

# Capital Goods & Defense

## Result Preview



### Company

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

## Select pockets continue to grow

We expect execution growth to remain healthy for our coverage companies in the capital goods universe, driven by strong order inflows and order books for them. While ordering remains strong across thermal power, renewables, T&D, data centers, buildings & factories, and defense, it is very selectively picking up from the domestic private sector. Government capex growth has remained healthy in 8MFY26, primarily driven by defense, and is expected to pick up from railways over the next few quarters. Government capex growth also benefited from the low base of last year. The export outlook is strong across renewables and T&D, with select EPC and product companies benefiting from this. We will monitor the commodity prices, as select commodities such as copper and zinc have moved up in recent months. For 3QFY26, we estimate our coverage companies to report revenue growth of ~16% YoY, EBITDA growth of 20% YoY, and PAT growth of 24% YoY. 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.

## Ordering momentum remains stable

Ordering activity during the quarter remained stable across key areas such as defense, power T&D, hydrocarbon, heavy civil, and buildings & factories segments. Select large-sized order wins were seen for L&T for an ultra-mega project in the hydrocarbon segment, Thermax for a boiler order, and GVTD for an HVDC project. Based on our discussions with companies, domestic private sector ordering is picking up selectively from metals and mining, buildings & factories, and thermal power, and further pickup is expected in the coming quarters. Ordering also remained healthy across the defense segment and is expected to pick up from railways, particularly for Kavach systems. During 3QFY26, BHE booked orders worth ~INR55b, BDL announced orders worth INR46b, KECI secured ~INR76b, and KPIL acquired ~INR51b. Supported by a strong order backlog and the expected finalization of pending pipeline opportunities, we estimate ~16% YoY growth in execution for our coverage universe in 3QFY26.

## Recent developments in the defense sector

India's Defense Acquisition Council (DAC) approved capital acquisition proposals worth INR790b in its winter session, taking FY26YTD approvals to ~INR3.3t, nearly double the capital outlay on defense of INR1.8t. Almost half of these approvals were announced in 3QFY26, with proposals worth INR1.6t announced in Oct'25 and Dec'25 combined. This provides order inflow visibility for the next 2-4 years, as conversion of AoNs takes time to convert into firm orders. The DAC has also extended the current emergency procurement window for the Armed Forces until mid-Jan'26, allowing them to continue fast-track purchases of critical weapons, platforms, and equipment to meet urgent operational needs. Other key developments include 1) completion of the user trials for the Akash-NG system, clearing it for induction, and we expect BDL and BEL to receive production and supply contracts in CY26 with ramp-up orders to follow; 2) the 5<sup>th</sup> F-404 engine delivered to HAL by GE; and 3) the guideline rollout for the two major shipbuilding schemes by the GoI with a combined outlay of INR447b.

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### Commodity prices have been on the rise lately

On a YTD basis, commodity prices have trended upward across most key raw materials. While HRC steel prices, an important input for EPC companies, have moderated by ~6% from March '25 levels, zinc prices have risen by ~9%. This may lead to some margin pressure in subsequent quarters; however, EPC players are generally able to hedge zinc price volatility. Copper/aluminum prices, which remained largely benign for some time, have recently started to increase, rising ~21%/8% from March levels. These increases have a more direct impact on product-oriented companies, and we will monitor the commodity price movements going forward. Overall, while commodity inflation remains a headwind, margin outcomes are likely to be driven more by revenue mix for product companies and indigenization levels for defense companies. We expect margins across our coverage universe to improve by ~50bp YoY, with EPC companies' margins improving ~60bp YoY and product companies' margins increasing ~40bp YoY.

### Export demand to remain supportive

The export outlook remains selective for our coverage companies' universe. L&T remains confident in the continuation of the long-term growth momentum from international geographies. Other EPC companies, too, are witnessing healthy order inflows globally. Transformer players are also optimistic about export order inflows due to higher spending across renewables. Product companies like ABB, Siemens, Thermax, and Triveni Turbine are yet to see a meaningful revival in exports. Cummins and KOEL are selectively targeting to grow exports. Demand outlook across defense exports remains strong, though we have yet to see any meaningful export ordering momentum for defense PSUs.

### View: Selective stance continues

Our selective stance continues in the sector, and we continue to prefer companies in the T&D, renewables, and defense sectors. Companies that are growing at a high pace will remain preferred bets over the medium to long term.

### Our top picks

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

### Exhibit 1: Summary of quarterly earnings estimates

Sector	CMP (INR)	RECO	SALES (INR m)			EBITDA (INR m)			NET PROFIT (INR m)		
			Dec-25	Var % YoY	Var % QoQ	Dec-25	Var % YoY	Var % QoQ	Dec-25	Var % YoY	Var % QoQ
ABB India	5197	Buy	34,026	1.1	2.8	5,317	-19.1	6.3	4,418	-16.9	8.0
Astra Microwave	963	Buy	2,620	1.4	22.1	616	-19.2	28.7	305	-35.7	27.5
Bharat Dynamics	1495	Buy	11,453	37.6	-0.2	2,062	62.5	9.9	2,066	40.4	-4.3
Bharat Electronics	403	Buy	67,801	17.8	17.6	19,120	15.6	12.8	14,873	13.0	15.6
Cummins India	4482	Buy	29,431	-4.6	-7.2	6,004	0.1	-13.6	5,527	7.5	-13.3
Hind.Aeronautics	4417	Buy	78,745	13.2	18.8	19,686	17.0	26.4	18,593	29.1	11.4
Hitachi Energy	18822	Sell	22,028	36.0	20.2	3,524	111.2	17.9	2,715	217.6	2.7
Kalpataru Proj.	1198	Buy	56,461	17.0	4.2	4,799	19.4	7.3	2,179	38.5	9.0
KEC International	747	Buy	61,335	14.7	0.7	4,539	21.2	5.5	1,769	36.5	10.0
Kirloskar Oil	1261	Buy	14,319	23.1	-10.8	1,904	62.8	-11.2	1,227	88.7	-12.9
Larsen & Toubro	4163	Buy	7,50,667	16.1	10.4	77,306	23.6	13.6	42,955	27.9	9.4
Siemens	3098	Neutral	44,364	23.7	-14.2	5,311	32.5	-13.9	4,394	18.1	-9.5
Siemens Energy	2546	Buy	19,939	31.4	-24.6	4,087	21.9	-14.7	3,029	30.7	-15.8
Thermax	3025	Sell	27,144	8.2	9.7	2,815	49.0	63.6	1,695	49.1	42.0
Triveni Turbine	541	Buy	5,603	11.3	10.7	1,188	8.7	3.7	992	7.2	8.6
Zen Technologies	1362	Neutral	1,391	-1.7	11.6	508	38.2	21.4	490	26.8	6.1
<b>Capital Goods</b>			<b>12,27,327</b>	<b>15.6</b>	<b>7.6</b>	<b>1,58,786</b>	<b>20.5</b>	<b>11.0</b>	<b>1,07,226</b>	<b>24.1</b>	<b>6.8</b>

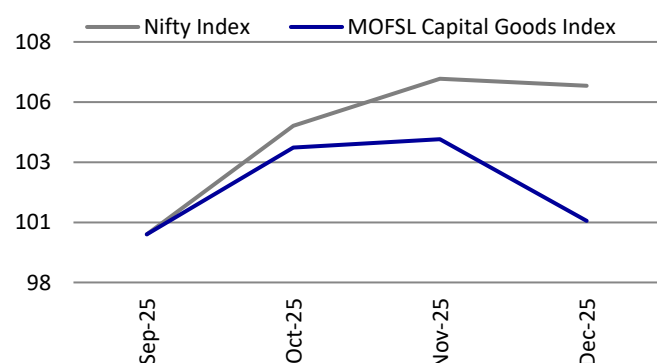
ABB: December Y/E; Siemens Energy: September Y/E

### Exhibit 2: Comparative valuations

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
<b>Capital Goods</b>						<b>39.7</b>	<b>33.9</b>	<b>28.2</b>	<b>7.4</b>	<b>6.4</b>	<b>5.4</b>	<b>18.6</b>	<b>18.8</b>	<b>19.3</b>
ABB India	5,197	Buy	79.1	89.3	104.4	65.7	58.2	49.8	14.2	13.0	11.9	22.6	23.4	25.0
Astra Microwave	963	Buy	16.4	23.7	30.3	58.6	40.6	31.8	7.2	6.1	5.1	13.2	16.4	17.6
Bharat Dynamics	1,495	Buy	28.3	37.9	52.0	52.9	39.5	28.7	11.4	9.2	7.2	21.5	23.3	25.2
Bharat Electronics	403	Buy	8.3	9.9	11.5	48.5	40.8	35.2	11.7	9.4	7.6	24.2	23.0	21.6
Cummins India	4,482	Buy	87.6	98.5	114.9	51.2	45.5	39.0	15.5	13.7	12.0	32.3	31.9	32.8
Hind.Aeronautics	4,417	Buy	142.9	161.0	197.8	30.9	27.4	22.3	7.1	6.0	4.9	22.8	21.7	22.1
Hitachi Energy	18,822	Sell	203.2	266.4	334.5	92.6	70.6	56.3	15.6	12.7	10.3	17.8	18.9	19.3
Kalpataru Proj.	1,198	Buy	52.7	73.5	85.6	22.8	16.3	14.0	2.6	2.2	2.0	11.9	14.7	14.9
KEC International	747	Buy	31.1	40.3	50.9	24.0	18.5	14.7	3.3	2.9	2.5	14.6	16.7	18.2
Kirloskar Oil	1,261	Buy	35.5	44.6	52.3	35.5	28.3	24.1	5.4	4.7	4.1	16.2	17.7	18.0
Larsen & Toubro	4,163	Buy	130.3	155.5	183.5	31.9	26.8	22.7	5.2	4.6	4.0	17.3	18.2	18.9
Siemens	3,098	Neutral	73.7	61.8	73.8	42.0	50.1	42.0	6.1	5.5	4.8	14.6	10.9	11.5
Siemens Energy	2,546	Buy	30.9	41.2	61.1	82.4	61.8	41.6	20.7	15.5	11.3	25.1	25.1	27.1
Thermax	3,025	Sell	62.2	72.2	86.5	48.7	41.9	35.0	6.2	5.6	4.9	13.5	14.0	14.9
Triveni Turbine	541	Buy	11.8	14.0	16.8	45.9	38.6	32.2	11.6	9.5	7.8	27.7	27.1	26.7
Zen Technologies	1,362	Neutral	21.6	40.5	53.3	63.2	33.7	25.6	6.5	5.5	4.5	10.9	17.7	19.3

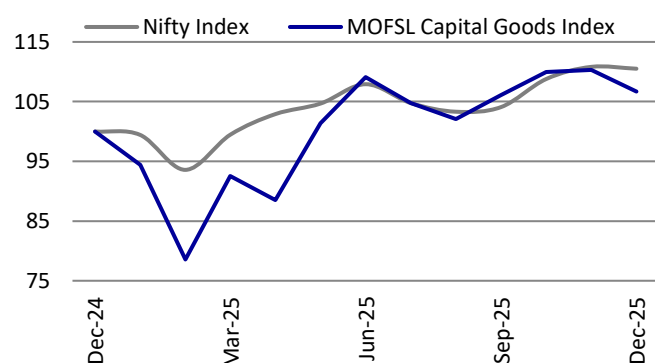
For ABB India, FY26E/FY27E/FY28E indicate CY25/CY26/CY27 data; For Siemens Energy, FY26E/FY27E/FY28E indicate Sep'25/Sep'26/Sep'27 Y/E data; For SIEM, FY26E indicate 18 months Mar'26 Y/E data , and FY27E/FY28E indicate 12 months Mar Y/E data

### Exhibit 3: Relative performance – three months (%)



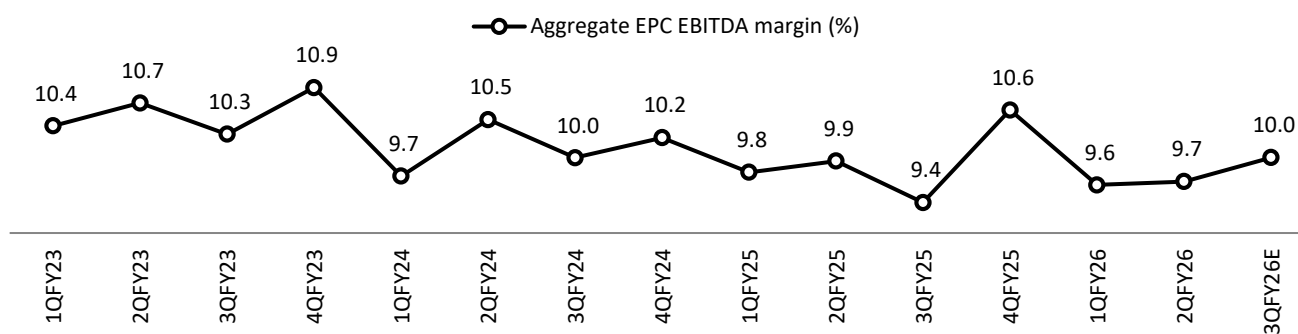
Source: Bloomberg, MOFSL

### Exhibit 4: Relative performance – one year (%)



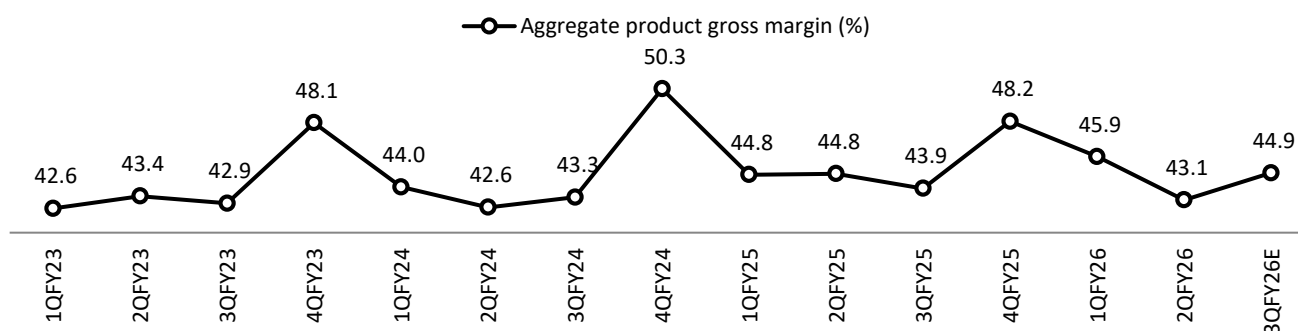
Source: Bloomberg, MOFSL

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



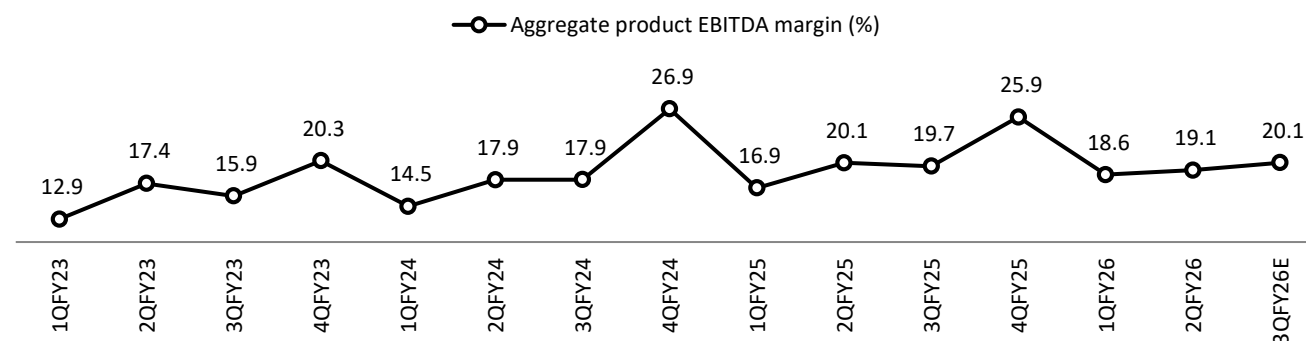
Source: Company, MOFSL

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



Source: Company, MOFSL

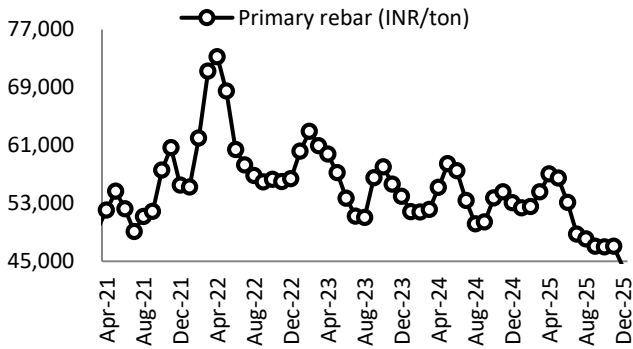
**Exhibit 7: EBITDA margin snapshot for product companies under our coverage**



Source: Company, MOFSL

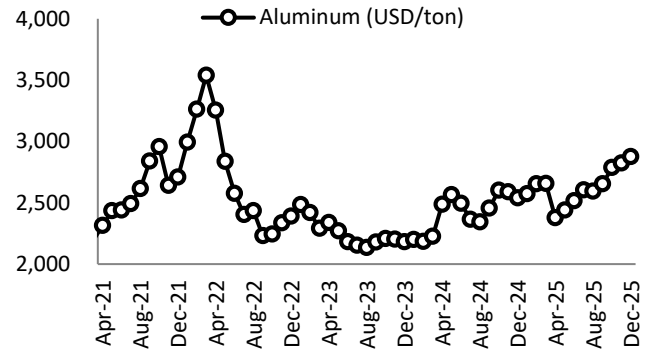
## Input prices on the rise lately

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



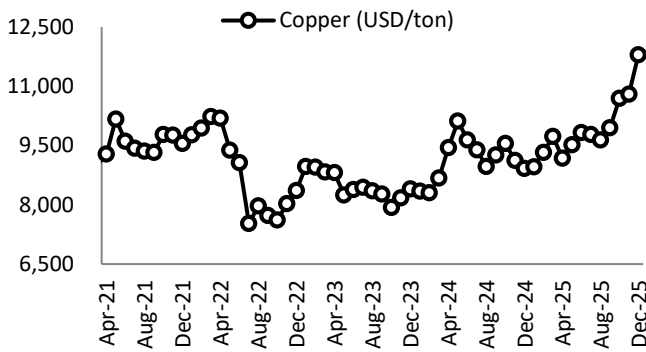
Source: Bloomberg, MOFSL

**Exhibit 9: Aluminum price trend (USD/ton)**



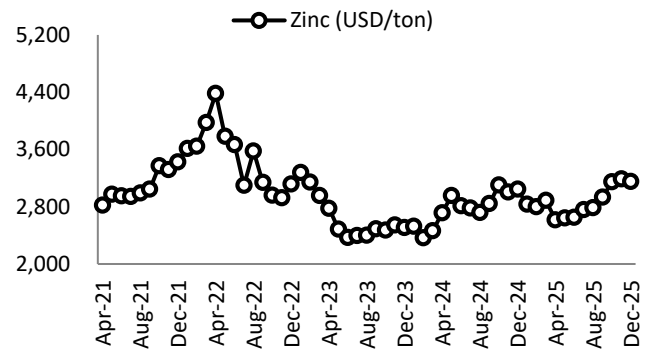
Source: Bloomberg, MOFSL

**Exhibit 10: Copper price trend (USD/ton)**



Source: Bloomberg, MOFSL

**Exhibit 11: Zinc price trend (USD/ton)**



Source: Bloomberg, MOFSL

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

## ABB India

Buy

CMP: INR5,197 | TP: INR5,800 (+12%)

EPS CHANGE (%): CY25|CY26|CY27: -|-|-

- We expect revenue to be broadly flat YoY, on account of the high base effect of 4QCY24 as well as largely flat YoY order inflow for 9MCY25.
- Key monitorables include order inflow (especially large orders), margin improvement, and export momentum.

- We expect margins to contract by ~390bp YoY mainly due to higher commodity prices and competition.
- We will watch out for incremental inflows from data centers, renewables, railways, and private capex to support order inflow growth.

### Standalone - Quarterly Snapshot

Y/E December	CY24				CY25E				CY24	CY25E
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
Net Sales	30,804	28,309	29,122	33,649	31,596	31,754	33,107	34,026	1,21,883	1,30,484
YoY Change (%)	27.8	12.8	5.2	22.0	2.6	12.2	13.7	1.1	16.7	7.1
Total Expenditure	25,152	22,884	23,719	27,076	25,773	27,614	28,103	28,710	98,831	1,10,199
EBITDA	5,652	5,425	5,402	6,573	5,823	4,141	5,004	5,317	23,052	20,284
YoY Change (%)	98.1	55.6	23.2	57.6	3.0	-23.7	-7.4	-19.1	54.7	-12.0
Margins (%)	18.3	19.2	18.6	19.5	18.4	13.0	15.1	15.6	18.9	15.5
Depreciation	314	310	328	337	338	355	366	306	1,289	1,365
Interest	38	45	30	51	47	42	56	41	165	187
Other Income	871	868	929	866	923	998	840	925	3,534	3,685
PBT before EO expense	6,171	5,938	5,973	7,051	6,361	4,741	5,421	5,894	25,133	22,417
PBT	6,171	5,938	5,973	7,051	6,361	4,741	5,421	5,894	25,133	22,417
Tax	1,575	1,511	1,568	1,732	1,620	1,220	1,332	1,476	6,387	5,649
Rate (%)	25.5	25.5	26.3	24.6	25.5	25.7	24.6	25.0	25.4	25.2
Reported PAT	4,596	4,426	4,405	5,319	4,741	3,521	4,089	4,418	18,746	16,768
Adj PAT	4,596	4,426	4,405	5,319	4,741	3,521	4,089	4,418	18,746	16,768
YoY Change (%)	87.4	49.6	21.7	54.1	3.2	-20.5	-7.2	-16.9	50.2	-10.6
Margins (%)	14.9	15.6	15.1	15.8	15.0	11.1	12.4	13.0	15.4	12.9

## Astra Microwave Products

Buy

CMP: INR963 | TP: INR1,100 (+14%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue to grow moderately by 1-2% YoY, driven by healthy execution of the opening order book of ~INR22b.
- Key monitorables include order inflow in defense and non-defense segments, weather radars, working capital cycle, and EBITDA margin sustainability.

- We expect margin to contract 600bp YoY on a high base of last year, which benefited from a favorable revenue mix.
- Update on orders for QRSAM, Manpack SDR bidding, AESA radars, and Su-30 EW upgrades will be monitored for in the 3Q results.

### Consolidated - Quarterly Earnings Model

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Gross Sales	1,552	2,296	2,585	4,079	1,997	2,146	2,620	4,387	10,512	11,150
YoY Change (%)	16.0	20.8	11.9	15.2	28.7	-6.5	1.4	7.6	15.7	6.1
Total Expenditure	1,312	1,804	1,823	2,883	1,588	1,667	2,005	3,046	7,822	8,306
EBITDA	240	492	762	1,196	410	478	616	1,340	2,690	2,844
YoY Change (%)	679.4	18.2	15.2	48.1	70.6	-2.8	-19.2	12.1	40.4	5.7
Margins (%)	15.5	21.4	29.5	29.3	20.5	22.3	23.5	30.6	25.6	25.5
Depreciation	82	62	95	111	93	101	100	105	350	399
Interest	104	126	149	192	146	135	170	196	571	647
Other Income	21	22	23	110	25	57	30	36	175	148
PBT before EO expense	75	326	540	1,003	195	300	375	1,075	1,944	1,946
Extra-Ord expense	0	0	0	0	0	0	0	0	0	0
PBT	75	326	540	1,003	195	300	375	1,075	1,944	1,946
Tax	21	83	141	256	48	85	99	275	502	506
Rate (%)	28.7	25.5	26.2	25.6	24.6	28.2	26.3	25.5	25.8	26.0
MI & P/L of Asso. Cos.	-19	-11	-76	11	-15	-23	-28	-40	-94	-108
Reported PAT	72	254	474	735	163	239	305	841	1,535	1,547
Adj PAT	72	254	474	735	163	239	305	841	1,535	1,547
YoY Change (%)	NM	-15.4	9.3	35.1	125.9	-5.9	-35.7	14.4	26.8	0.8
Margins (%)	4.6	11.1	18.3	18.0	8.1	11.1	11.6	19.2	14.6	13.9

## Bharat Dynamics

Buy

**CMP: INR1,495 | TP: INR2,000 (+34%)**
**EPS CHANGE (%): FY26|FY27|FY28: -|-|-**

- We expect revenue to grow 38% YoY, driven by the healthy execution of key projects such as the Akash missile, Astra Mk-1, and anti-tank guided missile orders.
- Key monitorables include further inflow from emergency procurement orders, Akash-NG orders, QRSAM, and conversion of export enquiry pipeline into firm orders.
- We expect margins to expand 280bp YoY on higher execution, leading to scale benefits.
- We expect margin recovery to be largely back-ended in 4QFY26, driven by operating leverage.

### Standalone - Quarterly Snapshot

Income Statement Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net revenue	1,912	5,448	8,321	17,770	2,479	11,470	11,453	20,409	33,451	45,812
Change (%)	-35.8	-11.5	38.3	108.0	29.7	110.6	37.6	14.9	41.2	37.0
Expenses	2,435	4,459	7,053	14,780	2,933	9,595	9,391	12,995	28,727	34,915
EBITDA	-523	988	1,269	2,990	-454	1,875	2,062	7,414	4,724	10,897
Change (%)	NA	-26.3	6.8	-5.5	NA	89.7	62.5	148.0	-12.0	130.7
As of % Sales	-27.4	18.1	15.2	16.8	-18.3	16.3	18.0	36.3	14.1	23.8
Depreciation	157	177	177	197	177	191	195	214	707	776
Interest	12	7	7	7	7	13	8	4	33	33
Other Income	804	860	844	996	869	1,206	933	1,026	3,504	4,034
PBT	112	1,665	1,929	3,782	231	2,876	2,792	8,222	7,488	14,121
Tax	40	439	458	1,054	48	717	726	2,264	1,991	3,755
Effective Tax Rate (%)	35.8	26.4	23.7	27.9	20.7	24.9	26.0	27.5	26.6	26.6
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
Reported PAT	72	1,225	1,471	2,728	183	2,159	2,066	5,958	5,496	10,366
Adj PAT	72	1,225	1,471	2,728	183	2,159	2,066	5,958	5,496	10,366
Change (%)	-82.7	-16.7	9.0	-5.5	154.3	76.2	40.4	118.4	-10.3	88.6
As of % Sales	3.8	22.5	17.7	15.4	7.4	18.8	18.0	29.2	16.4	22.6

## Bharat Electronics

Buy

**CMP: INR403 | TP: INR500 (+24%)**
**EPS CHANGE (%): FY26|FY27|FY28: -|-|-**

- We expect revenue growth of 18% YoY, led by the healthy execution of the order book of INR745b.
- Key monitorables include updates on orders for sub-systems for 97 LCA MK1A aircraft, Uttam radars, export orders, QRSAM, MRSAM, MF-STAR radars, and Akash-NG missile systems.
- We expect margins to contract slightly by 50bp YoY to 28.2% on a high base.
- The status of EoI for AMCA, finalization of emergency procurement-related orders, execution improvement, and further indigenization of modules and subsystems will remain key areas of focus.

### Standalone Quarterly Performance

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	41,988	45,834	57,561	91,197	44,168	57,637	67,801	1,07,132	2,36,580	2,76,738
Change (%)	19.6	14.8	39.1	6.9	5.2	25.8	17.8	17.5	17.3	17.0
EBITDA	9,367	13,885	16,533	27,890	12,399	16,953	19,120	30,432	67,676	78,904
Change (%)	41.0	38.2	57.5	22.3	32.4	22.1	15.6	9.1	35.4	16.6
As of % Sales	22.3	30.3	28.7	30.6	28.1	29.4	28.2	28.4	28.6	28.5
Depreciation	997	1,032	1,029	1,298	1,129	1,185	1,242	1,413	4,356	4,968
Interest	12	13	13	58	14	17	13	52	96	96
Other Income	2,015	1,668	2,051	1,942	1,636	1,591	2,076	2,385	7,676	7,688
PBT	10,373	14,509	17,542	28,476	12,892	17,343	19,940	31,352	70,900	81,528
Tax	2,612	3,596	4,381	7,428	3,201	4,482	5,067	7,968	18,017	20,718
Effective Tax Rate (%)	25.2	24.8	25.0	26.1	24.8	25.8	25.4	25.4	25.4	25.4
Reported PAT	7,761	10,913	13,161	21,048	9,691	12,861	14,873	23,384	52,883	60,810
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	13.0	11.1	31.5	15.0
Adj PAT	7,761	10,913	13,161	21,048	9,691	12,861	14,873	23,384	52,883	60,810
Change (%)	46.2	34.3	47.3	18.0	24.9	17.9	13.0	11.1	31.5	15.0



## Cummins India

Buy

CMP: INR4,482 | TP: INR4,950 (+10%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect a 5% YoY revenue dip mainly due to up-fronting of data center project delivery in 2QFY26, as well as slightly weak industrial segment demand on a YoY basis.
- Key monitorables include the sustainability of Powergen demand (ex-data center), growth in the Industrial segment, and the export growth trajectory.
- We expect EBITDA margin to expand by ~100bp YoY. We expect a sequential ~150bp contraction as 2QFY26 benefited from the execution of a large data center order.
- We expect Powergen demand to remain healthy, Industrial segment demand to stay soft in the near term. We expect exports to be impacted by the ongoing channel inventory correction.

### Standalone - Quarterly Snapshot

Y/E March	FY25			FY26E					FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	23,042	24,923	30,860	24,569	29,068	31,703	29,431	29,269	1,03,394	1,19,471
YoY Change (%)	4.3	31.2	21.8	6.1	26.2	27.2	-4.6	19.1	15.4	15.5
Total Expenditure	18,369	20,113	24,860	19,372	22,833	24,755	23,427	23,148	82,714	94,163
EBITDA	4,673	4,810	6,000	5,197	6,235	6,948	6,004	6,121	20,680	25,308
YoY Change (%)	37.2	42.1	11.5	-4.5	33.4	44.4	0.1	17.8	17.4	22.4
Margins (%)	20.3	19.3	19.4	21.2	21.4	21.9	20.4	20.9	20.0	21.2
Depreciation	439	452	481	457	479	492	492	492	1,829	1,955
Interest	48	26	27	52	27	26	54	60	151	166
Other Income	1,322	1,611	1,209	2,119	1,529	1,964	1,816	1,816	6,261	7,124
PBT before EO expense	5,509	5,944	6,702	6,807	7,258	8,394	7,273	7,385	24,961	30,310
Extra-Ord expense					-442	-	-	-	-	-442
PBT	5,509	5,944	6,702	6,807	7,700	8,394	7,273	7,385	24,961	30,751
Tax	1,311	1,438	1,562	1,593	1,807	2,017	1,745	1,719	5,904	7,289
Rate (%)	23.8	24.2	23.3	23.4	23.5	24.0	24.0	23.3	23.7	23.7
Reported PAT	4,198	4,506	5,140	5,214	5,893	6,377	5,527	5,666	19,058	23,463
Adj PAT	4,198	4,506	5,140	5,214	5,555	6,377	5,527	5,667	19,058	23,126
YoY Change (%)	33.0	37.2	12.7	-7.2	32.3	41.5	7.5	8.7	14.7	21.3
Margins (%)	18.2	18.1	16.7	21.2	19.1	20.1	18.8	19.4	18.4	19.4

## Hindustan Aeronautics

Buy

CMP: INR4,417 | TP: INR5,800 (+31%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue growth of 13% YoY, driven by a healthy execution of the opening order book.
- Key monitorables include the status of deliveries of Tejas Mk1A and HTT-40, updates on export strategies, CATS warrior drone systems, as well as working capital cycle.
- We expect EBITDA margin to expand ~80bp YoY as supply chain issues ease out.
- The execution of a huge order backlog, any major provisions, incremental inflows, and margin will be the key focus areas.

### Consolidated - Quarterly Snapshot

Income Statement Y/E March	FY25				FY26E				(INR b)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	FY25	FY26E
Net Sales	43.5	59.8	69.6	137.0	48.2	66.3	78.7	181.8	309.8	375.0
Change (%)	11.0	6.0	14.8	(7.2)	10.8	10.9	13.2	32.7	3.9	21.0
Expenses	33.6	43.4	52.7	84.0	35.4	50.7	59.1	118.7	213.7	263.8
EBITDA	9.9	16.4	16.8	52.9	12.8	15.6	19.7	63.1	96.1	111.2
Change (%)	13.0	7.4	17.2	(10.3)	29.4	(5.0)	17.0	19.1	17.8	15.7
As of % Sales	22.8	27.4	24.2	38.6	26.6	23.5	25.0	34.7	31.0	29.6
Depreciation	1.5	1.8	2.8	7.4	1.9	2.3	3.1	8.2	13.4	15.4
Interest	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Other Income	7.4	5.4	6.3	6.5	7.5	8.9	8.1	7.1	25.6	31.6
PBT pre EO items	15.8	20.0	20.4	52.0	18.4	22.2	24.7	61.9	108.2	127.3
Extra-ordinary Items	-	0.1	-	-	-	-	-	-	0.1	-
PBT	15.8	20.1	20.4	52.0	18.4	22.2	24.7	61.9	108.3	127.3
Tax	1.5	5.1	6.0	12.4	4.7	5.6	6.3	15.6	25.0	32.2
Effective Tax Rate (%)	9.3	25.5	29.6	23.9	25.5	25.1	25.4	25.3	23.1	25.3
MI & P/L Share of JV	0.1	0.1	0.1	0.2	0.1	0.1	0.1	0.2	0.4	0.5
Reported PAT	14.4	15.1	14.4	39.8	13.8	16.7	18.6	46.4	83.6	95.6
Adj PAT	14.4	15.0	14.4	39.8	13.8	16.7	18.6	46.4	83.6	95.6
Margin (%)	33.1	25.2	20.7	29.0	28.7	25.2	23.6	25.5	27.0	25.5
Change (%)	76.5	21.7	14.1	(7.7)	(3.7)	10.9	29.1	16.8	38.4	14.3



## Hitachi Energy India

**Sell**
**CMP: INR18,822 | TP: INR18,000 (-4%)**
**EPS CHANGE (%): FY26|FY27|FY28: -|-|-**

- We expect revenue growth of 36% YoY, led by healthy execution of the opening order book of INR294b.
- Key monitorables include further ramp-up in margins, progress on HVDC project execution, and execution of export orders.
- We expect EBITDA margin to expand ~570bp YoY, aided by operating leverage gains and improved order book mix.
- The execution of product and export orders is expected to support revenue and margin in the near term.

### Standalone - Quarterly Snapshot

	FY25				FY26E				FY25	FY26E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>13,272</b>	<b>15,537</b>	<b>16,203</b>	<b>18,837</b>	<b>14,789</b>	<b>18,326</b>	<b>22,028</b>	<b>25,321</b>	<b>63,849</b>	<b>80,463</b>
Change (%)	27.6	26.5	27.2	11.1	11.4	17.9	36.0	34.4	21.9	26.0
<b>EBITDA</b>	<b>479</b>	<b>1,097</b>	<b>1,669</b>	<b>2,713</b>	<b>1,549</b>	<b>2,990</b>	<b>3,524</b>	<b>3,574</b>	<b>5,958</b>	<b>11,638</b>
Change (%)	42.3	68.0	145.5	49.1	223.4	172.5	111.2	31.8	70.7	95.3
As % of Sales	3.6	7.1	10.3	14.4	10.5	16.3	16.0	14.1	9.3	14.5
Depreciation	221	228	230	235	250	258	331	483	914	1,322
Interest	109	164	120	60	40	29	39	45	452	152
Other Income	1	1	2	182	509	826	600	439	186	2,374
<b>PBT</b>	<b>150</b>	<b>706</b>	<b>1,322</b>	<b>2,600</b>	<b>1,769</b>	<b>3,529</b>	<b>3,755</b>	<b>3,484</b>	<b>4,778</b>	<b>12,537</b>
Tax	46	183	467	628	453	886	1,040	1,096	1,324	3,474
Effective Tax Rate (%)	30.8	25.9	35.3	24.1	25.6	25.1	27.7	31.4	27.7	27.7
Extra-ordinary Items			519	(134)					386	
<b>Reported PAT</b>	<b>104</b>	<b>523</b>	<b>1,374</b>	<b>1,839</b>	<b>1,316</b>	<b>2,644</b>	<b>2,715</b>	<b>2,389</b>	<b>3,840</b>	<b>9,063</b>
Change (%)	332.4	111.4	498.1	61.8	1,163.0	405.6	97.6	29.9	110.9	162.4
<b>Adj PAT</b>	<b>104</b>	<b>523</b>	<b>855</b>	<b>1,973</b>	<b>1,316</b>	<b>2,644</b>	<b>2,715</b>	<b>2,389</b>	<b>3,454</b>	<b>9,063</b>
Change (%)	332.4	111.4	272.1	73.5	1,163.0	405.6	217.6	21.1	110.9	162.4
As % of Sales	2.5	0.7	1.7	0.4	7.9	2.2	1.0	0.1	0.2	0.2

## Kalpataru Projects International

**Buy**
**CMP: INR1,198 | TP: INR1,500 (+25%)**
**EPS CHANGE (%): FY26|FY27|FY28: -|-|-**

- We expect revenue growth of 17% YoY on strong execution across segments such as T&D, B&F, and O&G. Execution growth during the quarter can be impacted by labor unavailability due to the Bihar elections as well as slower construction activity in the NCR region.
- Key monitorables include execution ramp-up, margin trajectory, customer collections, and progress on road asset monetization.
- We expect an EBITDA margin of 8.5% (+20bp YoY/ QoQ) with further expansion in 4QFY26.
- We will monitor the working capital cycle closely, with payment trends in the water projects remaining a key focus area.

### Standalone - Quarterly Snapshot

	FY25				FY26E				FY25	FY26E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Net Sales</b>	<b>37,219</b>	<b>41,361</b>	<b>48,257</b>	<b>62,042</b>	<b>50,397</b>	<b>54,188</b>	<b>56,461</b>	<b>67,796</b>	<b>1,88,879</b>	<b>2,28,842</b>
YoY Change (%)	2.8	7.6	16.4	20.5	35.4	31.0	17.0	9.3	12.7	21.2
Gross profit	8,687	8,818	10,791	13,191	11,706	13,033	12,704	13,965		
Total Expenditure	34,085	37,877	44,239	56,810	46,114	49,716	51,662	61,921	1,73,009	2,09,412
<b>EBITDA</b>	<b>3,135</b>	<b>3,485</b>	<b>4,019</b>	<b>5,232</b>	<b>4,284</b>	<b>4,472</b>	<b>4,799</b>	<b>5,875</b>	<b>15,870</b>	<b>19,430</b>
YoY Change (%)	-0.2	13.1	16.8	30.8	36.7	28.3	19.4	12.3	16.2	22.4
Margins (%)	8.4	8.4	8.3	8.4	8.5	8.3	8.5	8.7	8.4	8.5
Depreciation	929	914	956	949	936	966	1,029	1,184	3,749	4,116
Interest	861	998	1,071	877	840	1,025	1,043	1,043	3,807	3,951
Other Income	295	264	185	235	234	242	288	317	979	1,081
<b>PBT before EO expense</b>	<b>1,640</b>	<b>1,836</b>	<b>2,177</b>	<b>3,641</b>	<b>2,742</b>	<b>2,723</b>	<b>3,015</b>	<b>3,965</b>	<b>9,294</b>	<b>12,444</b>
Extra-Ord expense	-	-	-	330	-	-	-	-	330	-
<b>PBT</b>	<b>1,640</b>	<b>1,836</b>	<b>2,177</b>	<b>3,311</b>	<b>2,742</b>	<b>2,723</b>	<b>3,015</b>	<b>3,965</b>	<b>8,964</b>	<b>12,444</b>
Tax	474	513	604	894	734	724	836	1,158	2,485	3,451
Rate (%)	28.9	27.9	27.7	27.0	26.8	26.6	27.7	29.2	27.7	27.7
<b>Reported PAT</b>	<b>1,166</b>	<b>1,323</b>	<b>1,574</b>	<b>2,416</b>	<b>2,008</b>	<b>1,999</b>	<b>2,179</b>	<b>2,807</b>	<b>6,479</b>	<b>8,993</b>
<b>Adj PAT</b>	<b>1,166</b>	<b>1,323</b>	<b>1,574</b>	<b>2,657</b>	<b>2,008</b>	<b>1,999</b>	<b>2,179</b>	<b>2,807</b>	<b>6,718</b>	<b>8,993</b>
YoY Change (%)	-7.4	17.1	9.3	51.8	72.1	51.1	38.5	5.6	20.3	33.9
Margins (%)	3.1	3.2	3.3	4.3	4.0	3.7	3.9	4.1	3.6	3.9

## KEC International

Buy

CMP: INR747 | TP: INR920 (+23%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect 15% YoY revenue growth, driven by a strong opening order book of INR393b.
- Key monitorables include the order pipeline in both T&D and civil, execution ramp-up, margin improvement in non-T&D, and any impact from PGCIL's exclusion order and subsequent Delhi HC relief.
- We expect EBITDA margin to expand 40bp YoY/30bp QoQ, driven by strong T&D execution and civil stabilization.
- We will monitor the payment cycle, debt levels, and NWC improvement.

### Consolidated - Quarterly Snapshot

Y/E March - INR m

(INR M)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	45,119	51,133	53,494	68,721	50,229	60,916	61,335	83,082	2,18,467	2,55,561
YoY Change (%)	6.3	13.7	6.8	11.5	11.3	19.1	14.7	20.9	9.7	17.0
Total Expenditure	42,415	47,931	49,749	63,333	46,728	56,612	56,796	75,664	2,03,428	2,35,800
EBITDA	2,704	3,202	3,745	5,388	3,501	4,304	4,539	7,418	15,039	19,762
YoY Change (%)	10.6	16.7	21.6	38.9	29.5	34.4	21.2	37.7	23.8	31.4
Margins (%)	6.0	6.3	7.0	7.8	7.0	7.1	7.4	8.9	6.9	7.7
Depreciation	465	453	453	465	459	506	521	599	1,837	2,084
Interest	1,550	1,681	1,702	1,703	1,511	1,715	1,713	1,914	6,636	6,854
Other Income	431	66	9	202	54	46	73	118	709	291
PBT before EO expense	1,120	1,135	1,598	3,422	1,585	2,130	2,377	5,023	7,275	11,115
Extra-Ord expense										
PBT	1,120	1,135	1,598	3,422	1,585	2,130	2,377	5,023	7,275	11,115
Tax	245	281	303	740	339	522	609	1,375	1,568	2,845
Rate (%)	21.8	24.7	18.9	21.6	21.4	24.5	25.6	27.4	21.5	25.6
Reported PAT	876	854	1,296	2,682	1,246	1,608	1,769	3,647	5,707	8,269
Adj PAT	876	854	1,296	2,682	1,246	1,608	1,769	3,647	5,707	8,269
YoY Change (%)	106.9	53.1	33.7	76.7	42.3	88.2	36.5	36.0	64.6	44.9
Margins (%)	1.9	1.7	2.4	3.9	2.5	2.6	2.9	4.4	2.6	3.2

## Kirloskar Oil Engines

Buy

CMP: INR1,261 | TP: INR1,400 (+11%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue growth of 23% YoY, driven by healthy growth across segments.
- Key monitorables include sustainability of genset demand, pricing and margin trends, and export ramp-up.
- We expect EBITDA margin to expand by 320bp YoY, driven by favorable product mix (HHP and exports), B2C ramp up, and operating leverage on higher volumes.
- Ramp-up of the US and Middle East businesses, performance of the restructured B2C platform, and Arka Fincap's retail pivot will be closely observed.

### Standalone - Quarterly Snapshot

Y/E March

(INR M)

	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	13,429	11,944	11,636	14,125	14,447	16,045	14,319	15,083	51,133	59,894
YoY Change (%)	6.2	12.8	2.5	1.5	7.6	34.3	23.1	6.8	5.4	17.1
Total Expenditure	11,452	10,294	10,466	12,384	12,545	13,901	12,415	13,067	44,596	51,928
EBITDA	1,977	1,650	1,170	1,741	1,902	2,144	1,904	2,015	6,537	7,966
YoY Change (%)	28.0	67.3	(12.0)	(2.3)	(3.8)	30.0	62.8	15.8	15.9	21.9
Margins (%)	14.7	13.8	10.1	12.3	13.2	13.4	13.3	13.4	12.8	13.3
Depreciation	247	266	320	337	340	357	343	334	1,170	1,373
Interest	27	26	31	37	32	29	15	14	121	90
Other Income	108	118	68	52	123	119	101	60	344	403
PBT before EO expense	1,810	1,476	887	1,419	1,653	1,878	1,647	1,728	5,590	6,906
Extra-Ord expense				(209)	-	-	-	-	(209)	-
PBT	1,810	1,476	887	1,628	1,653	1,878	1,647	1,728	5,799	6,906
Tax	462	365	236	416	425	470	420	448	1,480	1,763
Rate (%)	25.5	24.7	26.7	25.6	25.7	25.0	25.5	25.9	25.5	25.5
Reported PAT	1,347	1,111	650	1,211	1,228	1,408	1,227	1,281	4,319	5,144
Adj PAT	1,347	1,111	650	1,056	1,228	1,408	1,227	1,281	4,164	5,144
YoY Change (%)	30.5	89.6	(20.9)	(10.2)	(8.8)	26.8	88.7	21.3	15.1	23.5
Margins (%)	10.0	9.3	5.6	7.5	8.5	8.8	8.6	8.5	8.1	8.6

## Larsen & Toubro

Buy

CMP: INR4,163 | TP: INR4,500 (+8%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect consolidated revenue growth of 16% YoY, led by 17% YoY revenue growth for Core E&C.
- Key monitorables include a ramp-up in domestic ordering, conversion of prospect pipeline, private sector ordering, margin performance, and working capital cycle.
- We expect EBITDA margin to expand 50bp YoY to 8.1% for Core E&C, and 50bp YoY to 10.3% at the consol. level.
- We will also look out for execution ramp-up in Saudi projects and trends in the GCC order pipeline.

### Consolidated - Quarterly Earning Model

(INR b)

Y/E March - INR b	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	551	616	647	744	637	680	751	897	2,557	2,965
YoY Change (%)	15.1	20.6	17.3	10.9	15.5	10.4	16.1	20.6	15.7	15.9
Total Expenditure	495	552	584	662	574	612	673	796	2,293	2,655
EBITDA	56	64	63	82	63	68	77	101	264	310
YoY Change (%)	15.3	13.0	8.6	13.4	12.5	7.0	23.6	23.5	12.5	17.2
Margins (%)	10.2	10.3	9.7	11.0	9.9	10.0	10.3	11.3	10.3	10.5
Depreciation	10	10	10	11	10	11	12	12	41	45
Interest	9	9	8	7	8	8	9	10	33	34
Other Income	9	11	10	11	14	14	11	11	41	49
PBT before EO expense	47	56	53	75	59	63	67	91	231	279
Extra-Ord expense	-	-	-	-5	-	-	-	-	-5	-
PBT	47	56	53	80	59	63	67	91	236	279
Tax	12	14	13	19	15	16	17	24	59	74
Rate (%)	26.4	26.0	25.0	23.5	26.2	26.0	26.0	26.9	25.0	26.3
MI & P/L of Asso. Cos.	7	7	6	6	7	8	6	6	27	27
Reported PAT	28	34	34	55	36	39	43	61	150	179
Adj PAT	28	34	34	51	36	39	43	61	147	179
YoY Change (%)	11.7	5.4	14.0	18.8	29.8	15.6	27.9	18.4	13.0	22.0
Margins (%)	5.1	5.5	5.2	6.9	5.7	5.8	5.7	6.8	5.7	6.0

## Siemens Ltd

Neutral

CMP: INR3,098 | TP: INR3,250 (+5%)

EPS CHANGE (%): 18M26E|12M2027E|12M2028E: -|-|-

- We expect revenue to grow 24% YoY, led by strong execution in the smart infra and mobility segments.
- Key monitorables include the demand trajectory of the digital industries segment, private capex pipeline, margin trajectory, and execution of the locomotive order.
- We expect EBITDA margin to expand ~80bp, on account of improvement in smart infrastructure and mobility as localization and operating leverage benefits play out.
- Demand outlook from both the government and private sectors, and export outlook, will be keenly monitored.

### Consolidated - Quarterly Snapshot

(INR m)

Income Statement	12FY24 (Y/E Sep)				18FY26E (Y/E Mar)						12M24	18M26E
Y/E March	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	5QE	6QE		
Net Sales	37,095	41,524	37,626	44,572	35,872	42,590	43,468	51,712	44,364	48,414	1,60,817	2,66,420
Change (%)					-3	2.6	15.5	16.0	23.7	13.7		65.7
Expenses	32,565	35,155	32,773	39,122	31,863	37,915	38,254	45,541	39,053	42,376	1,39,615	2,35,002
EBITDA	4,530	6,369	4,853	5,450	4,009	4,675	5,214	6,171	5,311	6,038	21,202	31,418
Change (%)					-11.5	-26.6	7.4	13.2	32.5	29.2		48.2
As of % Sales	12.2	15.3	12.9	12.2	11.2	11.0	12.0	11.9	12.0	12.5	13.2	11.8
Depreciation	605	629	697	625	689	686	711	716	698	716	2,556	4,216
Interest	28	212	46	154	34	23	49	45	33	34	440	218
Other Income	1,618	3,253	1,569	2,331	1,723	1,515	1,241	1,224	1,294	1,326	8,771	8,324
PBT pre EO items	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,634	5,874	6,614	26,977	35,307
PBT	5,515	8,781	5,679	7,002	5,009	5,481	5,695	6,634	5,874	6,614	26,977	35,307
Tax	1,399	2,289	1,309	1,776	1,288	1,402	1,461	1,780	1,480	1,667	6,773	9,078
Effective Tax Rate (%)	25.4	26.1	23.0	25.4	25.7	25.6	25.7	26.8	25.2	25.2	25.1	25.7
Reported PAT	4,116	6,492	4,370	5,226	3,721	4,079	4,234	4,854	4,394	4,947	20,204	26,229
Adj PAT	4,116	6,492	4,370	5,226	3,721	4,079	4,234	4,854	4,394	4,947	20,204	26,229
Margin (%)	11.1	15.6	11.6	11.7	10.4	9.6	9.7	9.4	9.9	10.2	12.6	9.8
Change (%)	NA	NA	NA	NA	-9.6	-37.2	-3.1	-7.1	18.1	21.3		29.8

## Siemens Energy

Buy

CMP: INR2,546 | TP: INR3,800 (+49%)

EPS CHANGE (%): FY26E|FY27E|FY28E: -|-|-

- We expect revenue to grow 31% YoY, led by healthy execution of the opening order book of INR162b.
- Key monitorables include the status of capacity expansion, order inflows, and margin trajectory.
- We expect EBITDA to grow 22% YoY. We also expect EBITDA margin to improve sequentially on better pricing.
- T&D sector ordering and execution ramp-up, aided by the commissioning of additional capacities, will be in focus.

### Consolidated - Quarterly Snapshot

(INR m)

Income Statement Y/E September	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1QE	2QE	3QE	4QE		
Net Sales	15,169	18,795	17,846	26,457	19,939	24,686	23,737	26,585	78,267	94,947
Change (%)	NA	NA	20.2	27.3	31.4	31.3	33.0	0.5	NA	21.3
Expenses	11,816	15,210	14,443	21,664	15,851	19,823	18,752	20,854	63,133	75,280
EBITDA	3,353	3,585	3,403	4,793	4,087	4,863	4,985	5,731	15,134	19,667
Change (%)	NA	NA	59.5	24.5	21.9	35.7	46.5	19.6	NA	30.0
As of % Sales	22.1	19.1	19.1	18.1	20.5	19.7	21.0	21.6	19.3	20.7
Depreciation	207	243	266	314	250	253	266	268	1,030	1,037
Interest	44	33	142	63	68	69	72	73	282	282
Other Income	16	144	525	368	302	305	321	324	1,053	1,252
PBT pre EO items	3,118	3,453	3,520	4,784	4,071	4,847	4,968	5,714	14,875	19,600
Extra-ordinary Items	0	0	0	0	0	0	0	0	0	0
PBT	3,118	3,453	3,520	4,784	4,071	4,847	4,968	5,714	14,875	19,600
Tax	801	992	893	1,188	1,042	1,241	1,262	1,394	3,874	4,939
Effective Tax Rate (%)	25.7	28.7	25.4	24.8	25.6	25.6	25.4	24.4	26.0	25.2
Reported PAT	2,317	2,461	2,627	3,596	3,029	3,606	3,706	4,320	11,001	14,661
Adj PAT	2,317	2,461	2,627	3,596	3,029	3,606	3,706	4,320	11,001	14,661
Margin (%)	15.3	13.1	14.7	13.6	15.2	14.6	15.6	16.2	14.1	15.4
Change (%)	NA	NA	80.2	31.4	30.7	46.5	41.1	20.1	NA	9.9

## Thermax

Sell

CMP: INR3,025 | TP: INR3,000 (-1%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue to grow 8% YoY, driven by industrial products, green solutions, and the chemicals segment.
- Key monitorables include finalization of the enquiry pipeline, chemical segment margin recovery, and ramp-up in green solutions and services.
- We expect EBITDA margin to expand ~290bp YoY and ~340bp QoQ, driven by mix improvement and operating leverage, partly offset by weakness in chemicals.
- The performance of key subsidiaries (FEPL and TOESL) needs to be monitored closely.

### Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	21,844	26,116	25,078	30,849	21,502	24,739	27,144	35,109	1,03,887	1,08,494
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	-5.3	8.2	13.8	11.4	4.4
Total Expenditure	20,433	23,336	23,188	27,853	19,251	23,019	24,329	31,074	94,809	97,673
EBITDA	1,412	2,780	1,890	2,997	2,251	1,720	2,815	4,034	9,078	10,821
YoY Change (%)	6.8	35.8	0.8	9.7	59.5	-38.1	49.0	34.6	13.8	19.2
Margins (%)	6.5	10.6	7.5	9.7	10.5	7.0	10.4	11.5	8.7	10.0
Depreciation	360	421	351	453	489	515	467	443	1,585	1,913
Interest	275	294	287	313	302	322	358	413	1,168	1,395
Other Income	841	598	315	769	656	854	332	365	2,522	2,207
PBT before EO expense	1,617	2,663	1,568	3,000	2,117	1,738	2,322	3,543	8,847	9,720
Extra-Ord expense										0
PBT	1,617	2,663	1,568	3,000	2,117	1,738	2,322	3,543	8,847	9,720
Tax	519	683	425	951	600	543	627	952	2,578	2,722
Rate (%)	32.1	25.6	27.1	31.7	28.4	31.2	27.0	26.9	29.1	28.0
MI & Profit/Loss of Asso. Cos.	4	0	5	-7	2	1	0	-3	2	
Reported PAT	1,094	1,980	1,137	2,056	1,515	1,194	1,695	2,594	6,268	6,998
Adj PAT	1,094	1,980	1,137	2,056	1,515	1,194	1,695	2,594	6,268	6,998
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-39.7	49.1	26.2	6.7	11.7
Margins (%)	5.0	7.6	4.5	6.7	7.0	4.8	6.2	7.4	6.0	6.5

## Triveni Turbine

Buy

CMP: INR541 | TP: INR640 (+18%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue to grow 11% YoY, driven by better execution, especially in domestic orders. We expect domestic inflows to see an improvement, while exports will improve primarily from 4QFY26.
- Key monitorables include 2H execution ramp-up, sustainability of domestic/API and utility-drive orders, and recovery in export orders.
- We expect EBITDA margins to contract by ~50bp YoY, driven by revenue mix.
- Overall order inflow momentum across domestic, exports, and aftermarket/refurbishment will be the key areas to monitor.

### Consolidated - Quarterly Snapshot

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	4,633	5,011	5,034	5,380	3,713	5,062	5,603	6,766	20,058	21,144
YoY Change (%)	23.1	29.2	16.6	17.5	-19.9	1.0	11.3	25.8	21.3	5.4
Total Expenditure	3,677	3,897	3,941	4,176	2,977	3,916	4,415	5,300	15,691	16,609
EBITDA	956	1,114	1,093	1,204	736	1,146	1,188	1,466	4,367	4,535
YoY Change (%)	34.8	49.8	30.6	34.0	-23.0	2.9	8.7	21.7	37.0	3.9
Margins (%)	20.6	22.2	21.7	22.4	19.8	22.6	21.2	21.7	21.8	21.5
Depreciation	62	61	65	75	77	80	76	72	263	305
Interest	10	8	4	7	8	4	8	12	29	32
Other Income	194	196	221	199	222	184	248	248	810	902
PBT before EO expense	1,078	1,241	1,245	1,321	873	1,246	1,352	1,630	4,885	5,101
PBT	1,078	1,241	1,245	1,321	873	1,246	1,352	1,630	4,885	5,101
Tax	274	331	320	375	228	332	360	437	1,300	1,357
Rate (%)	25.4	26.7	25.7	28.4	26.1	26.6	26.6	26.8	26.6	26.6
MI & P/L of Asso. Cos.	0	0	1	0	-1	0	0	1	1	0
Reported PAT	804	910	926	946	644	914	992	1,193	3,586	3,744
Adj PAT	804	910	926	946	644	914	992	1,193	3,586	3,744
YoY Change (%)	31.8	41.4	35.0	25.9	-19.9	0.4	7.2	26.1	33.3	4.4
Margins (%)	17.4	18.2	18.4	17.6	17.3	18.1	17.7	17.6	17.9	17.7

## Zen Technologies

Neutral

CMP: INR1,362 | TP: INR1,400 (+3%)

EPS CHANGE (%): FY26|FY27|FY28: -|-|-

- We expect revenue to decline 2% YoY as lower overall ordering activity starts to weigh on execution.
- Key monitorables include order inflows across simulators and anti-drones, execution of equipment orders, and the working capital cycle.
- We expect EBITDA margin to expand 1,050bp YoY on increased share of high-margin simulator business.
- Emergency procurement, progress of subsidiaries, and updates on utilization of QIP proceeds will be in focus.
- ZEN received orders worth ~INR5.5b in 3QFY26 reaching a total of ~INR7b for 9MFY26. Consol inflows will be much higher going forward led by contribution from subsidiaries.

### Standalone - Quarterly Earnings Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
Net Sales	2,540	2,417	1,415	2,935	1,111	1,247	1,391	2,047	9,307	5,794
YoY Change (%)	91.7	277.4	44.3	116.3	(56.3)	(48.4)	(1.7)	(30.3)	116.3	(37.7)
Total Expenditure	1,508	1,623	1,048	1,991	730	829	883	1,325	6,169	3,766
EBITDA	1,032	794	367	944	380	418	508	722	3,137	2,028
YoY Change (%)	56.0	264.9	(17.0)	109.4	(63.1)	(47.4)	38.2	(23.5)	77.0	(35.4)
Margins (%)	40.6	32.9	26.0	32.2	34.3	33.5	36.5	35.3	33.7	35.0
Depreciation	22	23	26	29	31	33	32	33	101	130
Interest	10	21	27	36	14	4	2	2	94	22
Other Income	30	84	220	244	199	230	185	126	578	740
PBT	1,030	835	534	1,122	535	610	658	813	3,520	2,617
Tax	288	182	147	273	164	149	169	189	890	670
Rate (%)	28.0	21.8	27.6	24.3	30.6	24.4	25.6	23.2	25.3	25.6
Reported PAT	742	652	386	849	371	462	490	624	2,630	1,947
Adj PAT	742	652	386	849	371	462	490	624	2,630	1,947
YoY Change (%)	57.4	276.1	21.9	177.3	(50.0)	(29.2)	26.8	(26.5)	107.3	(26.0)
Margins (%)	29.2	27.0	27.3	28.9	33.4	37.0	35.2	30.5	28.3	33.6

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