

## Result Preview



### Company

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

## Momentum picking up pace selectively

After better-than-expected ordering in 1QFY25, we expect 2QFY25 ordering to improve for selective segments. Delayed decision-making in government projects and delays in the finalization of the private sector enquiry pipeline can impact companies focused on EPC and private capex. However, other fast-growing segments, such as data centers, transmission, electronics, and renewables, continue to boost inflows for companies. For the genset players, as highlighted in our recent [note](#), despite the full transition to CPCB4+ norms and a sequential decline of 10-15% in genset volumes, revenue growth will be supported by strong prices. Overall, for the sector, we believe that strong order books provide healthy revenue visibility for companies. We expect 12% YoY growth in execution in 2QFY25. Margins should be in a stable range given benign commodity prices, cost-saving measures and an improved product mix. As a result, we expect a ~50bp YoY expansion in EBITDA margin for our coverage universe. For 2QFY25, we estimate our coverage companies to report revenue growth of 12% YoY, EBITDA growth of 15% YoY, and PAT growth of 13% YoY.

## Order momentum panning out well for select segments

Ordering activity continued to be buoyant during the quarter, with healthy traction across sectors such as power T&D, data centers, renewable energy, real estate, buildings & factories, etc. However, domestic ordering has been muted for LT owing to delays in decision-making on account of impending state elections. Accordingly, LT announced orders worth ~INR218b, BHE won ~INR23b, KECI secured ~INR71b, and KPIL acquired ~INR70b worth of orders. We expect domestic ordering momentum to pick up after state elections. Defense sector ordering will also start ramping up from 3QFY25 onward. With strong existing order books, we estimate 12% YoY growth in execution in 2QFY25 for our coverage universe.

## Benign RM inflation to ensure stable margin performance

We expect EPC companies to report a sequential recovery in margins as legacy projects are near completion and newer orders have been booked at prevailing RM levels. For product companies, we expect the improved margin trajectory to remain intact given strong demand, healthy pricing and benign commodity prices. Product companies are continuously focusing on high-margin areas, tech-led offerings, and deeper penetration in tier 3 and 4 markets; hence, they are benefiting from better pricing. After seeing an uptick, prices of key inputs have seen some easing. In recent months, copper/aluminum prices have eased by 2%/4%, while zinc prices have been flat vs. the Jun'24 level. Accordingly, we expect ~30bp YoY margin expansion in 2QFY25 for our coverage universe.

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**Investors are advised to refer through important disclosures made at the last page of the Research Report.**

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**Sequential improvement underway in exports**

Ordering from international geographies has remained healthy, mainly aided by the global thrust on renewable energy and investments in infrastructure during the quarter, which is reflected in inflows for LT, KECI and KPIL. However, continued tensions in the Middle East and crude price movements need to be monitored closely, as a recalibration in spending by GCC countries cannot be ruled out in case these events escalate. For companies like KKC, the past few quarters have seen muted export demand owing to geopolitical concerns, sluggish macroeconomic conditions, and economic slowdown in some countries. Select geographies, such as the Middle East, Africa and Latin America, have started improving sequentially. Other product companies, such as TRIV and KOEL, are clocking healthy export growth, in line with their international strategy.

**We remain optimistic on long-term capex cycle**

We believe that our long-term thesis on the capex cycle is intact, with policy continuity and a stable macro environment. The traction continues to be strong across sectors such as renewables, transmission, PLI and defense, wherein the government has already initiated policy measures, which provide long-term visibility. This, along with healthy bank and corporate balance sheets, should provide a fillip to private sector capex, which has hitherto been selective. Companies are sitting on healthy order books, which should provide visibility for a healthy revenue CAGR. We, thus, increase our estimates for select companies to factor in better margins and continued traction in fast-growing high-margin segments.

**Our top picks**

Our top picks in the sector are ABB, LT and BHE. We expect ABB to be the key beneficiary of an improved addressable market for short-cycle orders from the private sector as well as transmission, railways, data center, and PLI-led spending. We expect LT to continue to benefit from international spending and an expected revival in domestic spending, along with control over its working capital. We like BHE for its strong presence in defense electronics, ability to grow revenue and PAT in mid-teens CAGR, and improving return ratios.

**Exhibit 1: Summary of quarterly earnings estimates**

Sector	CMP (INR)	RECO	SALES (INR M)			EBDITA (INR M)			NET PROFIT (INR M)		
			Sep-24	Var % YoY	Var % QoQ	Sep-24	Var % YoY	Var % QoQ	Sep-24	Var % YoY	Var % QoQ
ABB India	8,266	Buy	34,292	23.8	21.1	6,598	50.5	21.6	5,391	48.9	21.8
Bharat Electronics	284	Buy	47,297	18.4	12.6	11,020	9.7	17.6	9,231	13.6	18.9
Cummins India	3,876	Buy	22,388	17.8	-2.8	4,453	31.5	-4.7	4,082	24.2	-2.8
Hitachi Energy	14,249	Neutral	15,648	27.4	17.9	1,283	96.4	167.9	728	194.2	598.5
KEC International	1,050	Neutral	50,119	11.4	11.1	3,308	20.6	22.3	998	78.8	13.9
Kalpataru Proj.	1,349	Buy	41,128	7.0	10.5	3,537	14.8	12.6	1,395	23.4	19.2
Kirloskar Oil	1,189	Buy	12,205	15.2	-9.1	1,465	48.5	-25.9	941	60.6	-30.2
Larsen & Toubro	3,652	Buy	5,67,643	11.3	3.0	60,310	7.1	7.4	32,030	-0.6	15.0
Siemens	7,519	Buy	62,945	8.4	21.0	9,346	33.5	35.1	7,277	27.3	25.9
Thermax	5,098	Neutral	25,633	11.3	17.3	2,625	28.3	86.0	1,796	13.2	64.1
Triveni Turbine	712	Buy	4,879	25.8	5.3	1,000	34.5	4.6	843	31.0	4.9
Zen Technologies	1,707	Buy	2,001	212.5	-21.2	700	221.8	-32.1	495	185.5	-33.2
<b>Capital Goods</b>			<b>8,86,176</b>	<b>12.3</b>	<b>6.2</b>	<b>1,05,645</b>	<b>15.3</b>	<b>12.1</b>	<b>65,207</b>	<b>12.6</b>	<b>16.1</b>

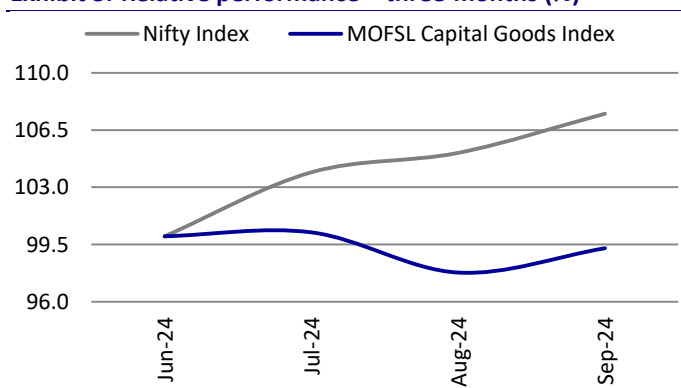
ABB: December ending; SIEM: September ending

**Exhibit 2: Comparative valuations**

Company Name	CMP (INR)	Reco	EPS (INR)			PE (x)			PB (x)			ROE (%)		
			FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E	FY25E	FY26E	FY27E
<b>Capital Goods</b>						<b>49.2</b>	<b>39.1</b>	<b>32.6</b>	<b>8.6</b>	<b>7.4</b>	<b>6.3</b>	<b>17.5</b>	<b>18.9</b>	<b>19.2</b>
ABB India	8,266	Buy	97.0	114.2	133.4	85.2	72.4	62.0	22.3	17.4	13.8	29.8	27.0	24.8
Bharat Electronics	284	Buy	6.7	8.2	9.9	42.7	34.8	28.8	10.2	8.2	6.6	24.0	23.5	22.9
Cummins India	3,876	Buy	74.2	89.0	105.5	52.2	43.6	36.8	15.4	13.5	11.8	31.3	33.1	34.4
Hitachi Energy	14,249	Neutral	75.4	149.9	213.5	188.9	95.1	66.7	36.0	26.1	18.8	19.0	27.5	28.1
Kalpataru Proj.	1,349	Buy	49.3	69.6	89.1	27.3	19.4	15.1	3.4	3.0	2.5	13.2	16.4	17.9
KEC International	1,050	Neutral	25.7	42.5	50.7	40.9	24.7	20.7	5.0	4.4	3.8	13.9	18.8	19.6
Kirloskar Oil	1,189	Buy	36.1	46.2	58.6	33.0	25.7	20.3	5.7	4.9	4.2	18.6	20.6	22.3
Larsen & Toubro	3,652	Buy	108.0	135.7	158.1	33.8	26.9	23.1	5.1	4.5	3.9	16.1	17.8	18.0
Siemens	7,519	Buy	73.4	87.5	108.7	102.4	85.9	69.2	17.8	15.5	13.3	18.6	19.3	20.6
Thermax	5,098	Neutral	66.0	83.6	103.1	77.2	60.9	49.4	11.4	9.9	8.5	15.7	17.4	18.4
Triveni Turbine	712	Buy	11.0	14.3	19.4	64.5	49.8	36.7	18.7	14.7	11.4	32.3	33.0	35.0
Zen Technologies	1,707	Buy	28.8	41.8	59.5	59.3	40.9	28.7	20.6	13.7	9.3	42.2	40.3	38.6

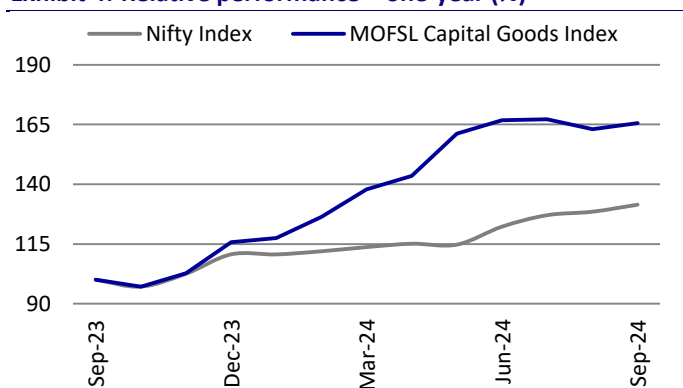
ABB: December ending; SIEM: September ending

**Exhibit 3: Relative performance – three-months (%)**



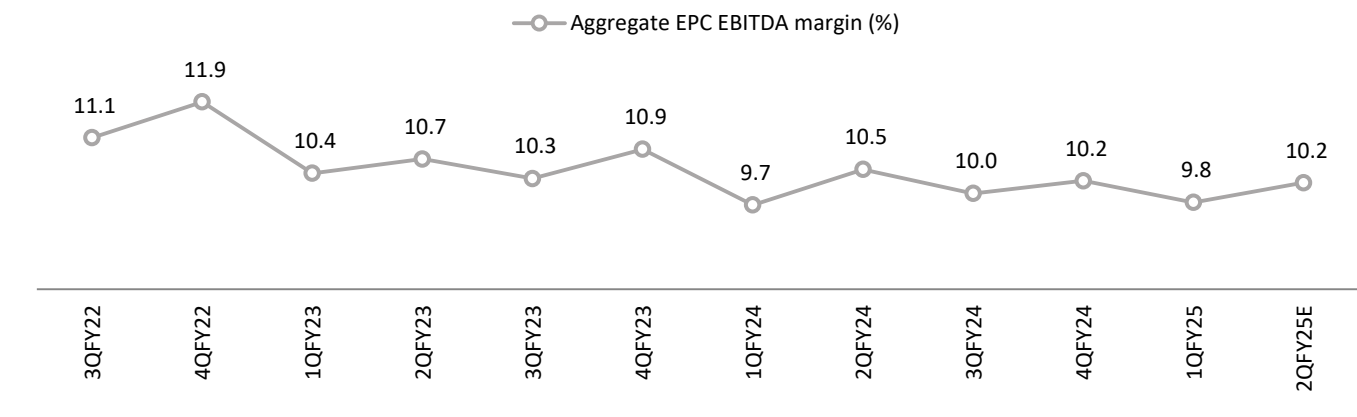
Source: Bloomberg, MOFSL

**Exhibit 4: Relative performance – one-year (%)**



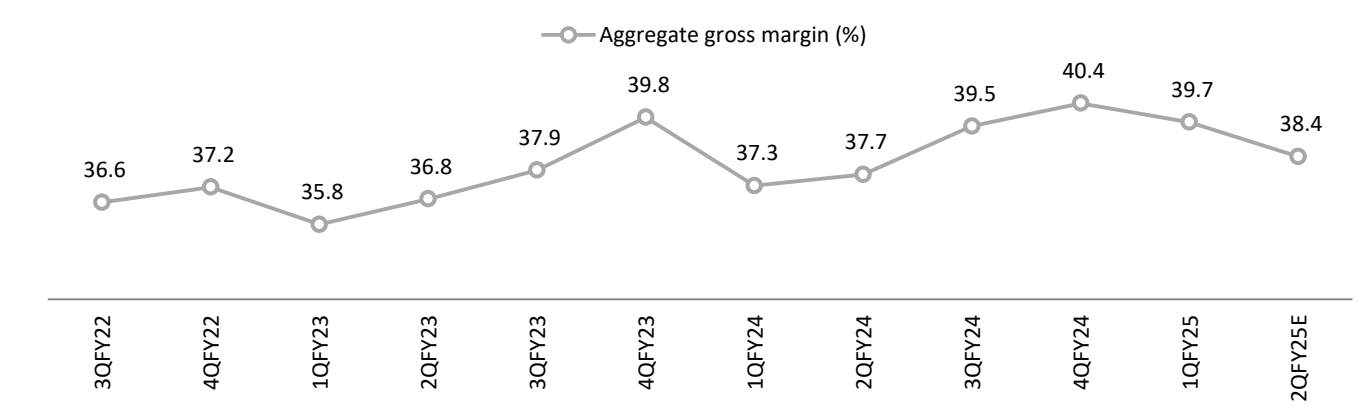
Source: Bloomberg, MOFSL

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



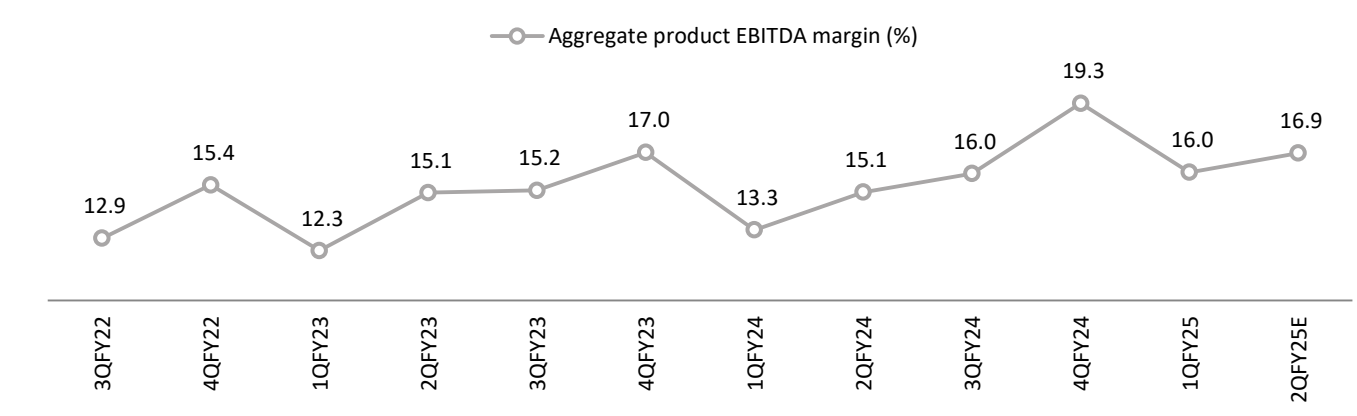
Source: Company, MOFSL

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



Source: Company, MOFSL

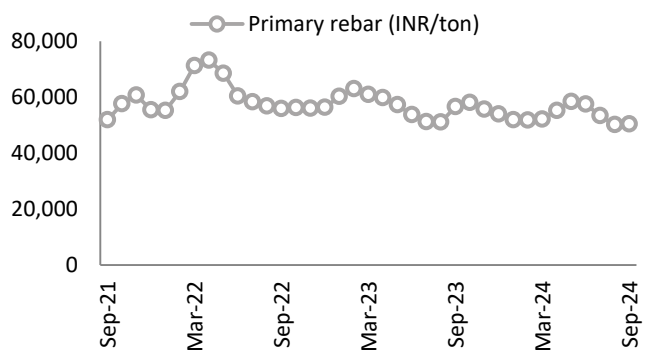
**Exhibit 7: EBITDA margin snapshot for product companies under our coverage**



Source: Company, MOFSL

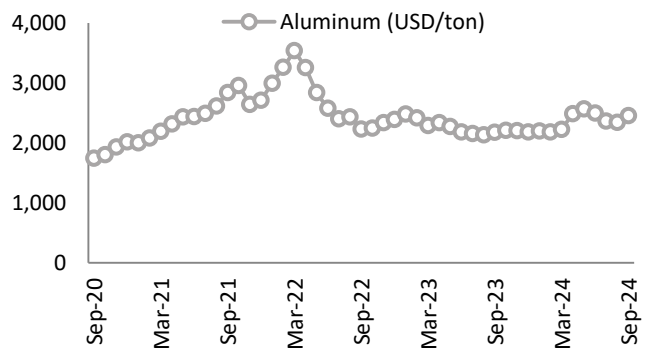
**Input prices are stable QoQ**

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



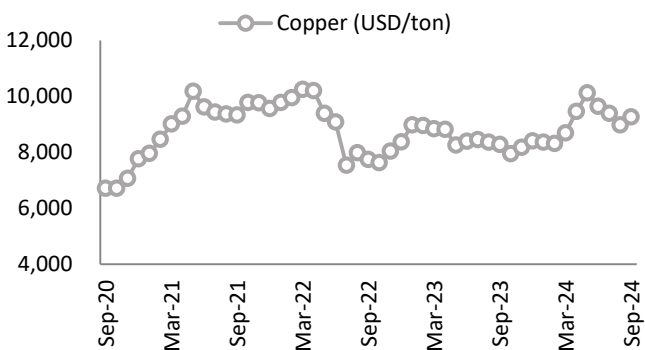
Source: Bloomberg, MOFSL

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



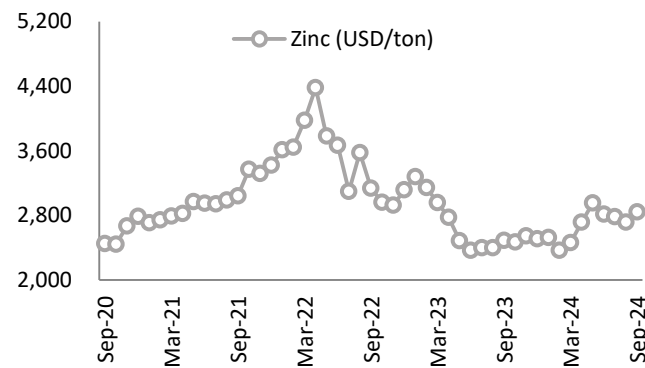
Source: Bloomberg, MOFSL

**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: INR8,266 | TP: INR9,500 (+15%)

EPS CHANGE (%): CY24 | CY25: -|-

- ABB's revenues during last quarter were impacted by the postponement of deliveries worth INR2b, in line with the client's schedule. We expect these revenues to get booked in the current quarter.
- Expect revenue to grow 24% YoY, driven by a robust order book. The strong demand traction continues, which should result in order inflow growth.
- We expect margin to expand ~340bp YoY, aided by a better product mix, share of services and operating leverage.
- We would watch out for incremental inflows from transmission, railways, data center, and private capex for improvement in inflows from the current levels. Key monitorables: sustainability of inflows and margins, outlook on exports, and localization levels.

### Standalone - Quarterly Snapshot

Y/E December	CY23				CY24E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE	CY23	CY24E
Net Sales	24,112	25,086	27,692	27,575	30,804	28,309	34,292	39,022	1,04,465	1,32,426
YoY Change (%)	22.5	22.2	30.6	13.6	27.8	12.8	23.8	41.5	21.9	26.8
Total Expenditure	21,259	21,599	23,307	23,403	25,152	22,884	27,694	31,455	89,567	1,07,184
EBITDA	2,853	3,487	4,385	4,172	5,652	5,425	6,598	7,568	14,898	25,242
Margins (%)	11.8	13.9	15.8	15.1	18.3	19.2	19.2	19.4	14.3	19.1
Depreciation	274	292	303	329	314	310	328	345	1,199	1,297
Interest	22	14	9	82	38	45	14	14	127	111
Other Income	723	750	768	776	871	868	951	951	3,017	3,641
PBT before EO expense	3,279	3,931	4,842	4,537	6,171	5,938	7,207	8,160	16,589	27,476
PBT	3,279	3,931	4,842	4,537	6,171	5,938	7,207	8,160	16,589	27,476
Tax	827	972	1,222	1,085	1,575	1,511	1,816	2,021	4,106	6,924
Rate (%)	25.2	24.7	25.2	23.9	25.5	25.5	25.2	24.8	24.8	25.2
Reported PAT	2,452	2,959	3,620	3,452	4,596	4,426	5,391	6,138	12,483	20,552
Adj PAT	2,452	2,959	3,620	3,452	4,596	4,426	5,391	6,138	12,483	20,552
YoY Change (%)	-34.3	110.9	84	13.1	87.4	49.6	48.9	77.8	79.5	65.4
Margins (%)	10.2	11.8	13.1	12.5	14.9	15.6	15.7	15.7	11.9	15.5

## Bharat Electronics

Buy

CMP: INR284 | TP: INR360 (27%)

EPS CHANGE (%): FY25 | FY26: -|-

- Expect revenue growth of 18% YoY, led by healthy execution of the record OB of INR767b.
- Key monitorables: Update on order inflows, status of QRSAM/MRSAM, share of exports, and progress of non-defense business.
- We expect margins to decline ~190bp YoY to 23.3% on a high base of 2QFY24. Margins in BHE are a function of project mix and can vary sharply during a quarter.
- Finalization of orders, execution of the huge backlog and exports will be in focus.

### Standalone - Quarterly Snapshot

Y/E March	FY24				FY25E				(INR m)	
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE	FY24	FY25E
Net Sales	35,108	39,933	41,367	85,285	41,988	47,297	49,662	97,538	2,01,694	2,36,484
Change (%)	12.8	1.2	0.1	32.1	19.6	18.4	20.1	14.4	14.3	17.2
EBITDA	6,644	10,044	10,494	22,800	9,367	11,020	12,415	26,580	49,982	59,383
Change (%)	29.4	17.4	23.0	24.9	41.0	9.7	18.3	16.6	23.5	18.8
Margin (%)	18.9	25.2	25.4	26.7	22.3	23.3	25.0	27.3	24.8	25.1
Depreciation	1,013	1,004	998	1,109	997	1,084	1,110	1,361	4,124	4,552
Interest	11	15	5	39	12	18	18	23	70	70
Other Income	1,417	1,705	2,232	2,205	2,015	2,331	2,388	3,057	7,558	9,792
PBT	7,038	10,729	11,723	23,856	10,373	12,250	13,676	28,253	53,346	64,552
Tax	1,729	2,606	2,790	6,021	2,612	3,019	3,370	6,906	13,146	15,907
Effective Tax Rate (%)	24.6	24.3	23.8	25.2	25.2	24.6	24.6	24.4	24.6	24.6
Reported PAT	5,308	8,123	8,933	17,835	7,761	9,231	10,306	21,347	40,200	48,645
Change (%)	23.0	32.9	49.2	30.6	46.2	13.6	15.4	19.7	33.7	21.0
Adj PAT	5,308	8,123	8,933	17,835	7,761	9,231	10,306	21,347	40,200	48,645
Change (%)	23.0	32.9	49.2	30.6	46.2	13.6	15.4	19.7	33.7	21.0

**Cummins India****Buy**

CMP: INR3,876 | TP: INR4,300 (+11%)

EPS CHANGE (%): FY25 | FY26: -|-

- We expect powergen segment revenue to post strong growth on the low base of last year, aided by improved volumes and realization. Sequentially, we expect lower powergen volumes due to pre-buying seen in 1QFY25. Overall we expect revenues to grow by 18% on sharp price hikes. We also expect exports to recover sequentially.
- Key monitorables – Demand outlook across segments, pricing environment in Powergen and export trajectory.
- Expect EBITDA margin expansion of ~210bp YoY. Sequentially, we expect a ~40bp contraction.
- Pricing discipline after the CPCB4+ implementation will be closely watched.

**Standalone - Quarterly Snapshot**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>22,087</b>	<b>18,997</b>	<b>25,341</b>	<b>23,162</b>	<b>23,042</b>	<b>22,388</b>	<b>29,850</b>	<b>31,328</b>	<b>89,586</b>	<b>1,06,607</b>
YoY Change (%)	31.0	-2.6	16.2	20.3	4.3	17.8	17.8	35.3	15.7	19.0
Total Expenditure	18,681	15,611	19,961	17,719	18,369	17,934	23,644	24,872	71,972	84,818
<b>EBITDA</b>	<b>3,406</b>	<b>3,386</b>	<b>5,379</b>	<b>5,443</b>	<b>4,673</b>	<b>4,453</b>	<b>6,206</b>	<b>6,456</b>	<b>17,614</b>	<b>21,789</b>
Margins (%)	15.4	17.8	21.2	23.5	20.3	19.9	20.8	20.6	19.7	20.4
Depreciation	358	379	419	420	439	387	396	403	1,576	1,625
Interest	77	67	63	62	48	70	72	105	268	295
Other Income	1,175	1,322	1,136	2,045	1,322	1,378	1,411	1,675	5,678	5,786
<b>PBT before EO expense</b>	<b>4,146</b>	<b>4,263</b>	<b>6,034</b>	<b>7,006</b>	<b>5,509</b>	<b>5,374</b>	<b>7,149</b>	<b>7,623</b>	<b>21,448</b>	<b>25,656</b>
Extra-Ord expense			17						17	0
<b>PBT</b>	<b>4,146</b>	<b>4,263</b>	<b>6,017</b>	<b>7,006</b>	<b>5,509</b>	<b>5,374</b>	<b>7,149</b>	<b>7,623</b>	<b>21,431</b>	<b>25,656</b>
Tax	989	978	1,467	1,390	1,311	1,292	1,719	1,847	4,824	6,170
Rate (%)	23.9	22.9	24.4	19.8	23.8	24.0	24.0	24.2	22.5	24.0
<b>Reported PAT</b>	<b>3,157</b>	<b>3,285</b>	<b>4,549</b>	<b>5,615</b>	<b>4,198</b>	<b>4,082</b>	<b>5,430</b>	<b>5,776</b>	<b>16,606</b>	<b>19,486</b>
<b>Adj PAT</b>	<b>3,157</b>	<b>3,285</b>	<b>4,562</b>	<b>5,615</b>	<b>4,198</b>	<b>4,082</b>	<b>5,430</b>	<b>5,776</b>	<b>16,619</b>	<b>19,486</b>
YoY Change (%)	50.6	30.2	26.7	76.3	33.0	24.2	19.0	2.9	45.7	17.2
Margins (%)	14.3	17.3	18.0	24.2	18.2	18.2	18.2	18.4	18.6	18.3

**Hitachi Energy India****Neutral**

CMP: INR14,249 | TP: INR12,800 (-10%)

EPS CHANGE (%): FY25 | FY26: -|-

- Expect revenue growth of 27% YoY to INR15.6b, led by healthy execution of the opening OB of INR85.4b.
- Key monitorables: Further ramp-up in margins, progress on HVDC projects and STATCOM order finalization.
- We expect EBITDA margin to improve ~290bp, aided by operating leverage gains and easing of supply chain-related issues.
- Execution of the Mumbai HVDC project to provide near-term support to revenue.

**Standalone - Quarterly Snapshot -**

(INR m)

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>10,401</b>	<b>12,280</b>	<b>12,742</b>	<b>16,953</b>	<b>13,272</b>	<b>15,648</b>	<b>16,300</b>	<b>19,979</b>	<b>52,375</b>	<b>65,198</b>
Change (%)	5.5	10.2	23.2	27.1	27.6	27.4	27.9	17.8	17.2	24.5
<b>EBITDA</b>	<b>337</b>	<b>653</b>	<b>680</b>	<b>1,820</b>	<b>479</b>	<b>1,283</b>	<b>1,500</b>	<b>2,303</b>	<b>3,490</b>	<b>5,565</b>
Change (%)	31.3	-13.7	72.4	91.4	42.3	96.4	120.5	26.6	47.9	59.5
Margins (%)	3.2	5.3	5.3	10.7	3.6	8.2	9.2	11.5	6.7	8.5
Depreciation	223	225	227	225	221	233	238	286	900	978
Interest	110	107	137	112	109	94	94	79	466	375
Other Income	29	2	22	39	1	29	29	58	93	117
<b>PBT</b>	<b>34</b>	<b>324</b>	<b>338</b>	<b>1,522</b>	<b>150</b>	<b>985</b>	<b>1,197</b>	<b>1,997</b>	<b>2,217</b>	<b>4,330</b>
Tax	10	76	108	385	46	257	313	515	579	1,131
Effective Tax Rate (%)	28.7	23.6	32.0	25.3	30.8	26.1	26.1	25.8	26.1	26.1
Extra-ordinary Items										
<b>Reported PAT</b>	<b>24</b>	<b>247</b>	<b>230</b>	<b>1,137</b>	<b>104</b>	<b>728</b>	<b>884</b>	<b>1,482</b>	<b>1,638</b>	<b>3,199</b>
Change (%)	79.9	-33.3	401.5	123.7	332.4	194.2	284.9	30.4	74.4	95.3
<b>Adj PAT</b>	<b>24</b>	<b>247</b>	<b>230</b>	<b>1,137</b>	<b>104</b>	<b>728</b>	<b>884</b>	<b>1,482</b>	<b>1,638</b>	<b>3,199</b>
Change (%)	79.9	-33.3	402	123.7	332.4	194.2	284.9	30.4	74.4	95.3

**Kalpataru Projects International****Buy****CMP: INR1,349 | TP: INR1,500 (+11%)****EPS CHANGE (%): FY25 | FY26: -| -**

- We expect revenue growth of 7% YoY as execution was affected by heavy monsoon in Gujarat and working capital buildup in Water projects owing to the elections.
- Key monitorables: Execution ramp-up, margin trajectory, customer collections and outlook on urban infra and B&F division.
- We expect EBITDA margin of 8.6% (+60bp YoY/+20bp QoQ) and healthy expansion in 2HFY25.
- We would also watch out for working capital cycle and debt levels.

**Standalone - Quarterly Earning Model****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>36,220</b>	<b>38,440</b>	<b>41,470</b>	<b>51,470</b>	<b>37,220</b>	<b>41,128</b>	<b>53,467</b>	<b>73,827</b>	<b>1,67,600</b>	<b>2,05,642</b>
YoY Change (%)	15.4	16.7	18.2	17.1	2.8	7.0	28.9	43.4	16.9	22.7
Total Expenditure	33,080	35,360	38,030	47,470	34,080	37,591	48,708	67,679	1,53,940	1,88,059
<b>EBITDA</b>	<b>3,140</b>	<b>3,080</b>	<b>3,440</b>	<b>4,000</b>	<b>3,140</b>	<b>3,537</b>	<b>4,759</b>	<b>6,148</b>	<b>13,660</b>	<b>17,583</b>
Margins (%)	8.7	8.0	8.3	7.8	8.4	8.6	8.9	8.3	8.2	8.6
Depreciation	930	880	940	930	930	971	971	1,013	3,680	3,886
Interest	750	850	830	940	860	919	942	1,046	3,370	3,766
Other Income	290	250	270	320	290	227	227	165	1,130	910
<b>PBT before EO expense</b>	<b>1,750</b>	<b>1,600</b>	<b>1,940</b>	<b>2,450</b>	<b>1,640</b>	<b>1,874</b>	<b>3,073</b>	<b>4,253</b>	<b>7,740</b>	<b>10,841</b>
Extra-Ord expense	0	0	0	350	0	0	0	0	350	0
<b>PBT</b>	<b>1,750</b>	<b>1,600</b>	<b>1,940</b>	<b>2,100</b>	<b>1,640</b>	<b>1,874</b>	<b>3,073</b>	<b>4,253</b>	<b>7,390</b>	<b>10,841</b>
Tax	490	470	500	600	470	480	787	1,039	2,060	2,775
Rate (%)	28.0	29.4	25.8	28.6	28.7	25.6	25.6	24.4	27.9	25.6
<b>Reported PAT</b>	<b>1,260</b>	<b>1,130</b>	<b>1,440</b>	<b>1,500</b>	<b>1,170</b>	<b>1,395</b>	<b>2,286</b>	<b>3,215</b>	<b>5,330</b>	<b>8,066</b>
<b>Adj PAT</b>	<b>1,260</b>	<b>1,130</b>	<b>1,440</b>	<b>1,750</b>	<b>1,170</b>	<b>1,395</b>	<b>2,286</b>	<b>3,215</b>	<b>5,582</b>	<b>8,066</b>
YoY Change (%)	-23.2	8.7	29.7	52.6	-7.1	23.4	58.8	83.7	19.1	44.5
Margins (%)	3.5	2.9	3.5	3.4	3.1	3.4	4.3	4.4	3.3	3.9

**KEC International****Neutral****CMP: INR1,050 | TP: INR950 (-10%)****EPS CHANGE (%): FY25 | FY26: +1|+4**

- We expect 11% YoY revenue growth, driven by a strong order book of INR327b.
- Key monitorables – Order pipeline in both T&D and civil, execution ramp-up and margin improvement.
- We expect EBITDA margin to expand 50bp YoY/60bp QoQ, in line with guidance.
- We would watch out for the payment cycle, debt levels and NWC improvement.
- We increase our estimates and TP to bake in recent fund raise by the company and corresponding debt reduction.

**Consolidated - Quarterly Snapshot****(INR m)**

Y/E March - INR m	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>42,436</b>	<b>44,990</b>	<b>50,067</b>	<b>61,648</b>	<b>45,119</b>	<b>50,119</b>	<b>57,915</b>	<b>69,598</b>	<b>1,99,141</b>	<b>2,22,751</b>
YoY Change (%)	27.9	10.7	14.4	11.6	6.3	11.4	15.7	12.9	15.2	11.9
Total Expenditure	39,992	42,247	46,988	57,768	42,415	46,811	53,745	63,647	1,86,996	2,06,619
<b>EBITDA</b>	<b>2,444</b>	<b>2,743</b>	<b>3,079</b>	<b>3,880</b>	<b>2,704</b>	<b>3,308</b>	<b>4,170</b>	<b>5,951</b>	<b>12,146</b>	<b>16,132</b>
Margins (%)	5.8	6.1	6.1	6.3	6.0	6.6	7.2	8.6	6.1	7.2
Depreciation	418	465	488	483	465	506	531	531	1,853	2,033
Interest	1,587	1,778	1,644	1,543	1,550	1,550	1,413	1,413	6,551	5,924
Other Income	28	158	260	78	431	89	89	89	524	697
<b>PBT before EO expense</b>	<b>467</b>	<b>658</b>	<b>1,207</b>	<b>1,933</b>	<b>1,120</b>	<b>1,341</b>	<b>2,315</b>	<b>4,096</b>	<b>4,265</b>	<b>8,872</b>
Extra-Ord expense										
<b>PBT</b>	<b>467</b>	<b>658</b>	<b>1,207</b>	<b>1,933</b>	<b>1,120</b>	<b>1,341</b>	<b>2,315</b>	<b>4,096</b>	<b>4,265</b>	<b>8,872</b>
Tax	44	100	239	415	245	343	593	1,091	798	2,271
Rate (%)	9.4	15.2	19.8	21.5	21.8	25.6	25.6	26.6	18.7	25.6
<b>Reported PAT</b>	<b>423</b>	<b>558</b>	<b>969</b>	<b>1,517</b>	<b>876</b>	<b>998</b>	<b>1,722</b>	<b>3,005</b>	<b>3,467</b>	<b>6,601</b>
<b>Adj PAT</b>	<b>423</b>	<b>558</b>	<b>969</b>	<b>1,517</b>	<b>876</b>	<b>998</b>	<b>1,722</b>	<b>3,005</b>	<b>3,467</b>	<b>6,601</b>
YoY Change (%)	36.8	1.0	449.5	110.2	106.9	78.8	77.8	98.0	96.9	90.4
Margins (%)	1.0	1.2	1.9	2.5	1.9	2.0	3.0	4.3	1.7	3.0



**Kirloskar Oil Engines****Buy****CMP: INR1,189 | TP: INR1,540 (+30%)****EPS CHANGE (%): FY25|26: -|-**

- We expect revenue growth of 15% YoY on the back of healthy demand traction across segments, and a low base of 2QFY24. We expect powergen segment performance also to be supported by price hikes.
- Key monitorables – Outlook on genset demand, pricing environment, and export ramp-up.
- We expect EBITDA margin to expand 270bp YoY on a low base, improved product mix and cost efficiencies.
- Ramp-up of the US business, B2C business and Arka Fincap performance to be closely observed.

**Standalone - Quarterly Snapshot****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>12,647</b>	<b>10,590</b>	<b>11,352</b>	<b>13,917</b>	<b>13,429</b>	<b>12,205</b>	<b>14,529</b>	<b>17,954</b>	<b>48,505</b>	<b>58,117</b>
YoY Change (%)	26.5	4.8	13.5	20.7	6.2	15.2	28.0	29.0	17.8	19.8
Total Expenditure	11,102	9,603	10,023	12,135	11,452	10,740	12,568	15,511	42,864	50,271
<b>EBITDA</b>	<b>1,545</b>	<b>986</b>	<b>1,329</b>	<b>1,782</b>	<b>1,977</b>	<b>1,465</b>	<b>1,961</b>	<b>2,443</b>	<b>5,642</b>	<b>7,846</b>
Margins (%)	12.2	9.3	11.7	12.8	14.7	12.0	13.5	13.6	11.6	13.5
Depreciation	213	243	257	257	247	244	250	258	970	999
Interest	14	16	20	29	27	33	33	39	78	132
Other Income	70	64	57	85	108	80	80	52	274	320
<b>PBT before EO expense</b>	<b>1,388</b>	<b>791</b>	<b>1,109</b>	<b>1,581</b>	<b>1,810</b>	<b>1,268</b>	<b>1,759</b>	<b>2,199</b>	<b>4,868</b>	<b>7,034</b>
<b>PBT</b>	<b>1,388</b>	<b>791</b>	<b>1,109</b>	<b>1,581</b>	<b>1,810</b>	<b>1,268</b>	<b>1,759</b>	<b>2,199</b>	<b>4,868</b>	<b>7,034</b>
Tax	355	205	287	405	462	327	453	571	1,252	1,814
Rate (%)	25.6	25.9	25.9	25.6	25.5	25.8	25.8	26.0	25.7	25.8
<b>Reported PAT</b>	<b>1,032</b>	<b>586</b>	<b>822</b>	<b>1,176</b>	<b>1,347</b>	<b>941</b>	<b>1,305</b>	<b>1,627</b>	<b>3,616</b>	<b>5,221</b>
<b>Adj PAT</b>	<b>1,032</b>	<b>586</b>	<b>822</b>	<b>1,176</b>	<b>1,347</b>	<b>941</b>	<b>1,305</b>	<b>1,627</b>	<b>3,616</b>	<b>5,221</b>
YoY Change (%)	59.9	-19.3	20.5	81.3	30.5	60.6	58.8	38.4	33.8	44.4
Margins (%)	8.2	5.5	7.2	8.5	10.0	7.7	9.0	9.1	7.5	9.0

**Larsen & Toubro****Buy****CMP: INR3,652 | TP: INR4,250 (+16%)****EPS CHANGE (%): FY25|26: +2|-0.2**

- Expect consolidated revenue growth of 11% YoY, led by 14% YoY Core E&C revenue growth.
- Key monitorables – Domestic order pipeline, margin performance as well as working capital cycle.
- We expect Core E&C EBITDA margin of 8%, up 60bp YoY/40bp QoQ.
- We would also look out for execution ramp-up in Saudi projects and trend in the GCC pipeline.
- The change in TP and estimates is on account of IT subsidiaries.

**Consolidated - Quarterly Snapshot****(INR b)**

Y/E March - INR b	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>479</b>	<b>510</b>	<b>551</b>	<b>671</b>	<b>551</b>	<b>568</b>	<b>621</b>	<b>752</b>	<b>2,211</b>	<b>2,491</b>
YoY Change (%)	33.6	19.3	18.8	15.0	15.1	11.3	12.6	12.1	20.6	35.9
Total Expenditure	430	454	494	598	495	507	553	667	1,976	2,222
<b>EBITDA</b>	<b>49</b>	<b>56</b>	<b>58</b>	<b>72</b>	<b>56</b>	<b>60</b>	<b>68</b>	<b>85</b>	<b>235</b>	<b>269</b>
Margins (%)	10.2	11.0	10.4	10.8	10.2	10.6	10.9	11.3	10.6	10.8
Depreciation	8	9	9	10	10	10	10	10	37	40
Interest	9	9	9	9	9	8	8	8	35	32
Other Income	11	11	8	10	9	9	9	10	42	37
<b>PBT before EO expense</b>	<b>43</b>	<b>50</b>	<b>48</b>	<b>63</b>	<b>47</b>	<b>51</b>	<b>59</b>	<b>77</b>	<b>204</b>	<b>234</b>
Extra-Ord expense	0	0	0	-1	0	0	0	0	-1	0
<b>PBT</b>	<b>43</b>	<b>50</b>	<b>48</b>	<b>64</b>	<b>47</b>	<b>51</b>	<b>59</b>	<b>77</b>	<b>205</b>	<b>234</b>
Tax	12	11	12	14	12	13	15	18	49	59
Rate (%)	28.1	22.8	24.7	22.1	26.4	25.8	25.8	23.7	24.1	25.2
MI & P/L of Asso. Cos.	6	6	6	6	7	6	6	7	25	25
<b>Reported PAT</b>	<b>25</b>	<b>32</b>	<b>29</b>	<b>44</b>	<b>28</b>	<b>32</b>	<b>37</b>	<b>52</b>	<b>131</b>	<b>150</b>
<b>Adj PAT</b>	<b>25</b>	<b>32</b>	<b>29</b>	<b>43</b>	<b>28</b>	<b>32</b>	<b>37</b>	<b>52</b>	<b>130</b>	<b>150</b>
YoY Change (%)	46.5	44.6	20.0	8.4	11.7	-0.6	27.0	21.3	49.8	15.3
Margins (%)	5.2	6.3	5.3	6.4	5.1	5.6	6.0	7.0	5.9	6.0

**Siemens****Buy****CMP: INR7,519 | TP: INR8,400 (+12%)****EPS CHANGE (%): FY25|26: -|-**

- We expect 8% YoY revenue growth on a high base of 4QFY23.
- Key monitorable – Margin trajectory, execution progress of the locomotive order, tendering pipeline in energy segment and status of HVDC ordering.
- We expect EBITDAM to expand ~280bp on account of expected improvement in margins in energy division, operating leverage, better pricing power and product mix.
- Demand outlook from both government and private sector, and export outlook to be watched keenly.
- We increase our estimates and TP on slightly higher margin assumptions and roll-forward.

**Consolidated - Quarterly Snapshot****(INR m)**

Y/E September	FY23				FY24E				FY23	FY24E
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE		
<b>Net Sales</b>	<b>40,151</b>	<b>48,578</b>	<b>48,732</b>	<b>58,077</b>	<b>48,252</b>	<b>57,499</b>	<b>52,035</b>	<b>62,945</b>	<b>1,95,538</b>	<b>2,20,731</b>
YoY Change (%)	17.4	22.8	14.4	24.7	20.2	18.4	6.8	8.4	21.2	12.9
Total Expenditure	34,159	42,366	43,067	51,075	42,291	48,717	45,120	53,599	1,70,667	1,89,727
<b>EBITDA</b>	<b>5,992</b>	<b>6,212</b>	<b>5,665</b>	<b>7,002</b>	<b>5,961</b>	<b>8,782</b>	<b>6,915</b>	<b>9,346</b>	<b>24,871</b>	<b>31,004</b>
Margins (%)	14.9	12.8	11.6	12.1	12.4	15.3	13.3	14.8	12.7	14.0
Depreciation	761	785	876	786	785	800	855	898	3,208	3,338
Interest	37	99	43	49	34	313	53	20	228	420
Other Income	1,017	1,166	1,324	1,455	1,641	3,210	1,568	1,511	4,962	7,930
<b>PBT before EO expense</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,622</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>9,938</b>	<b>26,397</b>	<b>35,175</b>
Extra-Ord expense	0	0	0	-1	0	0	0	0	-1	0
<b>PBT</b>	<b>6,211</b>	<b>6,494</b>	<b>6,070</b>	<b>7,623</b>	<b>6,783</b>	<b>10,879</b>	<b>7,575</b>	<b>9,938</b>	<b>26,398</b>	<b>35,175</b>
Tax	1,584	1,776	1,513	1,905	1,726	2,851	1,794	2,661	6,778	9,032
Rate (%)	25.5	27.3	24.9	25.0	25.4	26.2	23.7	26.8	25.7	25.7
<b>Reported PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,718</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>7,277</b>	<b>19,620</b>	<b>26,143</b>
<b>Adj PAT</b>	<b>4,627</b>	<b>4,718</b>	<b>4,557</b>	<b>5,717</b>	<b>5,057</b>	<b>8,028</b>	<b>5,781</b>	<b>7,277</b>	<b>19,619</b>	<b>26,143</b>
YoY Change (%)	86.8	38.8	50.6	49.8	9.3	70.2	26.9	27.3	55.5	33.3
Margins (%)	11.5	9.7	9.4	9.8	10.5	14.0	11.1	11.6	10.0	11.8

**Thermax****Neutral****CMP: INR5,098 | TP: INR4,950 (-3%)****EPS CHANGE (%): FY25|26: -|-**

- We expect revenue to grow 11% YoY and EBITDA margin to expand 140bp YoY to 10.2%.
- Key monitorables – large order pipeline, margin outlook, chemicals segment and subsidiary performance.
- We expect healthy YoY EBITDA and PAT growth of 28% and 13%, respectively.
- Performance of key subsidiaries (FEPL, TOESL) to be monitored closely.

**Consolidated - Quarterly Snapshot****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>19,330</b>	<b>23,025</b>	<b>23,244</b>	<b>27,637</b>	<b>21,844</b>	<b>25,633</b>	<b>28,172</b>	<b>34,824</b>	<b>93,235</b>	<b>1,10,474</b>
YoY Change (%)	16.8	10.9	13.4	19.6	13.0	11.3	21.2	26.0	15.2	18.5
Total Expenditure	18,008	20,978	21,369	24,905	20,433	23,008	25,198	31,294	85,261	99,933
<b>EBITDA</b>	<b>1,322</b>	<b>2,046</b>	<b>1,874</b>	<b>2,732</b>	<b>1,412</b>	<b>2,625</b>	<b>2,974</b>	<b>3,530</b>	<b>7,974</b>	<b>10,541</b>
Margins (%)	6.8	8.9	8.1	9.9	6.5	10.2	10.6	10.1	8.6	9.5
Depreciation	294	330	358	499	360	394	431	475	1,481	1,660
Interest	134	198	266	278	275	342	324	324	876	1,265
Other Income	531	659	584	553	841	514	488	488	2,326	2,332
<b>PBT before EO expense</b>	<b>1,425</b>	<b>2,177</b>	<b>1,834</b>	<b>2,507</b>	<b>1,617</b>	<b>2,404</b>	<b>2,706</b>	<b>3,220</b>	<b>7,943</b>	<b>9,948</b>
Extra-Ord expense	506	0	-1,261						-755	0
<b>PBT</b>	<b>919</b>	<b>2,177</b>	<b>3,095</b>	<b>2,507</b>	<b>1,617</b>	<b>2,404</b>	<b>2,706</b>	<b>3,220</b>	<b>8,698</b>	<b>9,948</b>
Tax	315	589	721	633	519	608	685	705	2,258	2,517
Rate (%)	34.3	27.0	23.3	25.2	32.1	25.3	25.3	21.9	26.0	25.3
<b>Reported PAT</b>	<b>600</b>	<b>1,586</b>	<b>2,371</b>	<b>1,876</b>	<b>1,094</b>	<b>1,796</b>	<b>2,022</b>	<b>2,519</b>	<b>6,432</b>	<b>7,431</b>
<b>Adj PAT</b>	<b>932</b>	<b>1,586</b>	<b>1,403</b>	<b>1,952</b>	<b>1,094</b>	<b>1,796</b>	<b>2,022</b>	<b>2,519</b>	<b>5,873</b>	<b>7,431</b>
YoY Change (%)	58.1	45.3	11.0	24.9	17.4	13.2	44.1	29.1	42.7	15.5
Margins (%)	4.8	6.9	6.0	7.1	5.0	7.0	7.2	7.2	6.3	6.7

**Triveni Turbine****Buy****CMP: INR712 | TP: INR830 (+17%)****EPS CHANGE (%): FY25|26: -|-**

- We expect revenue growth of 26% YoY on account of robust traction in exports and aftermarket, while domestic would be relatively muted.
- Key monitorables – Domestic order inflow, inquiry pipeline and trend in the US business.
- We expect EBITDA margin to improve ~130bp YoY, led by higher aftermarket and exports share.
- Domestic ordering, update on API turbines and performance of 30-100MW segment need to be observed.

**Consolidated - Quarterly Snapshot****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>3,764</b>	<b>3,878</b>	<b>4,317</b>	<b>4,581</b>	<b>4,633</b>	<b>4,879</b>	<b>5,285</b>	<b>5,531</b>	<b>16,539</b>	<b>20,328</b>
YoY Change (%)	45.3	32.4	32.5	23.9	23.1	25.8	22.4	20.8	32.6	22.9
Total Expenditure	3,055	3,134	3,480	3,682	3,677	3,879	4,202	4,404	13,351	16,161
<b>EBITDA</b>	<b>709</b>	<b>744</b>	<b>837</b>	<b>898</b>	<b>956</b>	<b>1,000</b>	<b>1,083</b>	<b>1,128</b>	<b>3,188</b>	<b>4,167</b>
Margins (%)	18.8	19.2	19.4	19.6	20.6	20.5	20.5	20.4	19.3	20.5
Depreciation	49	51	55	53	62	62	62	63	208	249
Interest	7	6	6	7	10	5	5	0	27	20
Other Income	134	146	172	171	194	194	198	208	622	794
<b>PBT before EO expense</b>	<b>786</b>	<b>832</b>	<b>949</b>	<b>1,009</b>	<b>1,078</b>	<b>1,126</b>	<b>1,215</b>	<b>1,273</b>	<b>3,576</b>	<b>4,692</b>
<b>PBT</b>	<b>786</b>	<b>832</b>	<b>949</b>	<b>1,009</b>	<b>1,078</b>	<b>1,126</b>	<b>1,215</b>	<b>1,273</b>	<b>3,576</b>	<b>4,692</b>
Tax	177	190	264	252	274	283	305	317	883	1,180
Rate (%)	22.4	22.8	27.8	25.0	25.4	25.1	25.1	24.9	24.7	25.1
MI & Profit/Loss of Asso. Cos.	0	-2	-2	5					2	
<b>Reported PAT</b>	<b>610</b>	<b>644</b>	<b>686</b>	<b>751</b>	<b>804</b>	<b>843</b>	<b>909</b>	<b>956</b>	<b>2,691</b>	<b>3,512</b>
<b>Adj PAT</b>	<b>610</b>	<b>644</b>	<b>686</b>	<b>751</b>	<b>804</b>	<b>843</b>	<b>909</b>	<b>956</b>	<b>2,691</b>	<b>3,512</b>
YoY Change (%)	59.2	39.0	30.4	35.1	31.8	31.0	32.6	27.2	39.5	30.3
Margins (%)	16.2	16.6	15.9	16.4	17.4	17.3	17.2	17.3	16.3	17.3

**Zen Technologies****Buy****CMP: INR1,707 | TP: INR1,900 (+11%)****EPS CHANGE (%): FY25|26: +1|+3**

- Expect revenue to improve sharply on a low base of last year on account of strong order book and execution of orders in domestic market and export orders.
- Key monitorables – Order inflows of both, simulators & anti-drones in domestic and export market in following years.
- We expect EBITDA margin to improve ~100bp YoY and a strong growth in PAT on improved order book mix.
- We increase our TP on slightly higher margin expectations.
- Launch of new remote-controlled weapon systems, and grant of patent for Advanced Infantry Training System, to support future growth

**Consolidated - Quarterly Snapshot****(INR m)**

Y/E March	FY24				FY25E				FY24	FY25E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Net Sales</b>	<b>1,324</b>	<b>640</b>	<b>981</b>	<b>1,357</b>	<b>2,540</b>	<b>2,001</b>	<b>2,274</b>	<b>2,281</b>	<b>4,303</b>	<b>9,094</b>
YoY Change (%)	298.5	203.1	197.8	83.0	91.7	212.5	131.8	68.0	166.5	111.4
Total Expenditure	663	423	539	906	1,508	1,301	1,428	1,403	2,530	5,639
<b>EBITDA</b>	<b>662</b>	<b>218</b>	<b>442</b>	<b>451</b>	<b>1,032</b>	<b>700</b>	<b>846</b>	<b>878</b>	<b>1,772</b>	<b>3,456</b>
Margins (%)	50.0	34.0	45.1	33.2	40.6	35.0	37.2	38.5	41.2	38.0
Depreciation	15	18	19	22	22	23	23	23	73	90
Interest	4	4	4	6	10	6	6	6	18	28
Other Income	26	48	42	23	30	35	35	35	139	137
<b>PBT before EO expense</b>	<b>670</b>	<b>243</b>	<b>461</b>	<b>446</b>	<b>1,030</b>	<b>707</b>	<b>853</b>	<b>885</b>	<b>1,820</b>	<b>3,475</b>
<b>PBT</b>	<b>670</b>	<b>243</b>	<b>461</b>	<b>422</b>	<b>1,030</b>	<b>707</b>	<b>853</b>	<b>885</b>	<b>1,796</b>	<b>3,475</b>
Tax	199	70	144	140	288	212	256	297	552	1,053
Rate (%)	29.6	28.7	31.2	33.2	28.0	30.0	30.0	33.6	30.7	30.3
<b>Reported PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>282</b>	<b>742</b>	<b>495</b>	<b>597</b>	<b>588</b>	<b>1,244</b>	<b>2,422</b>
<b>Adj PAT</b>	<b>471</b>	<b>173</b>	<b>317</b>	<b>306</b>	<b>742</b>	<b>495</b>	<b>597</b>	<b>588</b>	<b>1,268</b>	<b>2,422</b>
YoY Change (%)	474.2	279.1	467.2	77.3	57.4	185.5	88.5	91.9	237.0	90.9
Margins (%)	35.6	27.1	32.3	22.6	29.2	24.7	26.3	25.8	29.5	26.6

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

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