

## Capital Goods - Top Picks



## Global Jitters, Local Winners: Valuations Reset, Fundamentals Intact

Recent global jitters—driven by tariff uncertainties, slowing global growth expectations and risk-off sentiment—have disproportionately impacted Indian capital goods stocks with export exposure. While near-term volatility is undeniable, we believe the current share price correction adequately factors in these risks. Importantly, fundamentals remain resilient across much of our coverage. **TD Power Systems** continues to benefit from a demand-supply mismatch in industrial generators, providing strong earnings visibility. **Inox India's** diversified end-market exposure and limited sensitivity to US tariffs offer relative insulation, while **KSB** and **ESAB** remain largely domestically anchored, supported by India's capex and infra cycle. While **Anup Engineering** and **Triveni Turbine** have seen some moderation in performance due to higher export exposure, and valuations largely pricing in the downside, a meaningful operational recovery may take some time. Overall, forward valuations have corrected meaningfully, improving downside protection and setting the stage for earnings-led re-rating as macro concerns stabilize. Top picks from our coverage includes TD Power Systems, Inox India, and KSB.

- **TD Power Systems:** Global OEM commentary points to a strong, multi-year upcycle in gas turbines and generators, driven by surging electricity demand—most notably from data center buildouts, grid expansion and industrial applications. This environment is structurally positive for TDPS, given its leadership in industrial alternators where demand is currently outstripping supply. With global turbine OEMs reporting record backlogs, capacity constraints and improving pricing, TDPS is well placed to see sustained order inflows, high plant utilization and healthy margin traction. The company's strong order book, improving execution visibility and favorable industry supply-demand dynamics underpin confidence in robust operational performance over the medium term. Recent share price correction, largely driven by macro and export-related concerns, appears disconnected from fundamentals. Near-term, we estimate strong Q3 growth driven by robust order intakes, backlog, stable margins, and added capacity from the new Tumkur facility. At current levels, valuations look materially more reasonable (27.0x FY28E P/E), offering an attractive entry point to build positions in a business benefiting from a clear structural demand tailwind.
- **Inox India:** LNG adoption as a transport fuel remains gradual, with PSU-led station rollouts progressing slower than earlier expectations; however, private initiatives from Ultra Gas and Greenline keep medium-term optionality intact. Against this backdrop, the company's fundamentals remain strong, supported by a well-diversified end-user base, resilient demand for industrial gases, and growing presence in LNG and cryo-scientific segments. Limited exposure to US tariffs has aided relative share price stability, underscoring its defensive character. Any favorable policy push to incentivize LNG transport could provide meaningful upside. At current levels, valuations (26.3x FY28E P/E) offer a reasonable entry point to build positions in a fundamentally robust, downside-protected franchise.
- **KSB Ltd:** KSB's fundamentals remain strong, anchored by steady growth in industrial pumps and valves broadly tracking GDP and supported by a robust domestic focus. The passage of the SHANTI Bill, targeting a sharp expansion in nuclear capacity from 8.8 GW to 100 GW by 2047, structurally expands the opportunity set. KSB's proven credentials with NPCIL, including supply of critical primary coolant pumps, position it well to benefit from upcoming nuclear buildouts. While private sector participation may raise competition, the significant expansion in TAM is a net positive, supporting stronger term growth. Recent share price correction offers an attractive entry point (33.6x CY28E P/E) to build positions.

TDPS	Accumulate
Target Price (Rs)	840
CMP (Rs)	631
Upside	33%
<b>Inox India</b>	<b>BUY</b>
Target Price (Rs)	1,540
CMP (Rs)	1,116
Upside	38%
<b>KSB</b>	<b>BUY</b>
Target Price (Rs)	920
CMP (Rs)	699
Upside	32%
<b>The Anup Engineering</b>	<b>HOLD</b>
Target Price (Rs)	2,475
CMP (Rs)	1,860
Upside	33%
<b>ESAB India</b>	<b>BUY</b>
Target Price (Rs)	6,850
CMP (Rs)	5,593
Upside	22%
<b>Triveni turbine</b>	<b>Accumulate</b>
Target Price (Rs)	605
CMP (Rs)	425
Upside	42%

Source: MNCL Research Estimates

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## Exhibit 1: valuation

Company	Mcap, Rs mn	CMP (Rs)	EPS (Rs)			P/E (x)			EV/EBITDA (x)		
			FY26E	FY27E	FY28E	FY26E	FY27E	FY28E	FY26E	FY27E	FY28E
TD Power Systems	98,727	631	15.3	19.2	23.3	41.3	32.8	27.0	30.1	23.0	19.4
KSB Ltd (FY end Dec)	12,182	699	15.2	19.2	20.8	46.1	36.5	33.6	33.1	26.6	23.1
Inox India	1,01,301	1,116	29.6	35.4	42.4	37.6	31.5	26.3	28.5	23.7	19.7
ESAB India	86,093	5,593	121.3	143.5	170.1	37.9	35.9	30.4	32.6	27.6	23.3
Triveni Turbine	1,50,759	425	11.9	13.7	16.3	35.8	31.0	26.1	27.2	22.4	19.0
The Anup Engineering	37,358	1,860	61.2	70.9	82.0	30.4	26.2	22.6	19.7	16.9	14.0

Source: MNCL Research Estimates

## Financials and Quarterly Estimates

### Exhibit 2: Consolidated Financials

Rs mn	Revenue				EBITDA				PAT				ROE %			
Company	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E	FY25A	FY26E	FY27E	FY28E
TD Power Systems	12,788	17,928	21,926	25,719	2,308	3,226	4,055	4,757	1,746	2,384	3,002	3,646	22.3%	24.5%	24.6%	23.8%
KSB Ltd (FY end Dec)	25,331	27,492	33,986	37,441	3,375	3,549	4,455	4,983	2,475	2,638	3,333	3,618	17.8%	16.7%	18.6%	17.8%
Inox India	13,060	15,541	18,339	21,456	2,847	3,415	4,030	4,715	2,260	2,691	3,216	3,846	29.7%	26.9%	25.2%	24.0%
ESAB India	13,735	15,108	17,374	19,981	2,445	2,612	3,090	3,654	1,754	1,868	2,209	2,618	52.6%	49.2%	52.5%	55.3%
Triveni Turbine	20,058	21,663	24,912	28,649	4,367	4,608	5,424	6,237	3,572	3,772	4,356	5,169	32.8%	28.1%	26.8%	26.2%
Anup Engineering	7,328	8,610	10,117	11,888	1,652	1,826	2,145	2,521	1,183	1,234	1,431	1,651	20.7%	18.7%	18.9%	19.1%

Source: MNCL Research Estimates

### Exhibit 3: Quarterly Estimates

#### Inox India

Particulars	Q3FY26E	Q3FY25	% YoY	Q2FY26	%QoQ
Revenues (Rs mn)	3,870	3,336	16%	3,582	8%
EBITDA (Rs mn)	844	692	22%	780	8%
PAT (Rs mn)	657	584	13%	608	8%
EBITDA margin	21.8%	20.7%	106 bps	21.8%	5 bps
PAT margin	17.0%	17.5%	-52 bps	17.0%	-1 bps

#### KSB Ltd (FY end Dec)

Particulars	Q4CY25E	Q4CY24E	% YoY	Q3CY25	%QoQ
Revenues (Rs mn)	8,375	7,264	15%	6,496	29%
EBITDA (Rs mn)	1,093	984	11%	848	29%
PAT (Rs mn)	870	731	19%	675	29%
EBITDA margin	13.1%	13.5%	-50 bps	13.1%	0 bps
PAT margin	10.4%	10.1%	32 bps	10.4%	0 bps

#### The Anup Engineering

Particulars	Q3FY26E	Q3FY25	% YoY	Q2FY26	%QoQ
Revenues (Rs mn)	2,016	1,716	18%	2,323	-13%
EBITDA (Rs mn)	447	389	15%	515	-13%
PAT (Rs mn)	278	302	-8%	321	-13%
EBITDA margin	22.2%	22.7%	-52 bps	22.2%	0 bps
PAT margin	13.8%	17.6%	-381 bps	13.8%	0 bps

#### ESAB India

Particulars	Q3FY26E	Q3FY25	% YoY	Q2FY26	%QoQ
Revenues (Rs mn)	3,780	3,375	12%	3,816	-1%
EBITDA (Rs mn)	715	553	29%	722	-1%
PAT (Rs mn)	454	404	12%	792	-43%
EBITDA margin	18.9%	16.4%	254 bps	18.9%	-1 bps
PAT margin	12.0%	12.0%	5 bps	20.8%	-875 bps

Source: company, MNCL Research estimates

**TD Power Systems**

Particulars	Q3FY26E	Q3FY25	% YoY	Q2FY26	%QoQ
Revenues (Rs mn)	4,842	3,503	38%	4,525	7%
EBITDA (Rs mn)	884	613	44%	826	7%
PAT (Rs mn)	644	449	43%	602	7%
EBITDA margin	18.3%	17.5%	77 bps	18.3%	0 bps
PAT margin	13.3%	12.8%	47 bps	13.3%	0 bps

**Triveni Turbine**

Particulars	Q3FY26E	Q3FY25	% YoY	Q2FY26	%QoQ
Revenues (Rs mn)	5,100	5,034	1%	5,062	1%
EBITDA (Rs mn)	1,122	1,093	3%	1,146	-2%
PAT (Rs mn)	923	924	0%	916	1%
EBITDA margin	22.0%	21.7%	29 bps	22.6%	-64 bps
PAT margin	18.1%	18.4%	-26 bps	18.1%	0 bps

Source: company, MNCL Research estimates

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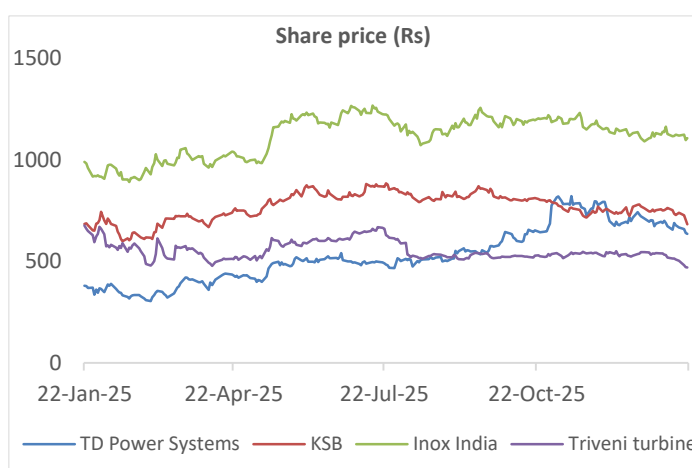
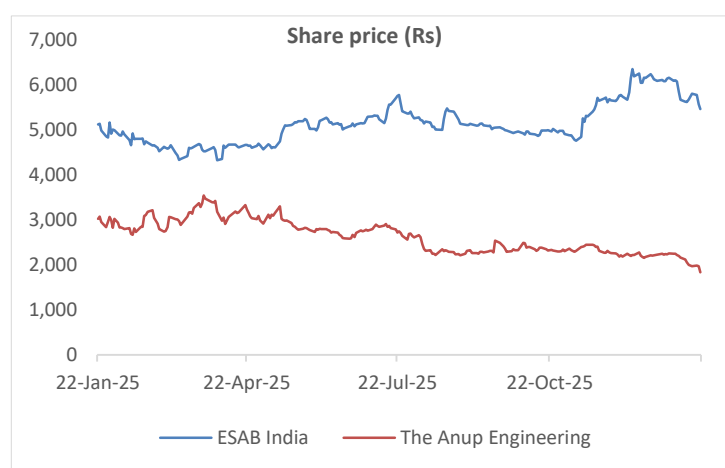
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