

Sector Update

June 5, 2025

Top Picks

Kirloskar Pneumatic

Voltamp Transformers

Triveni Turbine

ABB India

Q4FY25 Review; healthy quarter despite high base

Our capital goods and defence coverage universe reported a healthy quarterly performance with cumulative revenue growth of 8.6% YoY to Rs1.5trn and EBITDA/PAT growth of 7.2%/6.9% YoY to Rs224bn/Rs153bn despite a higher base. The product companies continued to benefit from strong domestic demand while the Chinese dumping, geopolitical and tariff related uncertainties dented the export business of product and industrial consumable companies. The project companies saw better execution and increasing traction from Power T&D, Infrastructure, Data Centers and O&G while the Defence companies outperformed on the back better execution amid push for defence indigenization. Cumulative order intake growth of 10.2% to ~Rs1.7trn was largely driven by traction in electronics, data center, power T&D, renewable energy and O&G.

Product companies reported healthy cumulative revenue growth (+9.1% YoY) against a high base primarily led by robust domestic demand. Exports were largely impacted due to geopolitical and reciprocal tariff related uncertainties. The EBITDA margins largely improved YoY driven by better operating leverage in most companies. The order intake was driven by sectors such as Data centers, T&D, electronics, O&G and Railway equipment.

Project companies (ex. Defence) reported healthy cumulative revenue growth of 11.5% YoY (+13.3% YoY ex. L&T) aided by healthy execution in Power T&D, civil infrastructure, O&G and Buildings & Factories segments. L&T's revenue growth of 10.9% YoY was largely driven by better execution in domestic business. EBITDA margins for project companies largely improved during the quarter owing to the benefits of operating leverage and better revenue mix. Meanwhile, the labor shortages remained a headwind for the project companies.

Industrial consumable companies reported marginal improvement in the revenue (+1.2% YoY) aided by resilient domestic demand however the Chinese dumping, geopolitical and tariff related uncertainties significantly affected the export business. The margins of the consumable companies declined YoY in Q4 primarily due to an unfavorable product mix and decline in its export business.

Defence companies: HAL reported -7.2% YoY growth in Q4FY25 against a high base while Bharat Electronics (+6.9% YoY) and BEML (+9.2% YoY) reported healthy growth. The EBITDA margins of the defence companies largely increased due to better execution and operational efficiencies. Defence companies continued to benefit from the government's push on the indigenization while the geopolitical events during the quarter led to Emergency Procurement from government which will lead to additional orders for the defence companies.

Amit Anwani

amitanwani@plindia.com | 91-22-66322250

Prathmesh Salunkhe

prathmeshsalunkhe@plindia.com | 91-22-66322324

Hitesh Agarwal

hiteshagarwal@plindia.com | 91-22-66322535

Exhibit 1: Conviction Picks Commentary

Kirloskar Pneumatic	We believe KKPC is well placed for healthy long-term growth driven by 1) products launches in air compression (Tezcatlipoca, ARiA) to capture centrifugal and low-end screw compressor markets that are import dominated, 2) market leadership in up/mid/downstream oil & gas and CNG mother stations, where the investment pipelines are robust, 3) new products – Calana and Jarilo – to address opportunities in CNG daughter stations and CBG plants respectively, 4) launch of Khione and acquisition of S&C India to enhance penetration in commercial and industrial refrigeration, 5) focus on building in house IP and backward integration capabilities, and 6) strong cash flows and balance sheet.
Voltamp Transformers	We remain positive on VAMP considering its 1) strong market position in industrial transformers, 2) healthy demand momentum, 3) debt-free balance sheet, 4) consistent free cash flow generation, and 5) growing high-margin services business.
Triveni Turbine	We believe TRIV's prospects continue to remain strong due to 1) healthy enquiry pipeline across markets, 2) growing share of higher margin exports & aftermarket sales, 3) strong traction in both industrial & API drive turbines, and 4) robust order book with strong inflows across businesses.
ABB India	We remain positive on ABB given 1) increasing traction for energy efficient and premium quality products, 2) resilient business model, 3) focus on high-growth areas such as data centers, rail & metro, renewables and electronics, and 4) strong domestic order pipeline.

Source: Company, PL

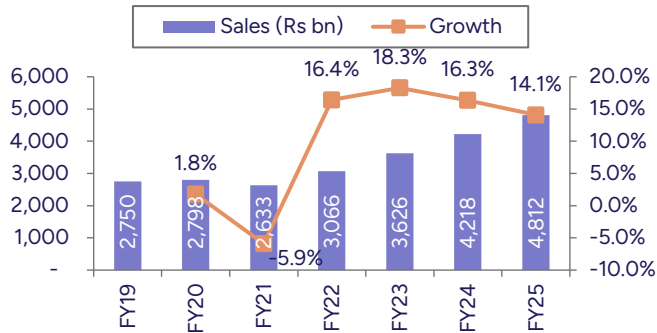
Exhibit 2: Q4FY25 Result Snapshot

(Rs mn)	Sales			EBITDA			Adj. PAT			Order Inflow		
	Q4FY25	Q4FY24	YoY gr.	Q4FY25	Q4FY24	YoY gr.	Q4FY25	Q4FY24	YoY gr.	Q4FY25	Q4FY24	YoY gr.
ABB India	31,596	30,804	2.6%	5,823	5,652	3.0%	4,741	4,596	3.2%	37,510	36,070	4.0%
Apar Industries	52,098	44,551	16.9%	4,582	4,267	7.4%	2,500	2,362	5.8%	21,140	30,180	-30.0%
BEML	16,525	15,137	9.2%	4,225	3,704	14.1%	2,876	2,568	12.0%	10,350	11,260	-8.1%
Bharat Electronics	91,197	85,285	6.9%	27,890	22,800	22.3%	21,048	17,835	18.0%	1,00,343	80,341	24.9%
BHEL	89,934	82,603	8.9%	8,317	7,279	14.3%	5,040	4,844	4.1%	4,45,880	4,18,590	6.5%
Carborundum Universal	12,171	12,012	1.3%	1,463	2,094	-30.1%	291	1,348	-78.4%	-	-	NA
Cummins India	24,569	23,162	6.1%	5,197	5,443	-4.5%	5,214	5,615	-7.2%	-	-	NA
Engineers India	10,102	8,051	25.5%	2,184	775	182.0%	1,973	1,155	70.8%	11,989	3,597	233.3%
Elgi Equipments	9,929	8,659	14.7%	1,499	1,252	19.7%	1,020	765	33.4%	-	-	NA
GE Vernova T&D	11,525	9,136	26.2%	2,671	1,110	140.8%	1,977	663	198.3%	29,911	13,349	124.1%
Grindwell Norton	7,095	6,911	2.7%	1,273	1,250	1.9%	925	926	-0.1%	-	-	NA
Harsha Engineers	3,730	3,804	-2.0%	352	545	-35.5%	(116)	368	-131.5%	-	-	NA
Hindustan Aeronautics	1,36,999	1,47,688	-7.2%	52,949	59,013	-10.3%	39,767	43,087	-7.7%	-	-	NA
Ingersoll-Rand India	3,223	2,987	7.9%	835	735	13.5%	677	639	5.9%	-	-	NA
KEC International	68,721	61,648	11.5%	5,388	3,880	38.9%	2,682	1,518	76.7%	26,890	52,520	-48.8%
Kalpataru Projects	62,042	51,470	20.5%	5,232	4,000	30.8%	2,657	1,750	51.8%	52,940	1,19,570	-55.7%
Kirloskar Pneumatic	5,916	4,900	20.7%	1,097	916	19.8%	830	665	24.7%	3,600	5,200	-30.8%
L&T	7,43,923	6,70,787	10.9%	82,025	72,340	13.4%	50,225	43,025	16.7%	8,96,130	7,21,500	24.2%
Praj Industries	8,597	10,186	-15.6%	754	1,262	-40.3%	398	919	-56.7%	10,320	9,240	11.7%
Siemens	42,590	41,524	2.6%	5,301	6,369	-16.8%	4,540	5,067	-10.4%	53,050	36,970	43.5%
Thermax	30,849	27,637	11.6%	2,997	2,732	9.7%	2,057	1,876	9.7%	21,190	23,090	-8.2%
Triveni Turbine	5,380	4,581	17.5%	1,204	898	34.0%	939	760	23.6%	6,280	4,351	44.3%
Voltamp	6,248	5,042	23.9%	1,164	1,007	15.5%	968	935	3.5%	3,301	4,740	-30.4%
Total	14,74,959	13,58,561	8.6%	2,24,422	2,09,321	7.2%	1,53,229	1,43,286	6.9%	17,30,825	15,70,568	10.2%

Source: Company, PL

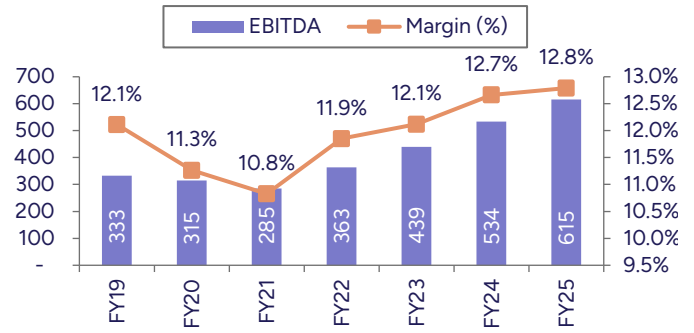
Story in charts:

Exhibit 3: Cumulative sales grew 14.1% YoY in FY25



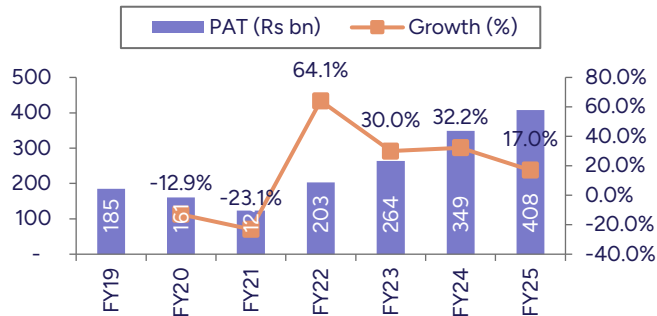
Source: Company, PL

Exhibit 4: Cumulative EBITDA margin improved in FY25



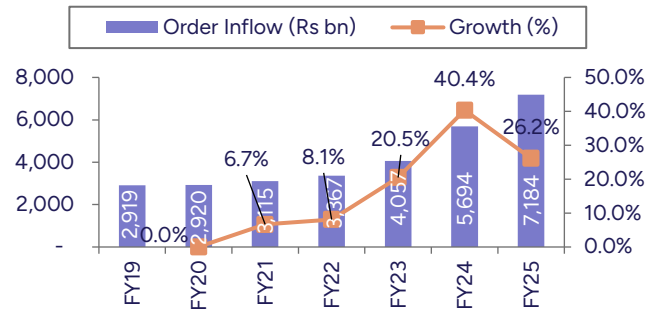
Source: Company, PL

Exhibit 5: Cumulative PAT grew 17.0% YoY in FY25



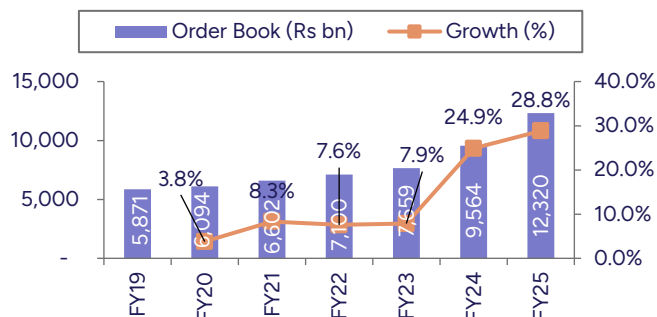
Source: Company, PL

Exhibit 6: Strong order booking momentum continues



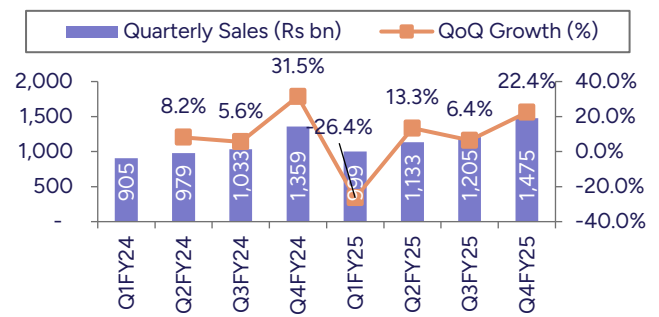
Source: Company, PL

Exhibit 7: Order books continue to expand



Source: Company, PL

Exhibit 8: Q4FY25 Revenue grew 8.6% YoY to Rs1.5trn



Source: Company, PL

Exhibit 9: Valuation Summary

Company Names	S/ C	Rating	CMP (Rs)	TP (Rs)	MCap (Rs bn)	Sales (Rs bn)				EBITDA (Rs bn)				PAT (Rs bn)				EPS (Rs)				RoE (%)				PE (x)			
						FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E	FY24	FY25E	FY26E	FY27E
ABB India*	S	BUY	6,042	6,851	1,280.2	104.5	121.9	138.3	157.7	14.9	23.1	24.5	27.9	12.5	18.7	20.1	23.0	58.9	88.5	95.0	108.8	22.9	28.8	26.2	25.5	102.6	68.3	63.6	55.6
Apar Industries	C	ACC	7,950	7,825	319.3	161.5	185.8	225.9	264.0	15.2	15.5	18.3	21.8	8.3	8.2	9.8	11.8	205.4	204.5	244.4	294.5	27.0	19.6	20.3	21.1	38.7	38.9	32.5	27.0
Bharat Electronics	S	HOLD	391	374	2,855.2	201.7	236.6	273.8	323.4	50.0	67.7	74.0	87.0	40.2	52.9	58.1	68.4	5.5	7.2	8.0	9.4	27.1	29.6	26.9	26.5	71.0	54.0	49.1	41.8
BEML	C	Hold	4,374	4,142	182.1	40.5	40.2	47.6	59.7	4.4	5.1	6.6	8.9	2.8	2.9	4.3	5.9	67.7	70.2	102.6	142.8	11.1	10.5	14.0	17.2	64.6	62.3	42.6	30.6
BHEL	S	HOLD	254	237	883.6	238.9	283.4	389.4	474.6	6.1	12.4	32.7	56.8	2.6	5.1	19.5	37.5	0.7	1.5	5.6	10.8	1.0	2.1	7.5	13.1	340	172.2	45.4	23.5
Carborundum Universal	C	HOLD	962	1,028	183.1	47.0	48.9	51.8	57.3	7.4	7.1	6.7	7.9	4.6	3.6	3.8	4.6	24.2	18.7	19.8	24.2	15.5	10.7	10.3	11.6	39.7	51.5	48.5	39.8
Elgi Equipments	C	ACC	534	559	169.4	32.2	35.1	38.6	43.4	4.9	5.2	6.1	7.1	3.1	3.5	4.1	4.8	9.8	11.1	12.9	15.1	20.9	20.1	20.2	20.0	54.3	48.4	41.3	35.4
Engineers India	C	ACC	232	250	130.5	32.8	30.9	40.2	48.1	3.0	4.3	5.7	7.1	4.0	5.0	6.0	7.2	7.2	8.8	10.7	12.7	19.1	20.2	21.4	23.0	32.3	26.2	21.7	18.2
GE Vernova T&D India	S	ACC	2,360	2,005	604.2	31.7	42.9	59.1	75.5	3.2	8.3	11.4	14.7	1.8	6.2	7.9	10.3	7.1	24.3	30.7	40.1	15.6	41.3	38.4	38.3	333.7	96.9	76.8	58.9
Grindwell Norton	C	HOLD	1,815	1,739	200.9	27.0	28.2	30.6	34.2	5.4	5.3	5.7	6.5	4.0	3.8	4.1	4.8	36.3	34.4	37.4	43.5	20.8	17.7	17.5	18.4	50.0	52.7	48.5	41.7
Harsha Engineers International	C	ACC	388	398	35.3	13.9	14.1	15.2	16.8	1.7	1.7	2.2	2.5	1.1	1.2	1.4	1.7	12.2	12.8	15.9	19.0	9.9	9.6	11.0	11.8	31.7	30.2	24.4	20.5
Hindustan Aeronautics	C	ACC	4,960	5,500	3,317.0	298.3	309.8	337.8	385.8	91.9	96.1	103.1	114.0	70.7	83.6	84.7	92.0	105.7	125.0	126.7	137.5	26.8	26.1	22.3	20.8	46.9	39.7	39.2	36.1
Ingersoll-Rand (India)	S	BUY	3,786	4,522	119.5	12.0	13.4	15.3	17.6	2.7	3.4	3.8	4.4	2.2	2.7	2.9	3.4	70.4	84.7	93.0	107.7	38.4	45.0	45.5	47.4	53.7	44.7	40.7	35.2
KEC International	C	ACC	881	911	234.5	199.1	218.5	250.9	290.3	12.1	15.0	21.0	26.0	3.5	5.5	9.9	13.5	13.0	20.7	37.1	50.6	8.8	11.7	17.1	19.8	67.6	42.5	23.7	17.4
Cummins India	S	BUY	3,347	3,646	927.8	89.6	103.4	116.6	132.7	17.6	20.7	22.9	26.0	16.6	19.1	21.0	24.1	60.0	68.8	75.9	86.8	28.8	28.9	27.7	27.7	55.8	48.7	44.1	38.6
Kalpataru Projects International	S	ACC	1,170	1,268	199.8	167.6	188.9	231.4	280.6	13.7	15.9	20.2	25.7	5.6	6.7	8.9	12.1	32.7	39.3	52.0	70.6	10.1	10.4	11.7	14.3	35.8	29.7	22.5	16.6
Kirloskar Pneumatic Company	C	BUY	1,330	1,636	86.2	13.2	16.4	19.0	22.4	2.0	2.9	3.5	4.3	1.4	2.2	2.5	3.0	21.8	33.2	38.8	46.7	16.5	21.3	21.2	21.8	60.9	40.1	34.3	28.5
Larsen & Toubro	C	BUY	3,627	4,004	4,986.4	2211.1	2557.3	2957.2	3370.1	234.9	264.3	317.8	384.4	129.7	147.1	185.5	232.2	94.3	107.0	134.9	168.8	14.8	16.0	17.4	18.5	38.5	33.9	26.9	21.5
Praj Industries	C	BUY	494	545	90.8	34.7	32.3	35.5	41.7	3.7	3.1	3.5	4.5	2.8	2.0	2.3	3.1	15.4	10.8	12.8	17.0	24.1	14.9	16.1	19.0	32.0	45.8	38.7	29.0
Siemens#	C	ACC	3,309	3,497	1,178.1	192.8	160.8	172.9	197.6	17.2	21.2	22.5	26.2	14.1	17.3	19.0	21.7	39.7	48.6	53.3	60.9	11.4	12.2	11.8	12.2	83.4	68.1	62.1	54.3
Thermax	C	ACC	3,515	3,629	418.8	93.2	103.9	117.1	130.8	8.0	9.1	10.5	12.4	5.9	6.3	7.9	8.9	49.5	53.2	66.2	74.5	14.2	13.5	15.0	15.0	71.1	66.0	53.1	47.2
Triveni Turbine	C	BUY	591	772	188.0	16.5	20.1	24.9	32.4	3.2	4.4	5.6	7.3	2.7	3.6	4.7	6.1	8.5	11.2	14.8	19.3	31.3	33.3	35.3	36.3	69.9	52.6	39.8	30.6
Voltamp Transformers	S	BUY	8,988	10,285	90.9	16.2	19.3	19.4	23.6	3.2	3.7	3.5	4.1	3.1	3.3	3.3	3.7	303.8	321.6	325.7	367.3	25.0	22.1	19.4	19.0	29.6	27.9	27.6	24.5
ABB India	S	BUY	6,042	6,851	1,280.2	104.5	121.9	138.3	157.7	14.9	23.1	24.5	27.9	12.5	18.7	20.1	23.0	58.9	88.5	95.0	108.8	22.9	28.8	26.2	25.5	102.6	68.3	63.6	55.6

Source: Company, PL * Y/e Dec / # Y/e Sep S=Standalone / C=Consolidated / Acc=Accumulate

Some stocks have variation from our rating system regarding the target prices and upsides due to increased market volatility. We have maintained our rating and TP for the stocks in which we have a long-term positive outlook. We shall review and revise the same at appropriate time.

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,851	5,587
2	Apar Industries	Accumulate	7,825	6,928
3	BEML	Accumulate	4,142	4,280
4	Bharat Electronics	BUY	374	364
5	BHEL	Accumulate	237	244
6	Carborundum Universal	Accumulate	1,028	985
7	Cummins India	BUY	3,646	3,169
8	Elgi Equipments	BUY	559	500
9	Engineers India	BUY	250	230
10	GE Vernova T&D India	Accumulate	2,005	1,880
11	Grindwell Norton	Accumulate	1,739	1,773
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	5,500	5,128
14	Ingersoll-Rand (India)	BUY	4,522	3,919
15	Kalpataru Projects International	BUY	1,268	1,116
16	KEC International	Accumulate	911	871
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,497	3,135
21	Thermax	Accumulate	3,629	3,297
22	Triveni Turbine	BUY	772	560
23	Voltamp Transformers	BUY	10,285	8,195

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Buy	: > 15%
Accumulate	: 5% to 15%
Hold	: +5% to -5%
Reduce	: -5% to -15%
Sell	: < -15%
Not Rated (NR)	: No specific call on the stock
Under Review (UR)	: Rating likely to change shortly

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3rd Floor, Sadhana House, 570, P. B. Marg, Worli, Mumbai-400 018, India | Tel: (91 22) 6632 2222 Fax: (91 22) 6632 2209

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