

India

**ADD** (no change)

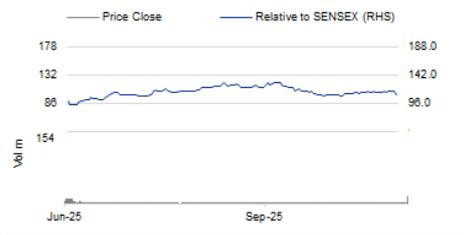
Consensus ratings\*: Buy 5 Hold 3 Sell 3

Current price:	Rs3,163
Target price: ▲	Rs3,900
Previous target:	Rs3,850
Up/downside:	23.3%
InCred Research / Consensus:	23.3%
Reuters:	
Bloomberg:	ENRIN IN
Market cap:	US\$12,622m
	Rs1,126,374m
Average daily turnover:	US\$18.4m
	Rs1643.7m
Current shares o/s:	356.0m
Free float:	25.0%

\*Source: Bloomberg

**Key changes in this note**

- We raise FY26F/27F estimates by 7%/1%, respectively, on the back of strong execution, 20-21% OPM, and normalisation of other line items.



<b>Price performance</b>	1M	3M	12M
Absolute (%)	0.8	(6.3)	0.0
Relative (%)	0.0	(10.2)	0.0

<b>Major shareholders</b>	% held
Promoters	75.0
FII's	4.8
DII's	9.1

**Research Analyst(s)**

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# Siemens Energy

## Extending strength into next year

- Siemens Energy beat street's 4QFY25 revenue/EBITDA/PAT by 23%/10%/2% on the back of strong project biz execution in power transmission (+48% YoY).
- Order inflow came in flattish YoY at Rs23.5bn (advancement of orders last quarter). Backlog grew by 47% YoY to Rs162.1bn (2.1x FY25 sales).
- Maintain ADD rating with a higher target price of Rs3,900 as we build in one HVDC worth Rs48bn in FY26F and assign 65x on FY27F EPS of Rs59.6.

### Strong broad-based execution-led growth

4QFY25 revenue of Siemens Energy grew by 27.3% YoY to Rs26.5bn. Gross margin grew by 100bp YoY to 35.6%. The EBITDA margin came in at 18.1% vs.18.5% in 4QFY24 and 19.1% last quarter (hit due to higher revenue mix of project business). PAT grew by 31.4% YoY to Rs3.6bn. Order inflows were flattish YoY at Rs23.5bn. Backlog at Rs162.1bn (2.1x FY25 sales). The company's board recommended a dividend of Rs4/share. **Segmental:** Power transmission segment's revenue grew by 48% YoY to Rs13.6bn (51.4% mix). The EBIT margin stood at 18.1% (+200bp YoY). Power generation revenue rose by 11% YoY to Rs12.9bn (48.6% mix). The EBIT margin stood at 15.6% (320bp down YoY).

### A case of diversification and longevity

The ongoing global transmission super-cycle on the back of energy transition theme provides visibility, not to mention potential scale-up in industrial capex (once private capex picks up) where it has diverse offerings such as turbines, compressors, gensets, etc. comprising ~50% of revenue mix. We feel that over next few years, around eight-to-nine HVDCs (~five being VSCs) domestically shall be prime growth drivers, apart from playing a crucial role as feeders to parent group cos. Siemens Energy is a potential candidate for imminent margin uptick led by high-margin VSC HVDCs in pipeline along with exports.

### Optimistic outlook, given golden pipeline at play

Siemens Energy, listed on stock exchanges on 19 Jun 2025 (demerged from Siemens India), tactically focuses across entire energy value chain offering customers greater focus and agility, while unlocking shareholder value. Given strong electrification demand in India (Rs9.15tn T&D capex over 2023-32F;nine HVDCs in pipeline), public capex uptick, and growth in data centres, the company is incurring a capex of Rs2.8bn for expanding its HV switchgear and transformer capacities which cater to both domestic and export demand.

### Outlook and valuation

We build in one HVDC worth Rs48bn (likely Khavda-South Olpad VSC) in FY26F as base order inflow should continue to showcase ~30%-plus CAGR over the next two-to-three years on the back of energy transition playing out as a global theme, with MNCs being better positioned given exports a key optionality. Maintain ADD rating on stock with a higher target price of Rs3,900 (Rs3,850 earlier). Downside risks: Export slowdown, working capital management, execution delay due to supply chain constraints, rising competition, etc.

### Financial summary

	Sep-24A	Sep-25A	Sep-26F	Sep-27F
Revenue (Rsm)	47,596	78,267	101,960	137,677
Operating EBITDA (Rsm)	8,684	15,134	19,984	28,912
Net Profit (Rsm)	6,000	11,001	14,669	21,211
Core EPS (Rs)	16.9	30.9	41.2	59.6
Core EPS Growth	0.0%	83.4%	33.3%	44.6%
FD Core P/E (x)	187.67	102.35	76.76	53.09
DPS (Rs)	0.0	4.0	6.2	8.9
Dividend Yield	0.00%	0.13%	0.20%	0.28%
EV/EBITDA (x)	129.66	72.11	54.32	37.02
P/FCFE (x)	5,989.32	32.98	156.10	64.83
Net Gearing	0.0%	(79.0%)	(72.0%)	(75.0%)
P/BV (x)	35.00	25.70	20.01	15.15
ROE	93.3%	72.4%	55.5%	51.3%
% Change In Core EPS Estimates				
InCred Research/Consensus EPS (x)				

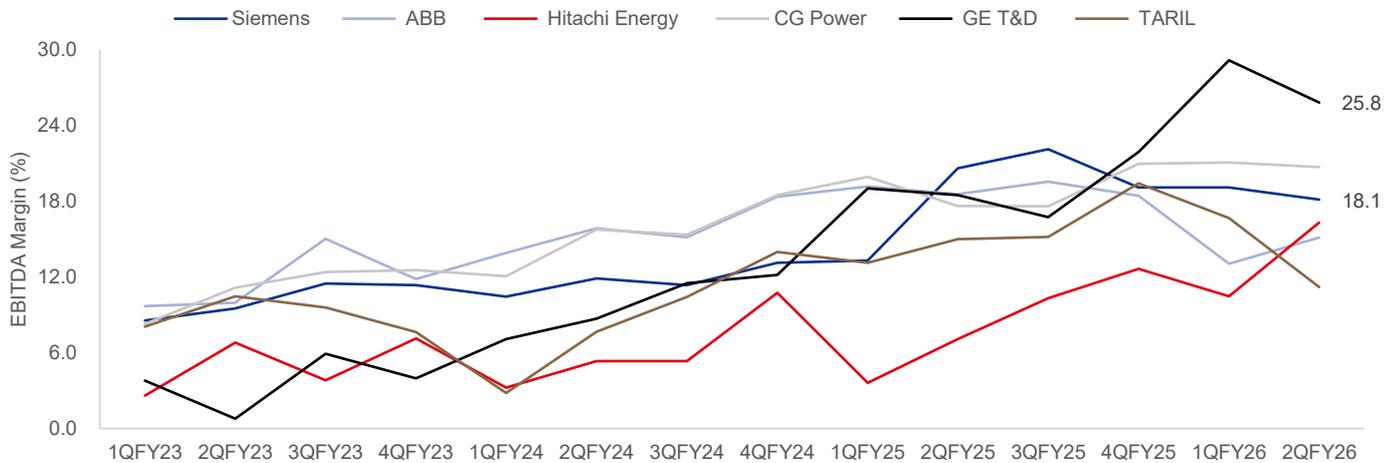
SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 1: Financial snapshot**

Particulars (Rs m)	4QFY25	4QFY24	YoY %	3QFY25	QoQ %	FY25	FY24	YoY %
Revenue	26,457	20,788	27.3	17,846	48.3	78,267	47,596	64.4
COGS	17,036	13,586	25.4	10,400	63.8	45,621	29,270	55.9
Employee expenses	3,074	2,097	46.6	2,417	27.2	9,854	5,428	81.5
Other opex	1,554	1,256	23.7	1,626	(4.4)	7,658	4,214	81.7
Total opex	21,664	16,939	27.9	14,443	50.0	63,133	38,912	62.2
EBITDA	4,793	3,849	24.5	3,403	40.8	15,134	8,684	74.3
D&A	314	191	64.4	266	18.0	1,030	460	123.9
EBIT	4,479	3,658	22.4	3,137	42.8	14,104	8,224	71.5
Interest costs	63	21	200.0	142	(55.6)	282	184	53.3
Other income	368	20	1,740.0	525	(29.9)	1,053	22	4,686.4
Exceptional items								
PBT	4,784	3,657	30.8	3,520	35.9	14,875	8,062	84.5
Tax	1,188	920	29.1	893	33.0	3,874	2,062	87.9
Reported PAT	3,596	2,737	31.4	2,627	36.9	11,001	6,000	83.4
Adjusted PAT	3,596	2,737	31.4	2,627	36.9	11,001	6,000	83.4
Equity capital (FV: INR2)	712	712		712		712	712	
No. of diluted shares outstanding (m)	356	356		356		356	356	
Adjusted diluted EPS	10.1	7.7		7.4		30.9	16.8	
<b>as % of revenue</b>								
COGS	64.4	65.4		58.3		58.3	61.5	
Employee expenses	11.6	10.1		13.5		12.6	11.4	
Other opex	5.9	6.0		9.1		9.8	8.9	
EBITDA	18.1	18.5		19.1		19.3	18.2	
Adjusted PAT	13.6	13.2		14.7		14.1	12.6	
Tax	24.8	25.2		25.4		26.0	25.6	

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**Figure 2: High-voltage transformer players enjoy superior margin (DD/SS mismatch-led), but Siemens Energy lies somewhere in the middle**



SOURCE: INCRED RESEARCH, COMPANY REPORTS

Figure 3: HVDCs pipeline – long runway of growth

HVDC Projects	Tech	Size (GW)	Utility operator	Project cost	HVDC equipment cost	Project details (awarded/likely)
				(Rs bn)	(Rs bn)	
<b>Bhadla-III - Fatehpur (±800 kV HVDC line)</b>	LCC	6	AESL	250	100	Awarded to a consortium comprising Hitachi Energy-BHEL in Apr 2025. 6GW to be evacuated from Rajasthan to demand centres in North (Uttar Pradesh). 950km-long circuit. Commissioning timeline is 4-4.5 years. Hitachi Energy to provide converter trafo, AC/DC control and protection, thyristor valves, 765 kV/400 kV grid connections & auxiliary systems.
<b>Khavda - Nagpur (±800kV HVDC line)</b>	LCC	6	PGCIL	250	100	Awarded to a consortium comprising Hitachi Energy-BHEL in Nov 2024. 6GW to be evacuated from Gujarat to an industrial centre in Nagpur. 1,200km-long circuit. Commissioning timeline is 4-4.5 years (Nov 2028). Engg. and survey under progress. Hitachi Energy to provide converter transformers, AC/DC control and protection, high-voltage GIS, thyristor valves, 765kV/400kV sub-station, and auxiliary systems.
<b>Pang - Kaithal HVDC line (Leh Ladakh)</b>	VSC	5	<p><i>Stands cancelled due to design, technical, logistics issues informed by the sole OEM bidder (likely Siemens Energy) to PGCIL.</i></p> <p><i>Revised proposal: Based on inputs generated during FEED-1 study - estimated cost of the EHVAC scheme is Rs322.39bn (Phase-1 of Rs232.74bn, with 1.67GW evacuation by Jul 2029F and Phase-2 of Rs89.65bn, with 2.33GW evacuation by Dec 2030F).</i></p>		<p>Was initially nominated to Power Grid Corporation of India (PGCIL) way back in 2022 via the RTM route.</p> <p>Design, contractual and technical issues informed by the sole OEM bidder (likely Siemens Energy) due to excessive altitude (4,700m), extreme environmental conditions, high level of UV and cosmic radiation, transportation &amp; logistics issues.</p> <p>Cost of VSC HVDC option works out to be Rs434.56bn.</p> <p>As per the revised proposal, estimated cost at Rs322.39bn. Phase-1 of Rs232.74bn, with 1.67GW evacuation, by Jul 2029F and Phase-2 of Rs89.65bn, with 2.33GW evacuation, by Dec 2030F. Another 1GW to be evaluated later, based on grid performance.</p>	
<b>Barmer-South Kalam (±800 kV HVDC line)</b>	LCC	6		250	100	Scheme to have three parts. HVDC equipment ordering expected by Mar 2026F. Four operators qualified for initial price bids - PGCIL, AESL, Resonia and IndiGrid. Last date of technical and financial bids is currently set at 25 Nov 2025. 900km-long circuit. Commissioning timeline is 4-4.5 years.
<b>Lakadia-Alephata (±800 kV HVDC line)</b>	LCC/VSC	6		250	100	HVDC equipment ordering expected by Mar 2026F. LCC/VSC yet to be decided upon.
<b>Khavda – South Olpad (±500kV HVDC line)</b>	VSC	2.5	AESL	120	48	HVDC equipment ordering expected by Mar 2026F. Both terminals and lines are in Gujarat. 1,200ckm-long circuit. Commissioning timeline is four years.
<b>Bikaner-Begunia (±800 kV HVDC line)</b>	VSC/LCC	6		250	100	HVDC equipment ordering expected by FY27F-28F. Line from Rajasthan to Odisha.
<b>Paradeep-Andaman (±320kV HVDC line)</b>	VSC	0.3		380	152	To be one of world's longest deep-sea UG cable HVDC system of 1,150km-long circuit. Project expected to take five years and proceed in two phases.
<b>India-Sri Lanka (±320 kV HVDC line)</b>	VSC	0.5		120	48	285km-long circuit between Madurai and Anuradhapura (50km submarine cable under Palk Strait). Initial phase of 500GW and it can be further extended to 1GW. To be implemented on nomination basis by PGCIL and Sri Lanka's Ceylon Electricity Board.
<b>India-Singapore (A&amp;N interconnection)</b>	VSC	TBD		TBD	TBD	Under advanced talks, as India plans to export solar power via undersea HV cable via Bay of Bengal and Andaman Sea.
<b>Total</b>		<b>38</b>		<b>1,870</b>	<b>748</b>	

SOURCE: INCRED RESEARCH

Figure 4: Change in our estimates

Particulars (Rs m)	Old		New		Change	
	FY26F	FY27F	FY26F	FY27F	FY26F	FY27F
Revenue	93,375	1,28,619	1,01,960	1,37,677	9.2%	7.0%
EBITDA	18,675	28,296	19,984	28,912	7.0%	2.2%
EBITDA Margin	20.0%	22.0%	19.6%	21.0%		
PAT	13,742	20,936	14,669	21,211	6.7%	1.3%
PAT Margin	14.7%	16.3%	14.4%	15.4%		

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS**

<b>Profit &amp; Loss</b>				
(Rs mn)	Sep-24A	Sep-25A	Sep-26F	Sep-27F
<b>Total Net Revenues</b>	<b>47,596</b>	<b>78,267</b>	<b>101,960</b>	<b>137,677</b>
<b>Gross Profit</b>	<b>18,326</b>	<b>32,646</b>	<b>42,619</b>	<b>57,824</b>
<b>Operating EBITDA</b>	<b>8,684</b>	<b>15,134</b>	<b>19,984</b>	<b>28,912</b>
Depreciation And Amortisation	(460)	(1,030)	(1,328)	(1,628)
<b>Operating EBIT</b>	<b>8,224</b>	<b>14,104</b>	<b>18,657</b>	<b>27,285</b>
Financial Income/(Expense)	(184)	(282)	(310)	(341)
Pretax Income/(Loss) from Assoc.				
Non-Operating Income/(Expense)	22	1,053	1,212	1,338
<b>Profit Before Tax (pre-EI)</b>	<b>8,062</b>	<b>14,875</b>	<b>19,558</b>	<b>28,281</b>
Exceptional Items				
<b>Pre-tax Profit</b>	<b>8,062</b>	<b>14,875</b>	<b>19,558</b>	<b>28,281</b>
Taxation	(2,062)	(3,874)	(4,890)	(7,070)
Exceptional Income - post-tax				
<b>Profit After Tax</b>	<b>6,000</b>	<b>11,001</b>	<b>14,669</b>	<b>21,211</b>
Minority Interests				
Preferred Dividends				
FX Gain/(Loss) - post tax				
Other Adjustments - post-tax				
<b>Net Profit</b>	<b>6,000</b>	<b>11,001</b>	<b>14,669</b>	<b>21,211</b>
Recurring Net Profit	6,000	11,001	14,669	21,211
<b>Fully Diluted Recurring Net Profit</b>	<b>6,000</b>	<b>11,001</b>	<b>14,669</b>	<b>21,211</b>

<b>Cash Flow</b>				
(Rs mn)	Sep-24A	Sep-25A	Sep-26F	Sep-27F
EBITDA	8,684	15,134	19,984	28,912
Cash Flow from Invt. & Assoc.				
Change In Working Capital	(7,533)	23,444	(5,882)	(2,473)
(Incr)/Decr in Total Provisions				
Other Non-Cash (Income)/Expense				
Other Operating Cashflow	322			
Net Interest (Paid)/Received				
Tax Paid		(2,280)	(4,890)	(7,070)
<b>Cashflow From Operations</b>	<b>1,473</b>	<b>36,298</b>	<b>9,213</b>	<b>19,369</b>
Capex	(1,285)	(2,160)	(2,000)	(2,000)
Disposals Of FAs/subsidiaries				
Acq. Of Subsidiaries/investments				
Other Investing Cashflow				
<b>Cash Flow From Investing</b>	<b>(1,285)</b>	<b>(2,160)</b>	<b>(2,000)</b>	<b>(2,000)</b>
Debt Raised/(repaid)				
Proceeds From Issue Of Shares				
Shares Repurchased				
Dividends Paid			(2,200)	(3,182)
Preferred Dividends				
Other Financing Cashflow	(198)	(553)	902	996
<b>Cash Flow From Financing</b>	<b>(198)</b>	<b>(553)</b>	<b>(1,299)</b>	<b>(2,185)</b>
Total Cash Generated	(10)	33,585	5,914	15,184
<b>Free Cashflow To Equity</b>	<b>188</b>	<b>34,138</b>	<b>7,213</b>	<b>17,369</b>
<b>Free Cashflow To Firm</b>	<b>188</b>	<b>34,138</b>	<b>7,213</b>	<b>17,369</b>

SOURCE: INCRED RESEARCH, COMPANY REPORTS

**BY THE NUMBERS...cont'd**

<b>Balance Sheet</b>				
<b>(Rs mn)</b>	<b>Sep-24A</b>	<b>Sep-25A</b>	<b>Sep-26F</b>	<b>Sep-27F</b>
Total Cash And Equivalents		34,620	40,534	55,718
Total Debtors	18,775	19,205	25,019	33,783
Inventories	7,736	7,603	9,890	13,308
Total Other Current Assets	36,283	24,349	25,566	26,845
<b>Total Current Assets</b>	<b>62,794</b>	<b>85,777</b>	<b>101,009</b>	<b>129,654</b>
Fixed Assets	4,293	5,361	6,033	6,406
Total Investments	1,272	1,451	1,451	1,451
Intangible Assets	521	759	759	759
Total Other Non-Current Assets				
<b>Total Non-current Assets</b>	<b>6,086</b>	<b>7,571</b>	<b>8,243</b>	<b>8,616</b>
Short-term Debt				
Current Portion of Long-Term Debt				
Total Creditors	29,802	42,663	45,861	56,600
Other Current Liabilities	4,055	4,755	4,993	5,242
<b>Total Current Liabilities</b>	<b>33,857</b>	<b>47,418</b>	<b>50,854</b>	<b>61,842</b>
Total Long-term Debt				
Hybrid Debt - Debt Component				
Total Other Non-Current Liabilities	4,452	4,221	4,221	4,221
<b>Total Non-current Liabilities</b>	<b>4,452</b>	<b>4,221</b>	<b>4,221</b>	<b>4,221</b>
Total Provisions	(1,597)	(2,104)	(2,104)	(2,104)
<b>Total Liabilities</b>	<b>36,712</b>	<b>49,535</b>	<b>52,971</b>	<b>63,959</b>
Shareholders Equity	32,168	43,813	56,281	74,310
Minority Interests				
<b>Total Equity</b>	<b>32,168</b>	<b>43,813</b>	<b>56,281</b>	<b>74,310</b>

<b>Key Ratios</b>				
	<b>Sep-24A</b>	<b>Sep-25A</b>	<b>Sep-26F</b>	<b>Sep-27F</b>
Revenue Growth		64.4%	30.3%	35.0%
Operating EBITDA Growth		74.3%	32.0%	44.7%
Operating EBITDA Margin	18.2%	19.3%	19.6%	21.0%
Net Cash Per Share (Rs)		97.25	113.86	156.51
BVPS (Rs)	90.36	123.07	158.09	208.74
Gross Interest Cover	44.70	50.01	60.14	79.96
Effective Tax Rate	25.6%	26.0%	25.0%	25.0%
Net Dividend Payout Ratio				
Accounts Receivables Days	nm	71.99	44.78	44.78
Inventory Days	nm	48.23	30.41	30.41
Accounts Payables Days	185.82	170.67	141.04	129.36
ROIC (%)	18.1%	107.3%	85.3%	106.3%
ROCE (%)	134.5%	97.6%	73.8%	68.7%
Return On Average Assets	44.5%	34.6%	27.4%	26.2%

SOURCE: INCRED RESEARCH, COMPANY REPORTS

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## Recommendation Framework

### Stock Ratings

Definition:

- Add** The stock's total return is expected to exceed 10% over the next 12 months.
- Hold** The stock's total return is expected to be between 0% and positive 10% over the next 12 months.
- Reduce** The stock's total return is expected to fall below 0% or more over the next 12 months.

*The total expected return of a stock is defined as the sum of the: (i) percentage difference between the target price and the current price and (ii) the forward net dividend yields of the stock. Stock price targets have an investment horizon of 12 months.*

### Sector Ratings

Definition:

- Overweight** An Overweight rating means stocks in the sector have, on a market cap-weighted basis, a positive absolute recommendation.
- Neutral** A Neutral rating means stocks in the sector have, on a market cap-weighted basis, a neutral absolute recommendation.
- Underweight** An Underweight rating means stocks in the sector have, on a market cap-weighted basis, a negative absolute recommendation.

### Country Ratings

Definition:

- Overweight** An Overweight rating means investors should be positioned with an above-market weight in this country relative to benchmark.
- Neutral** A Neutral rating means investors should be positioned with a neutral weight in this country relative to benchmark.
- Underweight** An Underweight rating means investors should be positioned with a below-market weight in this country relative to benchmark.