8.3	15.5	18.3
Amber	7,626	8,450	11	BUY	268	61.7	124.2	187.1	123.5	61.4	40.8	6.5	9.5	12.8	10.2	10.5	13.4
Dixon	11,482	14,600	27	BUY	698	139.7	163.5	256.6	82.2	70.2	44.7	22.1	19.3	24.5	28.3	25.5	32.6

Note: For ABB India, FY26/FY27E/FY28E indicate datapoints for year-ends Dec'25/Dec'26/Dec'27; For Siemens Energy, FY26/FY27E/FY28E indicate datapoints for year-ends Sep'25/Sep'26/Sep'27 ; * For Siemens, FY26 data is for 18 months Mar Y/E, FY27E/FY28E is for 12 months Mar Y/E Source: Company, MOFSL

Exhibit 16: Overall valuations for capital goods and defense has moved up over last six months on a two-year forward basis – P/E (x)



Source: Bloomberg, MOFSL

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