

Siemens Energy India

Estimate changes



TP change



Rating change



Bloomberg	ENRN IN
Equity Shares (m)	356
M.Cap.(INRb)/(USDb)	975.8 / 10.8
52-Week Range (INR)	3625 / 2105
1, 6, 12 Rel. Per (%)	15/-17/-
12M Avg Val (INR M)	2613

Financials Snapshot (INR b)

Y/E Sep	FY26E	FY27E	FY28E
Net Sales	94.9	133.4	159.8
EBITDA	19.5	27.7	33.7
PAT	14.6	20.9	25.4
EPS (INR)	41.0	58.7	71.5
GR. (%)	32.6	43.3	21.7
BV/Sh (INR)	162.6	221.3	292.8

Ratios

ROE (%)	25.2	26.5	24.4
RoCE (%)	26.5	27.5	25.1

Valuations

P/E (X)	66.8	46.6	38.3
P/BV (X)	16.8	12.4	9.4
EV/EBITDA (X)	47.6	32.9	26.4

Shareholding pattern (%)

As On	Dec-25	Sep-25
Promoter	75.0	75.0
DII	6.7	8.0
FII	7.2	6.2
Others	11.1	10.8

FII Includes depository receipts

CMP: INR2,740

TP: INR3,600 (+31%)

Buy

Benefitting from strong demand for transformers

Siemens Energy's 1QFY26 results came in above our estimates. Net profit growth of 57% YoY was driven by a beat in EBITDA margin and a low tax rate. EBITDA margin at 24.1% was ahead of our estimate, aided by a sharp decline in other expenses. With a strong domestic and export opportunity available for large power transformers, the company is scaling up its capacity by another 30,000MVA potentially, taking the total capacity to 60,000MVA after its existing capex and new capex program commission. The capex plan also indicates its confidence in the long-term sustainability of overall demand in power transformers, led by energy transition initiatives domestically and globally. We would keep a close watch on commodity price movement to assess its impact on margins. Since [our last update](#) on Siemens Energy, the stock has already moved up by 29%. We marginally tweak our estimates by 4%/1%/1% for FY26/27/28 and arrive at a revised TP of INR3,600 (earlier INR3,400), based on 55x Mar'28E EPS. Retain BUY.

In-line revenue, beat on profitability

Siemens Energy reported in-line revenue but delivered a strong beat on profitability in 1QFY26. Revenue stood at INR19b, up 26% YoY, broadly in line with our estimates. Gross margin declined YoY to 44.1%; however, better control over other expenses led to a 200bp YoY expansion in EBITDA margin to 24.1% (est. 20.5%), with absolute EBITDA rising 37% YoY to INR4.6b. Supported by strong margins, higher-than-expected other income and a lower tax rate, PAT grew 57% YoY to INR3.6b (est. INR3b). During the quarter, the company recognized an exceptional item of INR519m related to the implementation of the new labor code. Order inflows increased 4% YoY to INR33.4b, taking the order backlog to INR176b, up 38% YoY.

Both segments perform well

The power transmission and generation segments reported revenue broadly in line with our estimates in 1QFY26. Power transmission revenue increased 34% YoY to INR11b, EBIT rose 61% YoY to INR3b, and EBIT margin expanded 410bp YoY to 24.3%. Power generation revenue rose 16% YoY to INR8b, EBIT grew 7% YoY to INR2b, and EBIT margin at 19.7% contracted 170bp YoY but improved by 410bp QoQ. We expect the power transmission segment to continue to benefit from strong demand and ongoing capacity expansion plan. The power generation segment has grown well vs. single-digit-growth guidance given by the company earlier. We expect power generation segment to benefit from improving demand for both steam and gas turbines.

Ongoing and additional capex for capacity expansion to support growth

The company has approved additional capex of ~INR20.6b, to be funded by internal accruals, to expand its large power transformer capacity by ~30,000 MVA, over and above the ongoing capex of INR7.4b (INR4.6b for power transformers at Kalwa and INR2.8b for high-voltage switchgear capacity expansion at Chhatrapati Sambhaji Nagar). The ongoing capex is expected to be commissioned between 4QFY26 and 1QFY27 and new project is expected to commence during FY30-32, strengthening the company's ability to cater to rising domestic and export demand for grid equipment. After this expansion, its capacity will increase to 60,000MVA.

Outlook across segments

Siemens Energy is positioned for a transmission-led growth profile over the medium to long term, supported by strong visibility from the domestic T&D capex cycle and its capabilities in high-voltage and HVDC solutions. We expect power transmission revenue to grow at 39% CAGR over FY25-28. Power generation segment, which has presence across steam and industrial gas turbines, is expected to benefit from sharp demand ramp-up for gas turbines. Management expects high-single-digit revenue growth in this business, while we model power generation revenue to grow at a 9% CAGR over FY25-28. Exports and services should continue to provide incremental support to overall growth and margins.

Financial outlook

We slightly revise our FY26/FY27/28 estimates to bake in 1QFY26 performance. We expect revenue/EBITDA/PAT CAGR of 27%/31%/32% over FY25-28E, led by strong growth across power transmission (39% CAGR) and power generation (9% CAGR). We expect EBITDA margins of 20.5%/20.8%/21.1% for FY26/27/28.

Valuation and view

Siemens Energy is currently trading at 46.6x/38.3x P/E on FY27/28E EPS. We tweak our estimates by 4%/1%/1% for FY26/27/28 and arrive at a revised TP of INR3,600 (earlier INR3,400), based on 55x P/E on Mar'28E earnings. Retain BUY.

Key risks and concerns

Key risks to our thesis can come from a slowdown in ordering and supply chain issues and a sharp rise in commodity prices, impacting margin.

Quarterly performance (Consol)

(INR m)

Income Statement		FY25				FY26E				FY25	FY26E	FY26E	Var %
Y/E September		1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	
Net Sales		15,169	18,795	17,846	26,457	19,109	22,787	22,787	30,263	78,267	94,947	19,939	(4)
Change (%)		NA	NA	20.2	27.3	26.0	21.2	27.7	14.4	NA	21.3	31.4	
Expenses		11,816	15,210	14,443	21,664	14,501	18,298	18,002	24,645	63,133	75,446	15,851	(9)
EBITDA		3,353	3,585	3,403	4,793	4,608	4,489	4,785	5,619	15,134	19,501	4,087	13
Change (%)		NA	NA	59.5	24.5	37.4	25.2	40.6	17.2	NA	28.9	21.9	
As of % Sales		22.1	19.1	19.1	18.1	24.1	19.7	21.0	18.6	19.3	20.5	20.5	
Depreciation		207	243	266	314	323	266	266	293	1,030	1,148	250	29
Interest		44	33	142	63	74	69	72	67	282	282	68	9
Other Income		16	144	525	368	493	303	303	333	1,053	1,433	299	65
PBT pre EO items		3,118	3,453	3,520	4,784	4,704	4,457	4,750	5,592	14,875	19,504	4,069	16
Extra-ordinary Items		0	0	0	0	-519	0	0	0	0	-519	0	
PBT		3,118	3,453	3,520	4,784	4,185	4,457	4,750	5,592	14,875	18,985	4,069	3
Tax		801	992	893	1,188	1,056	1,123	1,207	1,529	3,874	4,915	1,042	1
Effective Tax Rate (%)		25.7	28.7	25.4	24.8	25.2	25.2	25.4	27.3	26.0	25.9	25.6	
Reported PAT		2,317	2,461	2,627	3,596	3,129	3,334	3,544	4,063	11,001	14,070	3,027	3
Adj PAT		2,317	2,461	2,627	3,596	3,648	3,334	3,544	4,063	11,001	14,589	3,027	20
Margin (%)		15.3	13.1	14.7	13.6	19.1	14.6	15.6	13.4	14.1	15.4	15.2	
Change (%)		NA	NA	80.2	31.4	57.4	35.5	34.9	13.0	NA	9.3	30.7	

Segmental split		FY25				FY26E		FY25	FY26E	FY26E	Var %
INR m		1Q	2Q	3Q	4Q	1Q				1QE	
Segmental revenue											
Power Transmission		8,394	10,138	9,764	13,600	11,237	41,896	55,303	11,614		(3)
Power Generation		6,775	8,657	8,082	12,857	7,872	36,371	39,644	7,929		(1)
Total revenue		15,169	18,795	17,846	26,457	19,109	78,267	94,947	19,939		(4)
YoY%		NA	NA	20.2	27.3	26.0	NA	21.3	NA		
Segmental EBIT											
Power Transmission		1,699	2,054	1,825	2,468	2,733	8,046	11,614			
Margin %		20.2	20.3	18.7	18.1	24.3	19.2	21.0			
Power Generation		1,447	1,288	1,312	2,011	1,552	6,058	6,740			
Margin %		21.4	14.9	16.2	15.6	19.7	16.7	17.0			
Total EBIT		3,146	3,342	3,137	4,479	4,285	14,104	18,353			
Margin %		20.7	17.8	17.6	16.9	22.4	18.0	19.3			

Key Exhibits

Exhibit 1: Power transmission revenue increased 34% YoY

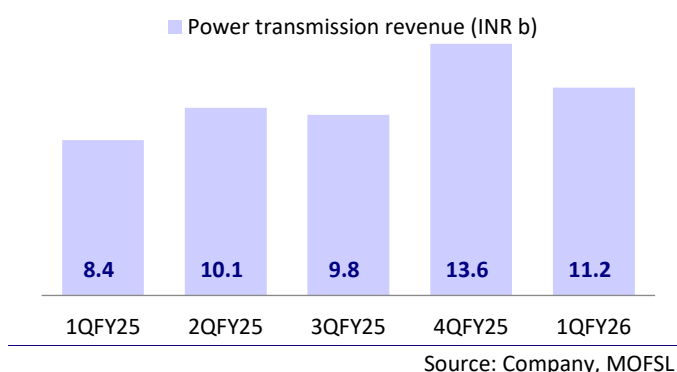


Exhibit 2: Power generation revenue grew 16% YoY

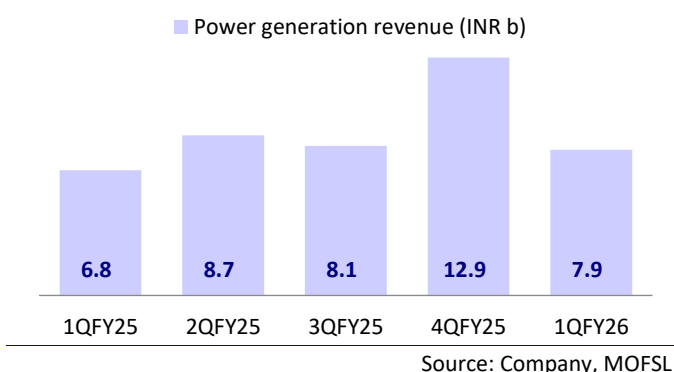


Exhibit 3: Power transmission EBIT margins improved 410bp YoY

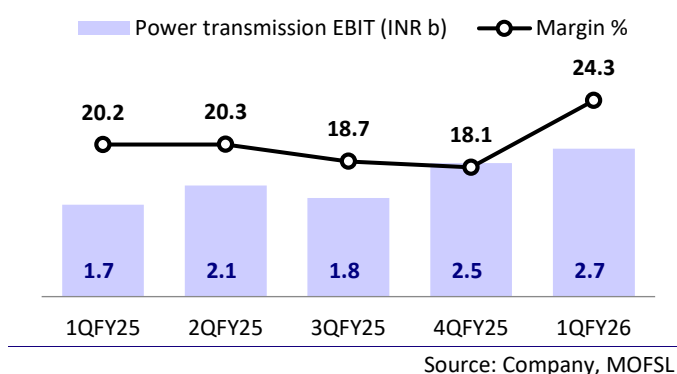


Exhibit 4: Power generation EBIT margins contracted 170bp YoY

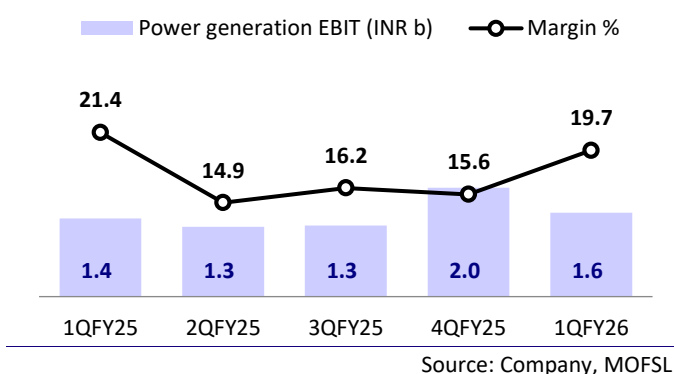


Exhibit 5: Revenue grew 26% YoY

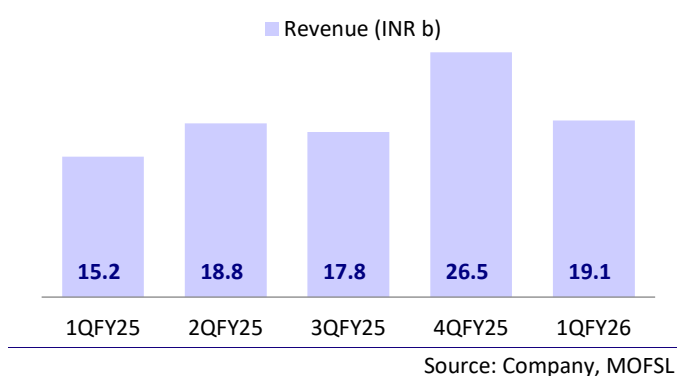


Exhibit 6: Healthy EBITDA margin at 24.1%

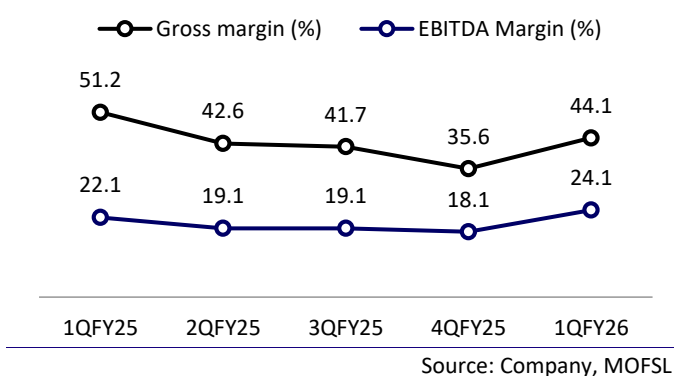


Exhibit 7: EBITDA at INR4.6b increased 37% YoY

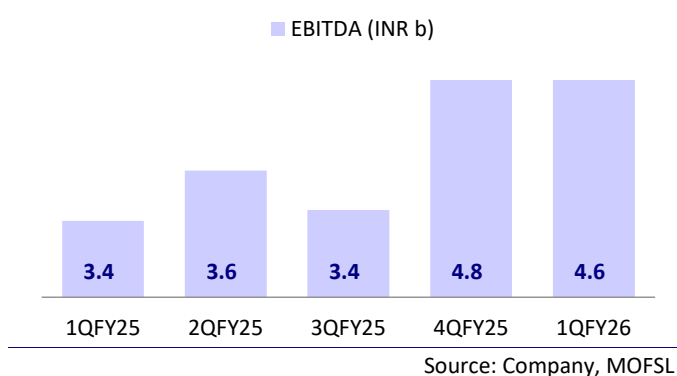


Exhibit 8: PAT increased 57% YoY

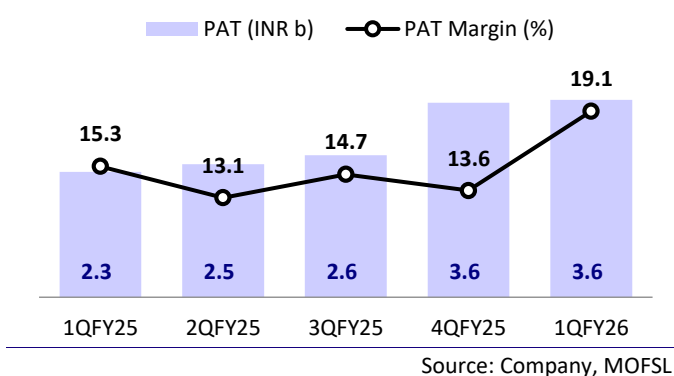


Exhibit 9: Positioning of Siemens Energy vs. peers in terms of product offerings

	Siemens Energy India Limited	BHEL (Power Segment)	GE Vernova T&D India Ltd	Hitachi Energy India	Crompton Greaves Power & Industrial Solutions Ltd.
Industrial Steam Turbines	✓	✓			
Industrial Generators	✓	✓			✓
Turbine/Generator Service Program and Maintenance Solution	✓	✓			✓
Digital Control Solutions and Services	✓	✓	✓	✓	
Flexible AC Transmission Systems (FACTS)	✓	✓	✓	✓	
High-Voltage Direct Current (HVDC)	✓	✓	✓	✓	
High-Voltage Refurbishment Solutions	✓	✓	✓	✓	✓
High-Voltage Substations	✓	✓	✓	✓	✓
Power Transformers & Reactors	✓	✓	✓	✓	✓
Traction Transformers	✓	✓	✓	✓	✓
Gas Insulated Switchgear (GIS)	✓	✓	✓	✓	✓
Air Insulated Switchgear (AIS)	✓	✓	✓	✓	✓
Instrument Transformers	✓	✓	✓	✓	✓
Grid Services	✓	✓	✓	✓	✓
Decarbonization & Energy Efficiency Solutions	✓	✓	✓	✓	

Source: Industry, MOFSL

Exhibit 10: Key manufacturing facilities of Siemens Energy

Product Name	Location
Air Insulated Switchgear (AIS)	Aurangabad (3 factories)
Gas Insulated switchgear (GIS)	
Instrument Transformer (CT and VT)	
Power Transformers (PT) & Reactors	Kalwa (2 factories)
Traction Transformer	
Thyristor Valves, Rack, IGBT Converter, Transportation Unit (TU), and Repair Centre	Goa (1 factory)
Digital Control Systems and Test Bed	Gurugram (1 factory)
Industrial Steam Turbines	Vadodara (1 factory)
Industrial Steam Turbines Service/Repair Centre	Raipur (Service/Repair Centre)
Gas Services Service/Repair Centre	Bengaluru (Service/Repair Centre)

Source: Company, MOFSL

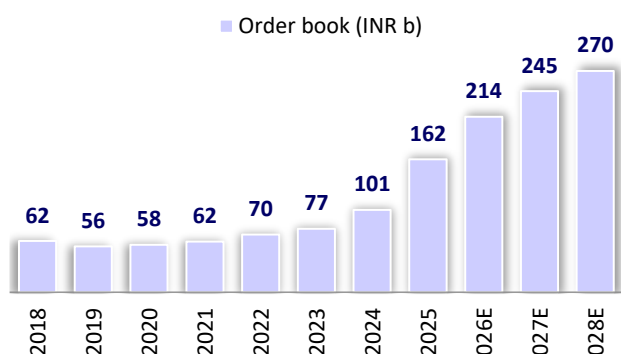
Exhibit 11: We marginally tweak our estimates by 4%/1%/1% for FY26/27/28 to bake in 1QFY26 performance

(INR m)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	94,947	94,947	0.0	1,33,356	1,33,356	0.0	1,59,781	1,59,781	0.0
EBITDA	19,501	18,837	3.5	27,716	27,544	0.6	33,713	33,172	1.6
EBITDA (%)	20.5	19.8	70 bp	20.8	20.7	10 bp	21.1	20.8	30 bp
Adj. PAT	14,589	14,033	4.0	20,902	20,731	0.8	25,440	25,248	0.8
EPS (INR)	41	39	4.0	59	58	0.8	71	71	0.8

Source: MOFSL

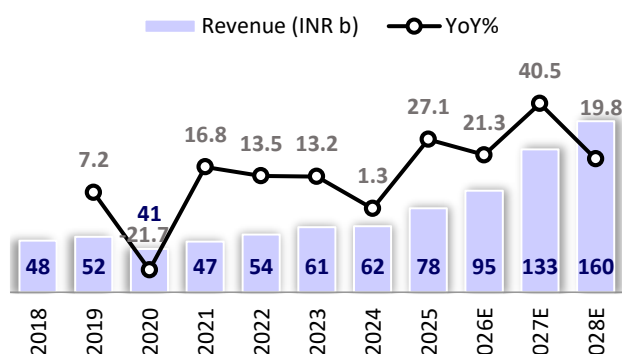
Financial outlook

Exhibit 12: We expect the order book to grow at a healthy pace over the next few years (INR b)



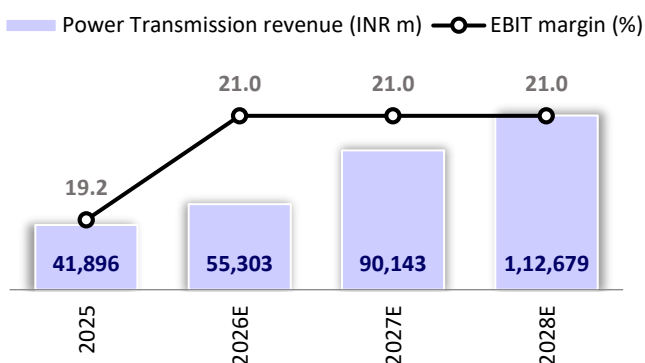
Source: Company, MOFSL

Exhibit 13: We expect revenue to clock a CAGR of 27% over FY25-28 (INR b)



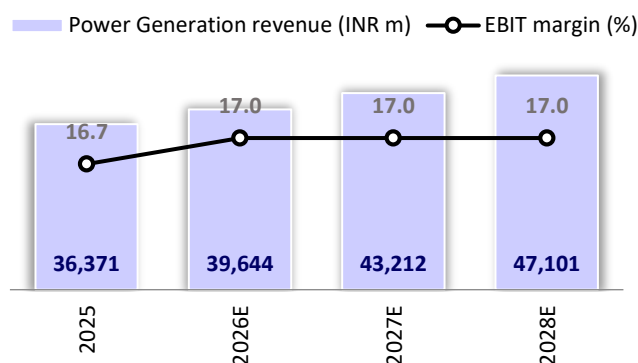
Source: Company, MOFSL

Exhibit 14: We expect power transmission to clock a CAGR of 39% over FY25-28, while margin is expected to be ~21%



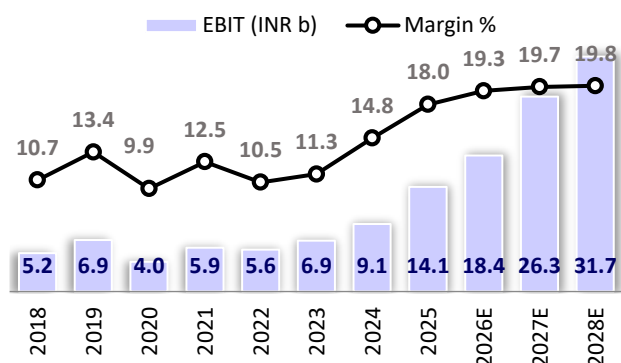
Source: Company, MOFSL

Exhibit 15: We expect power generation to clock a CAGR of 9% over FY25-27, while margin is expected to be ~17%



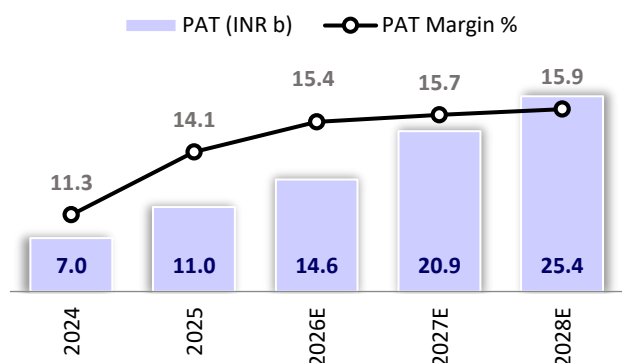
Source: Company, MOFSL

Exhibit 16: We expect EBIT margin to be in 19-20% range



Source: Company, MOFSL

Exhibit 17: We expect a PAT CAGR of 32% over FY25-28



Source: Company, MOFSL

Financials and Valuation

Consolidated Income Statement

(INR M)

Y/E September	2024	2025	2026E	2027E	2028E
Net Sales	61,580	78,267	94,947	1,33,356	1,59,781
Change (%)	NA	27.1	21.3	40.5	19.8
Gross Profit	24,545	32,646	39,603	55,624	66,646
Total Expenditure	51,742	63,133	75,446	1,05,640	1,26,068
% of Net Sales	84.0	80.7	79.5	79.2	78.9
EBITDA	9,838	15,134	19,501	27,716	33,713
Margin (%)	16.0	19.3	20.5	20.8	21.1
Depreciation	740	1,030	1,148	1,440	2,043
EBIT	9,098	14,104	18,353	26,276	31,670
Interest	165	282	282	282	282
Other Income	482	1,053	1,433	1,949	2,623
PBT Before EO Exp	9,415	14,875	19,504	27,943	34,011
EO Items	0	0	-519	0	0
PBT After EO Exp	9,415	14,875	18,985	27,943	34,011
Tax	2,438	3,874	4,915	7,042	8,571
Rate (%)	25.9	26.0	25.2	25.2	25.2
MI & P/L of Asso. Cos	0	0	0	0	0
Reported PAT	6,977	11,001	14,070	20,902	25,440
Change (%)	NA	57.7	27.9	48.6	21.7
Adjusted PAT	6,977	11,001	14,589	20,902	25,440
Change (%)	NA	57.7	32.6	43.3	21.7
Margin (%)	11.3	14.1	15.4	15.7	15.9

Note: FY24 figures are derived by subtracting Siemens Ltd FY24 data with Non-Energy segment data

Consolidated Balance Sheet

(INR M)

Y/E September	2024	2025	2026E	2027E	2028E
Share Capital	712	712	712	712	712
Reserves	31,456	43,101	57,171	78,073	1,03,513
Net Worth	32,168	43,813	57,883	78,785	1,04,225
Minority Interest	0	0	0	0	0
Loans	0	0	0	0	0
Deferred Tax Liability	-1,597	-2,104	-2,104	-2,104	-2,104
Capital Employed	30,571	41,709	55,779	76,681	1,02,121
Net Fixed Assets	4,293	5,361	6,589	10,150	13,606
Capital WIP	521	759	759	759	759
Investments	0	0	0	0	0
Curr. Assets	64,066	87,228	1,11,075	1,53,758	1,93,176
Inventory	7,736	7,603	9,223	12,954	15,521
Debtors	18,775	19,205	23,298	32,723	39,207
Cash & Bank Balance	0	34,620	47,255	64,121	85,777
Loans & Advances	6	1	1	2	2
Other Current Assets	37,549	25,799	31,297	43,958	52,668
Current Liab. & Prov.	38,309	51,639	62,644	87,985	1,05,420
Creditors	17,474	23,390	28,375	39,853	47,750
Other Liabilities	12,328	19,273	23,380	32,838	39,346
Provisions	8,507	8,976	10,889	15,294	18,324
Net Current Assets	25,757	35,589	48,431	65,772	87,755
Application of Funds	30,571	41,709	55,779	76,681	1,02,121

Financials and Valuation

Ratios

Y/E September	2024	2025	2026E	2027E	2028E
Basic (INR)	19.6	30.9	39.5	58.7	71.5
Adjusted EPS	19.6	30.9	41.0	58.7	71.5
Growth (%)	NA	57.7	32.6	43.3	21.7
Cash EPS	21.7	33.8	44.2	62.8	77.2
Book Value	90.4	123.1	162.6	221.3	292.8
Valuation (x)					
P/Sales	15.8	12.5	10.3	7.3	6.1
P/E	139.8	88.6	66.8	46.6	38.3
Cash P/E	126.4	81.0	62.0	43.6	35.5
EV/EBITDA	99.1	62.1	47.6	32.9	26.4
EV/Sales	15.8	12.0	9.8	6.8	5.6
Price/Book Value	30.3	22.3	16.8	12.4	9.4
Profitability Ratios (%)					
RoE	21.7	25.1	25.2	26.5	24.4
RoCE	23.2	26.9	26.5	27.5	25.1
RoIC	22.1	147.1	161.1	156.5	144.9
Turnover Ratios					
Debtors (Days)	111	90	90	90	90
Inventory (Days)	46	35	35	35	35
Creditors. (Days)	104	109	109	109	109
Asset Turnover (x)	2.0	1.9	1.7	1.7	1.6
Gross Asset Turnover (x)	6.6	7.0	7.0	7.2	6.6
Leverage Ratio					
Net Debt/Equity (x)	0.0	-0.8	-0.8	-0.8	-0.8

Consolidated Cash Flow Statement

Y/E September	2025	2026E	2027E	2028E
PBT before EO Items	14,875	19,504	27,943	34,011
Add : Depreciation	1,030	1,148	1,440	2,043
Interest	282	282	282	282
Less : Direct Taxes Paid	2,280	4,915	7,042	8,571
(Inc)/Dec in WC	-23,444	207	476	327
Others	-650	-1,952	-1,949	-2,623
CF from Operations	36,701	13,861	20,198	24,815
(Inc)/Dec in FA	-2,160	-2,376	-5,000	-5,500
Free Cash Flow	34,541	11,485	15,198	19,315
(Pur)/Sale of Investments	0	0	0	0
Others	-32,666	1,433	1,949	2,623
CF from Investments	-34,826	-943	-3,051	-2,877
(Inc)/Dec in Net Worth	0	0	0	0
(Inc)/Dec in Debt	0	0	0	0
Less : Interest Paid	0	282	282	282
Dividend Paid	0	0	0	0
Others	-553	0	0	0
CF from Fin. Activity	-553	-282	-282	-282
Inc/Dec of Cash	1,322	12,635	16,866	21,656
Add: Beginning Balance	0	34,620	47,255	64,121
Other Bank Balances	33,298	0	0	0
Closing Balance	34,620	47,255	64,121	85,777

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

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
SELL	$< -10\%$
NEUTRAL	$< -10\%$ to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

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Nainesh Rajani

Email: nainesh.rajani@motilaloswal.com

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Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal, Email Id: na@motilaloswal.com, Contact No.:022-40548085.

Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com
Mr. Neeraj Agarwal	022 40548085	na@motilaloswal.com
Mr. Siddhartha Khemka	022 50362452	po.research@motilaloswal.com

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