



Q1FY2026 Results Preview

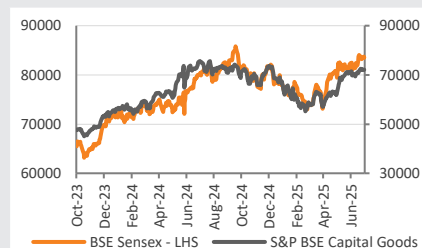
Sector: Capital Goods
Sector View: Positive

Coverage universe

Company	CMP (Rs)	Reco	PT (Rs)
Project based			
Bharat Electronics	418	Buy	445
KEC International	897	Buy	1,000
Kalpataru Power	1,205	Buy	1,570
Ratnamani Metals	2,882	Buy	3,250
Thermax	3,440	Hold	3,600
Triveni Turbines	645	Buy	750
Cummins India	3,520	Buy	4,000
Carborundum Universal	996	Hold	1,040
Hindustan Aeronautics Ltd.	5,009	Positive	6,000
Kirloskar Oil Engines	834	Positive	1,100
Dee Development	300	Positive	380
Va Tech wabag	1,481	Buy	1,770
Larsen & Toubro	3,578	Buy	4,550
Honeywell automation	40,558	Hold	UR
Product based			
Finolex cables	959	Buy	1,250
V-Guard	392	Buy	460
KEI Industries	3,699	Buy	3,800
Polycab India	6,704	Buy	7,300
Amber Enterprises	7,652	Buy	8,142
Blue star Limited	1,808	Buy	1,900
Dixon Technologies	15,711	Buy	18,500
Power			
NTPC	344	Buy	400
Power Grid	300	Buy	350
Tata Power	400	Buy	485
CESC	181	Buy	195

Source: Company, Mirae Asset Sharekhan Research estimates;
UR - Under Review

Price chart



Source: NSE India, Mirae Asset Sharekhan Research

Capital Goods

Strong execution to continue driving growth

Summary

- Our universe is likely to report ~18.7% y-o-y revenue growth in Q1FY2026. Most project-based companies would post healthy double-digit revenue growth backed by strong order book. Product-based companies would witness stable growth of ~15.2% (ex-EMS companies Dixon and Amber).
- OPM would remain flat at 11% showcasing a decline of 12bps y-o-y. Net profit is expected to grow by ~15.4% y-o-y, driven by healthy revenue and operating leverage.
- Power companies in our coverage are expected to report Revenue/EBITDA/PAT growth of 1.5%/1.5%/5.4% y-o-y. Company-wise PAT growth is as follows: NTPC - 4.4% y-o-y, Powergrid - 5.8% y-o-y, Tata Power - 7.1% y-o-y, CESC - 8.5% y-o-y.
- Preferred Picks:** Project-based companies - We prefer BEL, HAL, KOEL, Triveni Turbine, KEC International and Kalpataru Projects; while in EMS - Dixon Technologies, Amber Enterprises and consumer electricals (products) space, we prefer, Polycab India, KEI and V-Guard. In power, we like NTPC, Powergrid and Tata Power.

Growing capacity expansion in data centers bodes well for domestic capital goods companies. We believe that sectors such as defence, electronics manufacturing, railways, renewables, and transmission & distribution (T&D) will continue to grow strongly. Additionally, the new energy theme remains promising and is likely to maintain its positive trajectory. Our coverage universe is likely to post strong results with strong revenue growth backed by execution of existing orderbook. We expect a ~14% y-o-y revenue growth for project-based companies, OPM is expected to marginally improve by 17 bps. For product-based companies, revenue growth is likely to be ~15% (ex-EMS companies Dixon and Amber). Cables & wires (C&W) companies are expected to report decent volume growth on a higher base. OPM is expected to shrink by 12 bps y-o-y. Order inflows were strong for selective businesses such as T&D, data centres, renewable energy, etc. Strong execution of existing strong order book of the companies will drive performance.

- Healthy execution and strong bottom-line expected:** Capital goods coverage universe (including product-based companies) is expected to post ~18.7% y-o-y growth. OPM is expected to dip slightly by ~12 bps y-o-y. Project-based companies are expected to see revenue growth of ~14.4%, led by healthy execution of all-time high order backlog of all the companies including defence stocks such as HAL and BEL. OPM would rise by ~48 bps to 15.3% as an benefit of operating leverage. PAT is expected to grow at by ~9.0% y-o-y as sectors like T&D, Defence to keep trend of strong executions. Order booking remained strong for Defence, T&D and infrastructure companies.
- Defence sector:** Continuous spending on defence sector is clearly visible with the Defence Acquisition Council approving Rs 400 billion for emergency procurement, including surveillance drones and anti-drone missiles. Exports, particularly in defence platforms like the Akash missile system, MRSAM, and integrated defence control solutions, also contributed, with a noted focus on international markets. The emergence procurement orders are expected to benefit the defence players to gain order inflows in the short term.
- Power sector:** Power demand fell in Q1FY26 to 446 Billion units (BU), by 1.3% y-o-y. The consumption was weak because of the early onset of the monsoon. Demand is soft but should converge to the GDP growth rate in the medium to long term. In Power PSUs, NTPC will have moderate generation and sales growth, but net profit to grow 4.4% y-o-y with capacity additions. Powergrid is expected to see an improvement with PAT growth of 5.8% y-o-y because of decent capitalization. Tata Power is likely to report good results with net profit growth of 7.1% y-o-y due to increased renewable energy capacity and good performance in its solar business. CESC is expected to have a modest quarter with weak generation but rise in PAT by 8.5%. Our coverage universe is expected to report a Revenue/EBITDA/PAT growth of 1.5%/1.6%/5.4% on a y-o-y basis.

Valuation:

We expect our capital goods universe to continue to perform well, driven by strong execution of highest ever order books. Order intake was encouraging in all the key sectors like power, metro, railways, T&D, data centre and automaton. We continue to like companies with a well-diversified order book and revenue base, margin tailwinds and reasonable valuations. We remain optimistic on the public capex cycle backed by government policies and measurements.

Key Risks: Delay in uptick in private capex and continuing weak export demand.

Leaders: BEL, KPIL, KEC, Triveni Turbines, Amber Enterprises, Dixon Technologies and Tata Power.

Laggards: Ratnamani Metals, Carborundum Universal and Honeywell Automation.

Preferred Picks: L&T, BEL, HAL, KOEL, Va Tech Wabag, ISGEC Heavy Engineering, Amber Enterprises, Dixon Technologies, KEC, KKC, KPIL, and Polycab India. In power, we like NTPC, PowerGrid and Tata Power.

Q1FY2026 Result Preview

Particulars	Sales (Rs. crore)				OPM (%)				PAT (Rs. crore)			
	Q1 FY26E	Q1 FY25	YoY (%)	QoQ (%)	Q1 FY26E	Q1 FY25	YoY (bps)	QoQ (bps)	Q1 FY26E	Q1 FY25	YoY (%)	QoQ (%)
Larsen & Toubro	62837	55120	14.0	-15.5	10.2	10.2	1	-83	3770	2786	35.3	-24.9
Bharat Electronics	4880	4244	15.0	-46.7	24.0	22.3	166	-678	927	791	17.2	-56.4
KEC International	5189	4512	15.0	-24.5	6.8	6.0	81	-104	109	88	24.4	-59.4
Kalpataru Projects	4466	3722	20.0	-28.0	8.3	8.4	-14	-12	156	117	33.6	-35.1
Ratnamani Metals	1278	1184	8.0	-25.5	16.0	13.9	214	-162	141	106	32.7	-30.8
Thermax	2447	2184	12.0	-20.7	9.0	6.5	254	-71	147	116	26.8	-28.2
Triveni Turbines	542	463	17.0	23.2	22.0	20.6	136	-38	92	81	13.3	-2.6
Cummins India	2627	2304	14.0	6.9	20.5	20.3	22	-65	525	420	25.1	0.8
Carborundum Universal	1281	1197	7.0	5.3	11.0	16.2	-516	-102	103	113	-9.2	263.2
Hindustan Aeronautics Ltd.	5000	4348	15.0	-63.5	24.0	22.8	121	-1472	1400	1437	-2.6	-64.6
Kirloskar Oil Engines	1450	1343	8.0	2.7	12.0	14.7	-272	-9	102	135	-24.6	1.3
Dee Development	215	185	16.0	-25.0	15.0	13.4	160	-709	19	3	506.1	-39.6
Va Tech Wabag	727	627	15.9	23.0	13.2	12.9	108	109	67	55	21.8	28.4
Honeywell Automation	1104	960	15.0	30.2	14.0	16.1	190	-164	133	137	-2.9	15.3
Project based companies	31206	27274	14.4	-36.2	15.3	14.8	48	-740	3920	3598	9.0	-51.1
Finolex cables	1354	1230	10.0	-15.1	10.3	10.3	-1	-41	135	123	10.0	-29.4
V-Guard	1585	1415	12.0	7.1	8.5	9.1	-57	34	92	82	11.6	17.8
KEI Industries	2411	2060	17.0	-17.3	10.0	10.4	-41	-34	169	150	12.3	-25.5
Polycab India	5685	4698	21.0	-18.6	13.5	12.4	108	-118	512	396	29.1	-30.3
Amber Enterprises	2689	2401	12.0	-28.4	7.0	8.2	-116	-85	81	72	12.0	-38.5
Blue star Limited	3095	2865	8.0	-23.0	7.5	8.3	-80	55	133	169	-21.1	-31.5
Dixon Technologies	12171	6579	85.0	18.3	4.0	3.8	25	-30	243	139	75.4	13.4
Products based	28989	21249	36.4	-6.6	7.6	8.2	-61	-94	1365	1131	20.6	-22.9
Grand total	123031	103643	18.7	-20.3	10.9	11.0	-12	-335	9055	7515	20.5	-38.9

Source: Company; Mirae Asset Sharekhan Research

Q1FY26 Result estimates

Particulars	Sales (Rs. crore)				OPM (%)				PAT (Rs. crore)			
	Q1 FY26E	Q1 FY25	YoY (%)	QoQ (%)	Q1 FY26E	Q1 FY25	YoY (bps)	QoQ (bps)	Q1 FY26E	Q1 FY25	YoY (%)	QoQ (%)
NTPC	43680	44419	-1.7	-0.5	28.3	28.0	23	262	4,710	4,511	4.4	-18.5
Power Grid	11630	10983	5.9	15.5	80.1	79.6	47	-1156	3,610	3,412	5.8	-16.7
Tata Power	18320	17294	5.9	7.2	19.3	20.7	-142	34	1040	971	7.1	-0.3
CESC	5820	5552	4.8	44.9	18.4	19.1	-71	-459	410	378	8.5	9.9
Total	79450	78248	1.5	5.8	33.1	35.3	-225	23	9770	9272	5.4	-15.3

Source: Company; Mirae Asset Sharekhan Research

Valuations

Company	CMP (Rs.)	Reco.	Price Target (Rs.)	PE (x)			PE (x)		
				FY25	FY26E	FY27E	FY25	FY26E	FY27E
Capital goods									
Larsen and Toubro	3578	BUY	4550	106	136	163	33.7	26.4	22
Bharat Electronics	418	BUY	445	7.3	8.6	10	57.4	48.3	41.7
Finolex Cables	959	BUY	1,250	45.8	48.3	50.4	20.9	19.9	19
KEC International	897	BUY	1,000	22.2	36.5	46.2	40.4	24.6	19.4
Kalpataru Projects International	1,205	BUY	1,570	39.8	59.3	77.5	30.3	20.3	15.5
Ratnamani Metals	2,882	BUY	3,250	77.3	89.1	98.8	37.3	32.3	29.2
Thermax	3,440	HOLD	3,600	55.7	68.6	80.6	61.7	50.1	42.7
Triveni Turbine	645	BUY	750	11.3	14.6	18.2	57.2	44.3	35.3
V-Guard Industries	392	BUY	460	6	8.4	9.9	65.1	46.5	39.4
KEI Industries	3,699	BUY	3,800	77.2	98.8	125.1	47.9	37.4	29.6
Polycab India	6,704	BUY	7,300	136.7	177.3	222.9	49.1	37.8	30.1
Dixon Technologies	15,711	BUY	18,500	176	190.2	276.7	89.2	82.6	56.8
Amber Enterprises	7,652	BUY	8,142	92.3	136.8	197	82.9	56	38.8
Cummins India	3,520	BUY	4,000	68.8	76.3	88.1	51.2	46.2	39.9
Blue Star Limited	1,808	BUY	1,900	28.7	35.6	43.1	62.9	50.8	41.9
Carborundum Universal	996	HOLD	1,040	15.4	20.7	25.8	64.6	48.1	38.6
Honeywell Automation	40,558	HOLD	UR	595.8	695.4	863.3	68.1	58.3	47
Va Tech Wabag	1,481	BUY	1,770	47.5	61.9	76.9	31.2	23.9	19.3
Soft Coverage									
Hindustan Aeronautics	5,009	Positive	6,000	125	141	159.8	40.1	35.5	31.3
Dee Development Engineers	300	Positive	380	6.7	17.3	22.2	45	17.3	13.5
Kirloskar Oil Engines	834	Positive	1,100	28.3	33.9	40.3	29.4	24.6	20.7
Power									
NTPC	344	BUY	400	24.2	26	28	14.2	13.2	12.3
Power Grid	300	BUY	350	16.7	18	19.7	17.9	16.6	15.2
Tata Power	400	BUY	485	12.4	18.9	21.8	32.3	21.2	18.4
CESC	181	BUY	195	6	7.4	8.1	30.1	24.4	22.3

Source: Company; Mirae Asset Sharekhan Research; UR – Under Review

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