

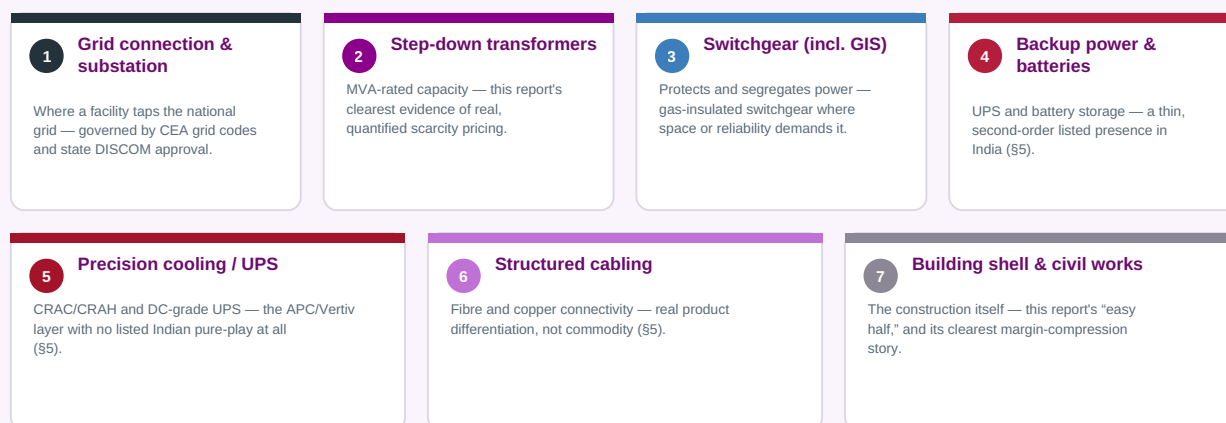


India's Data-Center Physical Infrastructure

A Ground-Up Primer on the power, cooling, cabling and construction layer beneath every AI data centre — the physical half of the AI boom no GPU benchmark measures — and the twenty listed companies building India's slice of it.

Anatomy of a data centre's physical infrastructure

One facility, seven layers of physical supply — the ones with real scarcity sit next to the ones without any



The shell is the easy part. Keeping the power on and the heat off is the product.

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ORIENTATION

How to read this report

This is a sister volume to Dart Consultants' "India's AI Compute Stack" primer, and it exists because that report deliberately excluded an entire half of what a data centre actually is. A GPU cluster does not run on silicon alone — it runs on a transformer that steps grid power down to usable voltage, a switchgear yard that keeps that power segregated and protected, a cooling loop that removes the heat 120-kilowatt racks throw off, a building shell that holds all of it together, and the cable plant that connects the finished result to the rest of the world. None of that is optional, none of it is glamorous, and almost none of it shows up in a headline about "India's AI opportunity." This report is about that other half.

BEGINNER READS

§1–5

INVESTOR READS

§6–11 + reports

LISTED COMPANIES
COVERED

20

VALUE-CHAIN LAYERS

5

Three questions this report answers

- **Why does a company selling something as unglamorous as a distribution transformer report expanding margins and a scarcity-driven order book, while a company pouring the concrete for the building next to it reports margins that keep compressing?** — answered in §2–4.
- **Why does "data centres" appearing on a company's own website as a served sector tell you almost nothing about whether that company's stock is actually a data-centre investment?** — answered in §5 and §8.
- **Why are twenty very differently-positioned Indian companies — from a ₹1.5 lakh crore multinational power-equipment major to a ₹3,900 crore pure construction contractor — all plausibly "data-centre infrastructure stocks," and which of them actually sit closest to where the pricing power is?** — answered in §9–11 and in the individual company reports.

THE ONE IDEA TO CARRY THROUGH THIS REPORT

Pouring a warehouse-grade concrete shell to house a data hall is a scaling problem: pour the slab, raise the walls, hire the labour, pass the building inspection. **Building — and then never letting fail — the transformer, switchgear and cooling plant that keep 50-100 megawatts of continuous, redundant power and heat-removal capacity alive without a single unplanned outage is a different kind of problem entirely**, and it is the one almost no published statistic about "India's data-centre boom" actually measures. Every company report in this document is really answering one question: how much of this company's revenue sits on the engineered, currently-scarce side of that line, versus the commodity, competitively-bid side.

A note on sourcing: every figure in this report carries a source and a date next to it. Where published estimates disagree — and in this sector, on India's data-centre power-demand forecasts especially, they disagree by a factor of three or more — we show the disagreement rather than picking a number silently. Where we could not verify something, we say so. See the closing Notes section for the full methodology and data caveats.



SECTION 1

The vocabulary

Four terms decide almost everything about how reliable a facility has to be, and therefore how much engineering difficulty — and margin — sits behind the equipment that keeps it running.

1. Tier III/IV and TIA-942 — reliability, not size

The Uptime Institute's **Tier** classification (Tier I through Tier IV) and the telecom-industry standard **TIA-942** both certify the same underlying thing from slightly different angles: how much redundant, concurrently-maintainable power and cooling capacity a facility has, not how large it is. A Tier III facility can take any single piece of power or cooling equipment offline for maintenance without an outage; Tier IV adds fault tolerance against an unplanned equipment failure on top of that. Every rung up this ladder means more transformers, more switchgear, more chiller capacity and more cable pathways than the facility's raw IT load would otherwise require — reliability is engineered redundancy, and redundancy is exactly the demand this report's companies are selling into.

2. N+1 / 2N redundancy — how the extra capacity is arranged

N+1 means one spare unit beyond what peak load requires (one extra chiller, one extra UPS module); **2N** means a fully duplicated, independent second system that can carry the entire load alone. A hyperscale campus targeting Tier III/IV reliability typically specifies 2N on its most critical power path and N+1 further out — and every step up this specification is a direct, engineered order for more transformers, more switchgear and more cooling capacity than a simpler facility would ever need.

3. MVA and GIS — the units the power layer is actually bought in

A transformer's capacity is quoted in **MVA** (megavolt-amperes); **GIS** (gas-insulated switchgear) is the compact, sulfur-hexafluoride-insulated alternative to open-air switchgear, used where space is constrained or reliability requirements are highest. Reading a company's order book in MVA and GIS-bay terms, rather than in generic rupee figures, is the closest this industry gets to reading a chip company's wafer-capacity numbers — it is the physical unit the scarcity in this report actually lives in.

4. PUE — the number that reveals how much of the power bill is overhead

Power Usage Effectiveness (PUE) is the ratio of total facility power draw to the power actually delivered to IT equipment; a PUE of 1.5 means every unit of computing draws an additional half-unit of power for cooling, power conversion losses and other overhead. Every fraction of a point a cooling or power-distribution company can shave off a hyperscale campus's PUE is worth real, recurring money to that campus's operator over the facility's lifetime — which is exactly the commercial argument the cooling and power-equipment companies in this report make to their own customers.



Term	What it actually certifies	Who specifies it	What it does NOT tell you
Tier III/IV, TIA-942	Redundant, concurrently-maintainable (or fault-tolerant) power and cooling capacity	The facility operator/developer, verified by Uptime Institute or a TIA-942 auditor	Whether the equipment inside actually came from an India-listed supplier, or was imported
N+1 / 2N	How much duplicate capacity sits behind the critical power and cooling path	The facility's own engineering specification, set at design stage	Whether that duplicate capacity was sourced competitively (commodity) or from a scarce, qualified supplier (engineered)
MVA / GIS	The actual physical capacity and switching technology installed	The power-equipment supplier's own nameplate rating	Whether current order backlogs reflect genuine scarcity or ordinary cyclical demand — see §6-7
PUE	How much of a facility's total power draw is computing versus overhead	Independent, ongoing measurement by the facility operator	Which specific vendor's equipment is responsible for a given PUE improvement — attribution is rarely disclosed

Source: Dart Consultants, from Uptime Institute and TIA-942 published standard summaries, and industry-standard PUE/MVA/GIS definitions as used across this report's company research — see Notes for full citation list.

RULE OF THUMB

If a company's revenue comes from meeting a specification someone else wrote — a building shell, a cable run, a civil contract bid competitively against several other qualified contractors — assume the margin is thin and under continuous pressure, no matter how large the order book looks. If a company's revenue comes from equipment whose global manufacturing capacity is itself constrained — a transformer, a GIS bay, a purpose-engineered cooling system — assume that is where this report's attention should go, and where real, defensible pricing power is more likely to actually show up in the numbers.

SECTION 2

The two problems

As with every Dart Consultants primer, one real structural asymmetry sits underneath this entire industry. Here is data-centre physical infrastructure's version of it.

The easy half: pouring the shell

Building the structure that houses a data hall — the concrete shell, the steel frame, the raised flooring, the fire-rated walls — is, at its core, a civil-construction and project-management problem. Any competent EPC contractor with a track record in industrial or commercial buildings can bid for and execute this work; the skills required are the same ones India's construction industry has deployed for decades on warehouses, factories and commercial towers, not invented for this report. Failure here is **visible and immediate**: a wall either meets code and passes inspection, or it does not, and a missed construction deadline shows up in the project schedule the same week it happens.

The hard half: keeping the power on and the heat off, forever

The same building, once it holds 50-100 megawatts of continuous, redundant IT load, becomes an electrical and thermal reliability problem of a completely different order. The equipment doing the real work — step-down transformers, gas-insulated switchgear, uninterruptible power supplies, precision cooling and chiller plants — has to keep functioning without a single unplanned failure, at Tier III/IV redundancy levels (§1), for the facility's entire operating life. Two structural constraints make this harder than the "pour the shell" half: first, a meaningful share of this equipment — large power transformers and gas-insulated switchgear especially — is reported to face genuinely constrained global manufacturing lead times (multi-year in some markets), a supply-side ceiling no amount of Indian construction capacity can work around; second, the failure signature is **invisible and delayed** — a marginally under-engineered cooling loop does not fail on day one, it fails as thermal throttling or outright equipment damage months into operation, under sustained peak summer load, exactly when it is most expensive and disruptive to discover.

	The easy half — the shell	The hard half — staying powered and cool
What it is	Civil construction, structural steel, fit-out — the building itself	Transformers, switchgear, UPS/battery systems and precision cooling that keep the critical load alive without interruption
Certification gate	Building-code inspection and civil-contract handover	Tier III/IV commissioning and ongoing redundancy testing, repeated across the facility's operating life
How it fails	Visible immediately — a structural or code defect is caught at inspection	Invisible and delayed — thermal or electrical failure emerges only after sustained real-world peak load
Who can attempt it	Any well-capitalised EPC/construction contractor	A much smaller population of companies with real power/thermal engineering depth and, for some equipment classes, access to globally constrained manufacturing capacity
Where the margin sits	Thin, and compressing further — see §3's real margin data from this report's own companies	Expanding at several of the more engineered power-equipment names in §9; thin and volatile at the cooling names, where evidence is more mixed



COMMIT THIS TO MEMORY

The shell is the easy part. The transformer, the switchgear and the cooling plant that keep the shell's contents alive are the product. Everything else in this report — the value ladder in §5, the margin data in §9, the ratings in §11 — is really a question of how much of a given company's revenue sits on the engineered, currently-scarce side of that line, versus the commodity, shell-building side.



SECTION 3

Why keeping the power on is the hard problem

Three reasons the hard half does not scale the way the easy half does — and one honest structural difference from this report's sister volume on the AI compute stack, worth stating plainly before going further.

1. The test for success is a test you hope never happens

A completed building's success criterion is an inspection you pass today. A power or cooling system's success criterion is the absence of a failure that would only show up after months of sustained peak load — a transformer hot-spot that shortens its working life, a chiller plant that cannot hold its target temperature once every rack in a hall is running flat out during a summer heat wave. You cannot inspect your way to confidence here; only running the system hard, for a long time, tells you whether the engineering was actually sound.

2. Recertification, not one-time certification

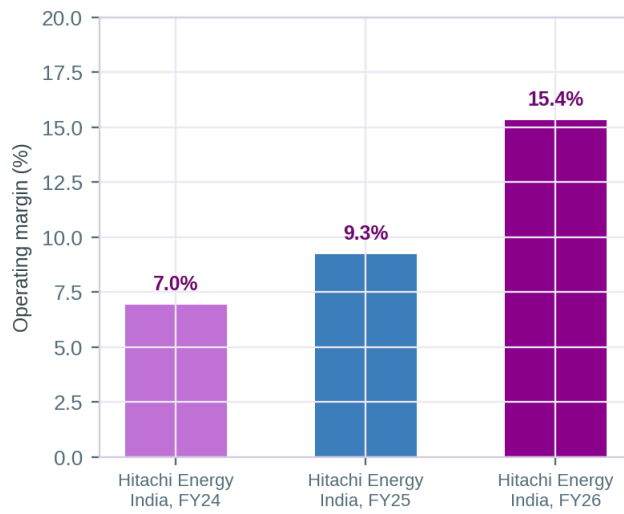
A Tier III/IV facility does not earn its rating once and keep it forever — redundancy has to actually function correctly every time it is tested, and equipment ages, degrades and eventually needs replacement without ever taking the facility below its rated redundancy level during the swap. There is no equivalent of "the building still meets code because it did on day one" in this industry's power and cooling layer; staying qualified is a continuous, not a one-time, obligation.

3. An honest structural difference from the compute-stack report: the gatekeeper here is diffuse, not a single company

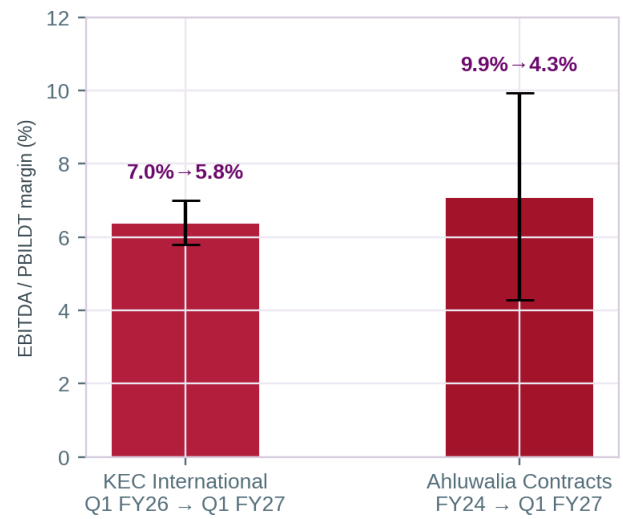
Dart Consultants' AI compute-stack primer found a single company — Nvidia — setting the qualification bar and effectively rationing chip allocation for that entire industry. This report's research found no equivalent single gatekeeper for data-centre physical infrastructure. Instead, scarcity here is a genuinely diffuse, global capital-equipment manufacturing-capacity constraint — reported multi-year lead times for large power transformers and gas-insulated switchgear in several global markets — layered on top of a fragmented set of domestic approvers (state electricity boards, the Central Electricity Authority's grid codes, state-level industrial and data-centre incentive policies) with no single body granting or denying access the way Nvidia's own certification programme does. This makes the scarcity in this report slower-moving and harder to reverse quickly — a transformer manufacturer cannot conjure a new production line the way a server assembler can add a shift — but it also means no single partnership or relationship unlocks allocation the way an NVIDIA-certified partnership does in the sister report. Readers should not expect this report's company-level evidence to mirror that report's Nvidia-centric structure one-for-one; it does not, and forcing that comparison would misstate what this research actually found.



**Scarce, engineered equipment:
margin expanding**



**Commodity civil/EPC construction:
margin compressing despite record order books**



Real, reported margin trends from this report's own company research — expansion at the scarce, engineered end; compression at the commodity, competitively-bid end. See Notes for the individual company sources behind each bar.



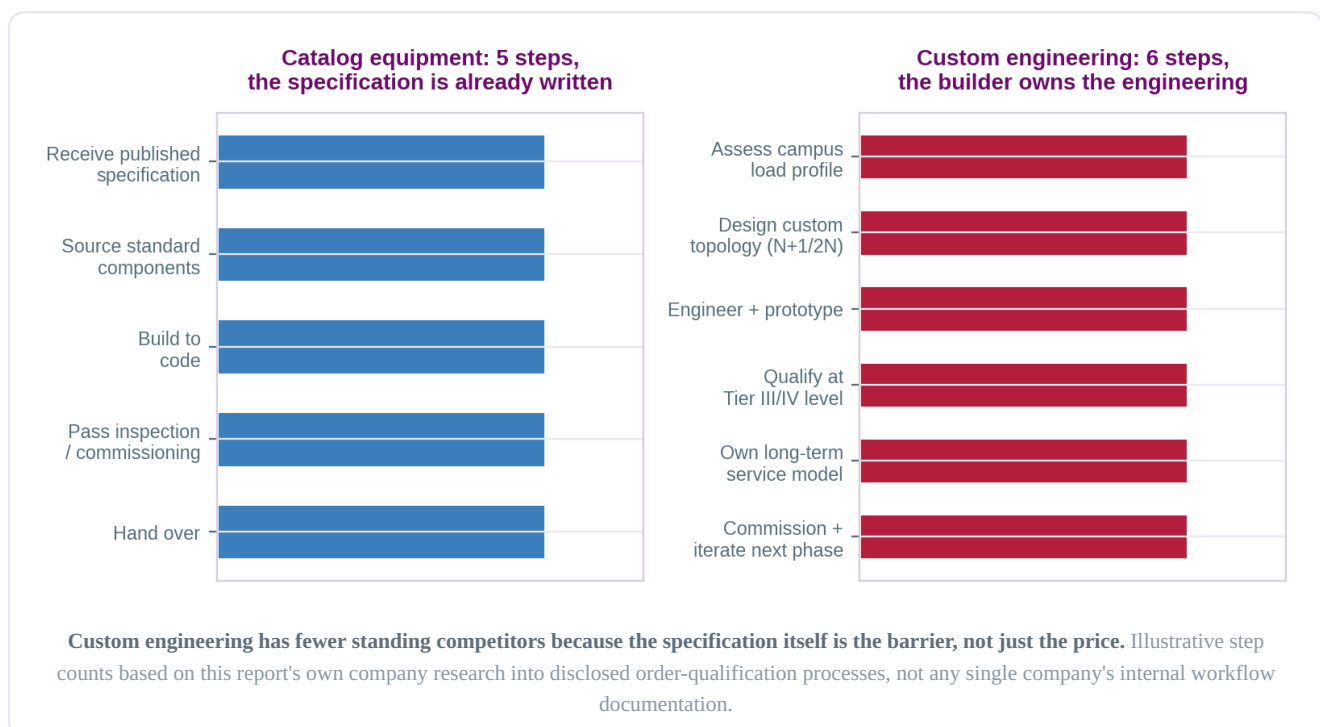
SECTION 4

Catalog equipment vs. custom engineering

The "off-the-shelf" reframe

Why does a conventional EMS-style manufacturer or a generalist EPC contractor get any data-centre work at all, if the hard half is this demanding? Because a large share of what a data-centre developer buys is still **catalog equipment** — a distribution transformer built to a standard published specification, a run of structured cabling to an industry-standard certification, a civil shell built to a generic industrial building code. None of this requires the buyer or the supplier to solve a novel engineering problem; it requires meeting a specification someone else has already written. This is why a broad population of India-listed companies can credibly claim "data centres" as a served sector without any of them needing to hold a genuinely scarce capability.

The alternative — **custom engineering** — is a purpose-built transformer/GIS substation, a rack-level power-distribution and precision-cooling design engineered around one specific hyperscale campus's exact load profile, redundancy target and physical footprint. This is a smaller, harder door, and — reading across this report's twenty companies in §9 — the evidence is genuinely mixed on how many of them have walked through it: Voltamp's Q1 FY27 order mix, Hitachi Energy's and ABB India's own management commentary on hyperscaler-specific "rate contracts" and campus-level "grid-to-rack" engineering all point to real custom-engineering content behind at least some of this report's power-equipment order books; the construction and cabling names, by contrast, sit closer to the catalog end of this spectrum, competing substantially on price against other qualified bidders for broadly similar specifications.





WHAT THIS MEANS FOR READING THE REST OF THIS REPORT

When a company report later in this document describes a company as a data-centre "beneficiary" purely on the strength of sell-side analyst commentary or a company website listing "data centres" as a served sector, read that as: likely catalog-equipment or competitively-bid work, margin thin and not obviously protected. When it says a company holds a named hyperscaler rate contract, a disclosed order-mix statistic, or a genuinely differentiated engineering capability the specification itself does not commoditise, read that as closer to the hard half — and worth asking whether the current valuation already assumes that differentiation persists.

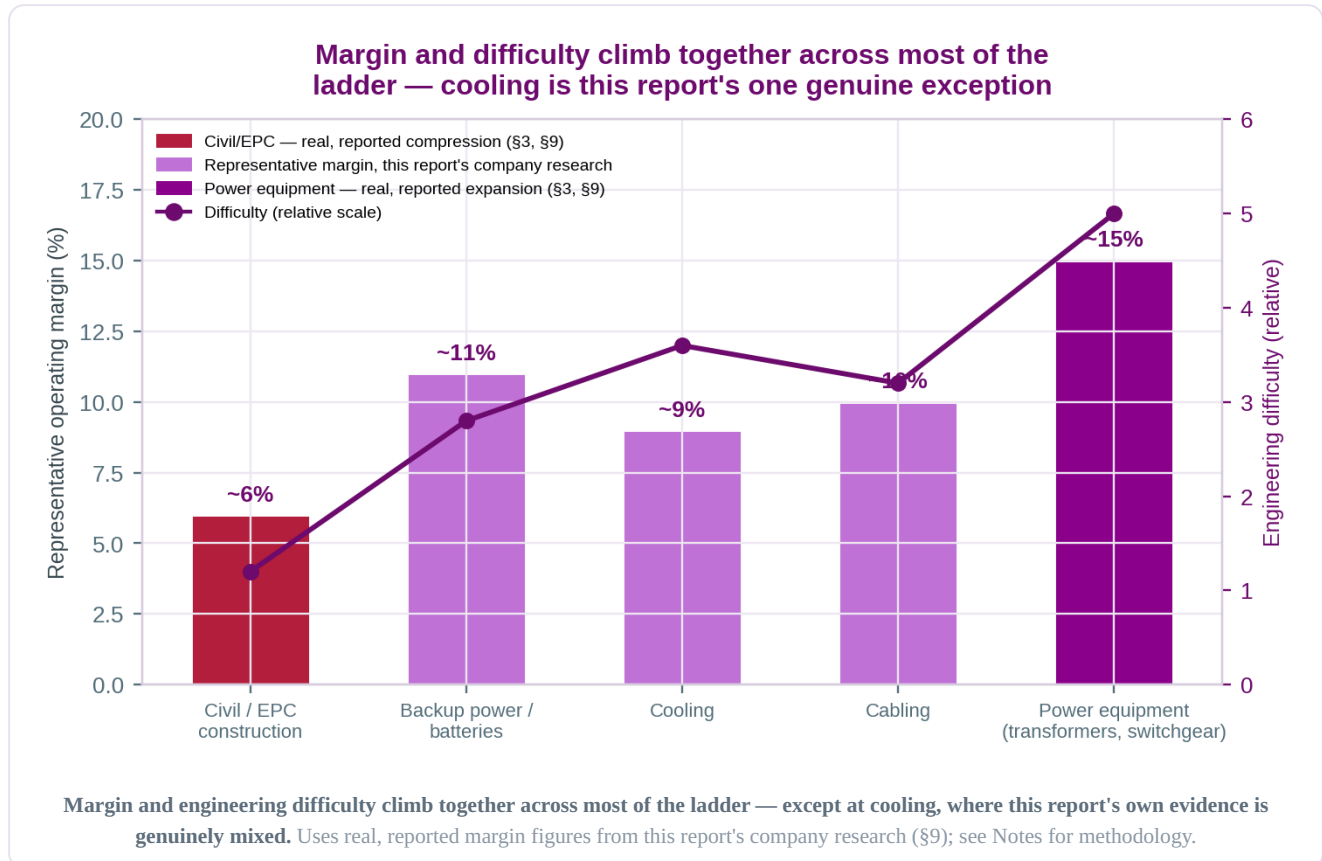


SECTION 5

Classes & the value ladder

Five sub-categories, one climbing margin story — with a sharp exception

This report's twenty companies sort into five sub-categories: civil construction/EPC, cabling, cooling, backup power/batteries, and power equipment (transformers, switchgear, grid technology). Reading this report's own company research (§9) in order from the most commodity-priced to the most engineered layer produces a reasonably clean margin gradient — but not a perfectly monotonic one, and the exceptions matter as much as the pattern.



The exception that breaks the taxonomy: nobody listed holds the highest-visibility layer at all

The single clearest finding of this report's screening research is not about which company captures the most value — it is that one entire, highly visible product category has **no India-listed pure-play holder at all**. Precision cooling (CRAC/ CRAH units) and data-centre-grade UPS systems — the exact equipment behind the globally recognisable APC, Vertiv and Stulz brands — are supplied in India almost entirely by unlisted multinational subsidiaries: Schneider Electric India Pvt Ltd (which houses the APC brand, and is a **separate, unlisted** entity from the listed Schneider Electric Infrastructure Ltd covered in this report — see that company's own report for the distinction), Vertiv India, Delta Electronics India, and specialist precision-cooling names like Airedale, Stulz and Rittal. A public-markets investor simply cannot buy this specific, highly visible layer of the data-centre stack on the Indian exchanges today. This is the opposite kind of finding from the sister report's OSAT-packaging exception — that report found a low-visibility layer holding outsized value; this report finds a high-visibility layer holding no listed value at all — and it is exactly the kind of structural absence a market-size headline would never surface.



WHY THIS MATTERS FOR EVERY COMPANY REPORT THAT FOLLOWS

Several companies in this report's own cooling category (Blue Star, Voltas, Thermax) supply the civil, electro-mechanical and chiller-plant side of a data centre's thermal system — real, disclosed businesses — but none of them is the precision-CRAC/UPS layer described above. Do not read "cooling company in this report" as "exposure to the APC/Vertiv-style UPS and precision-cooling market" — they are adjacent, overlapping in a facility's overall mechanical scope, but distinct businesses.

The sub-categories, at a glance

Sub-category	Where the margin evidence points	Companies in §9
Power equipment (transformers, switchgear, grid tech)	Most consistently expanding/sparse — Voltamp's order-mix data, Hitachi Energy's and ABB India's own management commentary on rate contracts and backlog growth	Voltamp, Hitachi Energy India, ABB India, GE Vernova T&D, Siemens Ltd, Siemens Energy India, Schneider Electric Infrastructure
Cabling	Real product differentiation, generally stable-to-strong margins — a genuine middle rung, not a commodity one	Sterlite Technologies, Polycab, KEI Industries, Finolex Cables
Cooling	Mixed — real engineered capability, but this report's own evidence found margin volatility and even outright collapse at more than one name	Blue Star, Voltas, Thermax
Backup power / batteries	Thin evidence of DC-specific pricing power; treat as a secondary, not primary, DC angle	Amara Raja Energy & Mobility
Civil construction / EPC	Most consistently under pressure — this report's clearest, most repeatedly confirmed margin-compression evidence	L&T, Techno Electric & Engineering, KEC International, Kalpataru Projects International, Ahluwalia Contracts

Source: Dart Consultants, from each company's own report in this document (§9/Part 4). A company's placement reflects where its DC-relevant business sits, not necessarily its entire revenue base — several of these companies are diversified conglomerates for which data-centre work is one line among many; see §8.



SECTION 6

The industry & demand drivers

One large, genuinely fast-growing demand cycle sits underneath this report, and — just as in the sister compute-stack primer — published estimates of its actual size disagree by a wide enough margin that reporting only one number, without showing the spread, would misrepresent how settled this market-sizing question actually is.

Metric	What is reported
Operational DC capacity (2025)	Crossed ~1,700MW in 2025, with ~440MW added during the year; one dataset separately cites ~1,530MW operational as of 9M-2025 with ~260MW added — two overlapping, not fully reconciled counts
2026 growth	Total stock across major cities projected +~30% YoY, with ~500MW of fresh supply (CBRE)
H1 2026 absorption	101MW (JLL), over 20% above the 3-year average; hyperscale pre-committed capacity made up 82% of that absorption — the great majority of new capacity changing hands today is locked in years before it is actually switched on
Facility sizing trend	Individual facility sizes growing from ~20MW blocks toward 50MW+ blocks — each step up mechanically multiplies the power-equipment and cooling-plant order size per facility

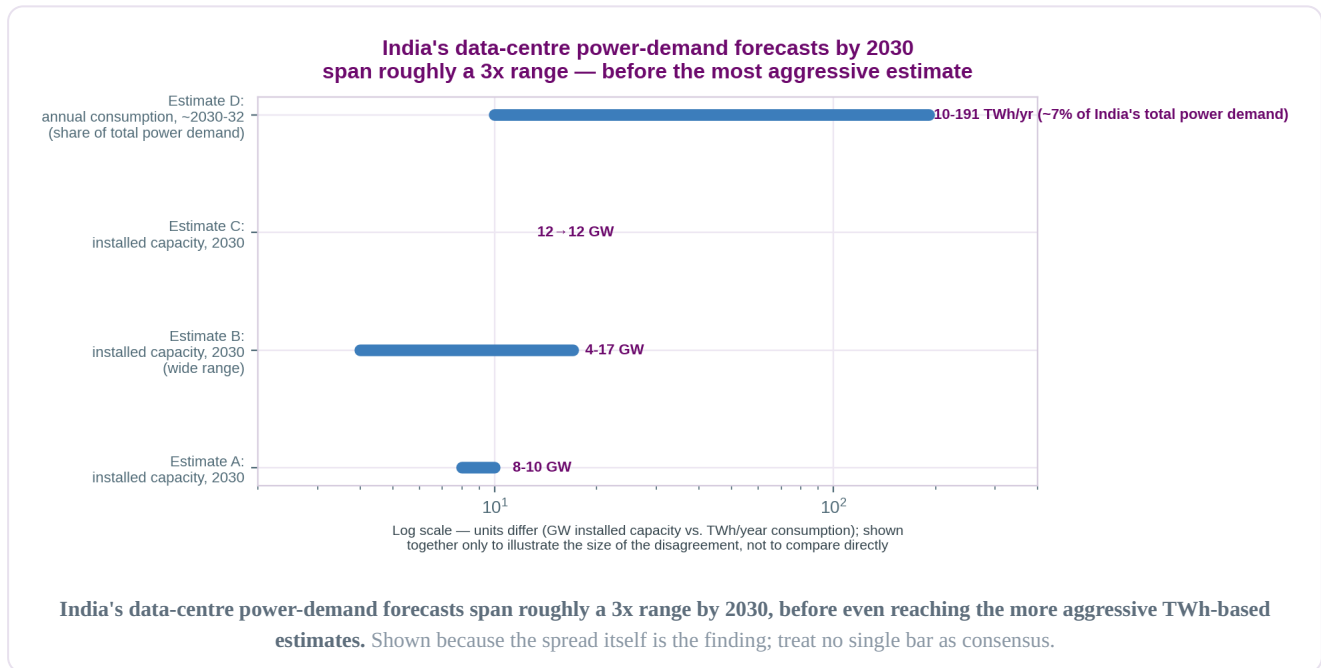
Source: Dart Consultants, compiled from CBRE and JLL India data-centre market research as aggregated in this report's own primer-level research, checked September 2026.

The power-demand dispersion — sized at least four different ways

Every published "India data-centre power demand by 2030" figure in circulation uses a different scope and a different confidence level, and headlines routinely quote whichever is largest without saying so:

- **8-10GW of installed data-centre capacity by 2030** (roughly 2.5-3% of India's total electricity demand) — one estimate.
- **A 4-5GW conservative to 12-17GW aggressive range** — a second estimate, explicitly framed as a range rather than a point forecast.
- **"12GW by 2030"** — a third, single-point estimate.
- **Annual data-centre electricity consumption reaching roughly 7% of India's total power demand** by the early 2030s — a fourth, and the most aggressive, framing, measured in energy terms (TWh/year) rather than installed capacity (GW).

These four estimates are not four measurements converging on one truth — they use different base years, different scopes (installed capacity vs. energy consumption) and different confidence levels. Treat the spread itself as the finding, exactly as this report's sister primer treats its own India AI-market and power-demand dispersion charts.



The national grid this all sits on top of

Data-centre power demand is a fast-growing but still small slice of a much larger national buildout: India's peak power demand reached roughly 250GW in 2024 (up ~54% since 2017), and total installed capacity is projected to rise from ~475GW (March 2025) to 700GW-plus by March 2030, with renewable energy sources accounting for the large majority of that addition. This matters directly for this report's power-equipment companies: transformer, switchgear and grid-technology demand from the broader renewable-integration and grid-strengthening cycle is, in most of these companies' own disclosures, at least as large a demand driver as data centres specifically — data-centre demand is riding on top of, not separate from, this larger grid investment cycle.

TRAP TO AVOID

Because data-centre and broader grid/renewable-integration demand both fall on the same power-equipment companies at the same time, a strong order book at, say, Hitachi Energy India or GE Vernova T&D India cannot be read as pure evidence of data-centre-specific pricing power without checking what the company itself actually attributes that order growth to. This report's own company research (§9) does this attribution explicitly, company by company, rather than assuming every rupee of order growth at a power-equipment company is a data-centre rupee.



SECTION 7

The anchor constraints — scarcity and the state

Unlike the sister compute-stack report's single, concentrated anchor (Nvidia) plus three clean government instruments, this report's constraints are more diffuse and, in places, genuinely under-documented by this research. Both halves matter; neither should be overstated beyond what the evidence in this report's own company files actually supports.

What the global equipment-scarcity narrative actually says — and where it does and does not apply

Global reporting describes large power transformers and gas-insulated switchgear facing multi-year manufacturing lead times in several markets, driven by a simultaneous, worldwide surge in grid modernisation, renewable-integration and data-centre demand. This report's own company-level research found real evidence that several India-listed power-equipment names are benefiting from this cycle — expanding order backlogs, improving margins, and in at least one case (Hitachi Energy India) a management team directly and publicly connecting the company's own growth to data-centre demand specifically. **But this report's research also found a genuine, important caveat that a less careful reading of the same headlines would miss:** on at least one earnings call, an India-entity management team explicitly described its own domestic customer procurement conditions as "normal," not scarcity-priced — a direct contradiction of the dramatic global lead-time narrative, at the India-specific level. Readers should treat the global scarcity narrative as a real, well-documented phenomenon in aggregate, and treat any specific India-listed company's claim to be capturing scarcity pricing as something this report's own company research checks individually, not something to assume by category.

The state's role: fragmented, not a single lever

NO SINGLE "DATA-CENTRE INFRASTRUCTURE POLICY" EXISTS — TREAT THESE AS SEPARATE, PARTIAL LEVERS

State-level industrial and data-centre incentive policies (several Indian states have introduced dedicated data-centre policies offering land, power-tariff and capital-subsidy incentives) shape where capacity gets built, but do not themselves guarantee that the equipment inside is sourced from an India-listed supplier.

The Central Electricity Authority's grid codes and state-level DISCOM approval processes govern how new large loads — including data centres — connect to the grid, but function as a compliance gate, not a demand-creation programme the way the IndiaAI Mission's GPU procurement does in the sister report.

The broader national grid-capacity and renewable-integration buildout (§6) is the largest single policy-adjacent demand driver for this report's power-equipment companies, but it long predates the data-centre boom and is not itself a data-centre-specific instrument.

Taken together, no single instrument in this space plays the role the IndiaAI Mission or India Semiconductor Mission 2.0 play in the sister report — there is no equivalent single dial to watch. This report's own company files therefore weight company-specific, disclosed evidence (named orders, management commentary, order-mix statistics) far more heavily than any sector-wide policy narrative, and readers should do the same.



SECTION 8

The parts the data misses

Three things this report's own research surfaced that a simple reading of "which companies serve data centres" would miss entirely. This is where this report's own original synthesis, rather than a repackaging of public data, actually lives.

1. "Included in this report" does not mean "material to the investment case"

Several companies in this report are large, diversified businesses for which data-centre work is real but financially immaterial. L&T's own data-centre business, branded L&T-Vyoma and being transferred into a new subsidiary for ₹1,400 crore, generated roughly ₹36.6 crore of FY26 revenue against L&T's own ₹2,85,874 crore of consolidated group revenue — on the order of one-hundredth of one percent. Siemens Ltd's own data-centre-adjacent automation and building-electrification work sits inside a much larger industrial-automation and mobility business. Kalpataru Projects International lists "data centres" as a served sector on its own website, yet this report's research could not find a single named data-centre construction contract behind that listing. None of this means these are bad businesses — it means a reader should not mistake "this company appears in a data-centre-sector report" for "this company's stock is a data-centre bet," and each individual company report in this document states this distinction explicitly wherever it applies.

2. The clearest listed pure-play data-centre revenue in this entire report belongs to a cabling company, not a power-equipment one

The single most concentrated, best-quantified data-centre revenue exposure this report's research found anywhere belongs to Sterlite Technologies — data centres reportedly grew from roughly 1% to 21% of the company's quarterly revenue within a year, backed by a named, multi-year, billion-dollar-scale contract. A reader working from the intuitive assumption that "power equipment is where the real data-centre exposure lives" would miss this entirely. This report's own company file on Sterlite Technologies pairs that finding with an equally important caveat — a genuinely unreconciled, three-way conflict in the company's own disclosed quarterly profit figures — because a concentrated revenue story sitting on top of unreliable earnings data is not the same thing as a clean investment case, and this report treats the two facts with equal weight rather than letting the exciting one crowd out the cautionary one.

3. Pre-committed, not-yet-operational capacity understates near-term equipment demand, exactly as in the sister report

JLL's own India research found pre-committed hyperscale capacity made up 82% of total data-centre space absorbed in H1 2026 (\$6) — meaning most new capacity changing hands today is contractually locked in years before it is commissioned and counted as "operational" in any published megawatt figure. Every headline "India data-centre capacity, MW" number is, by construction, a lagging count of what has already been switched on; it understates near-term demand for the transformers, switchgear and cooling plants this report's companies actually sell, because that demand is committed well ahead of the MW figure catching up — the same structural undercount this report's sister volume found on the compute side.



WHY THIS SECTION MATTERS FOR §9

Every company report that follows should be read against this backdrop: a company's inclusion in this report is a statement about sector relevance, not investment materiality — each company's own report states plainly where on that spectrum it actually sits, from Sterlite Technologies' concentrated-but-unreliable 21% revenue exposure to L&T's real-but-negligible one-hundredth-of-one-percent.



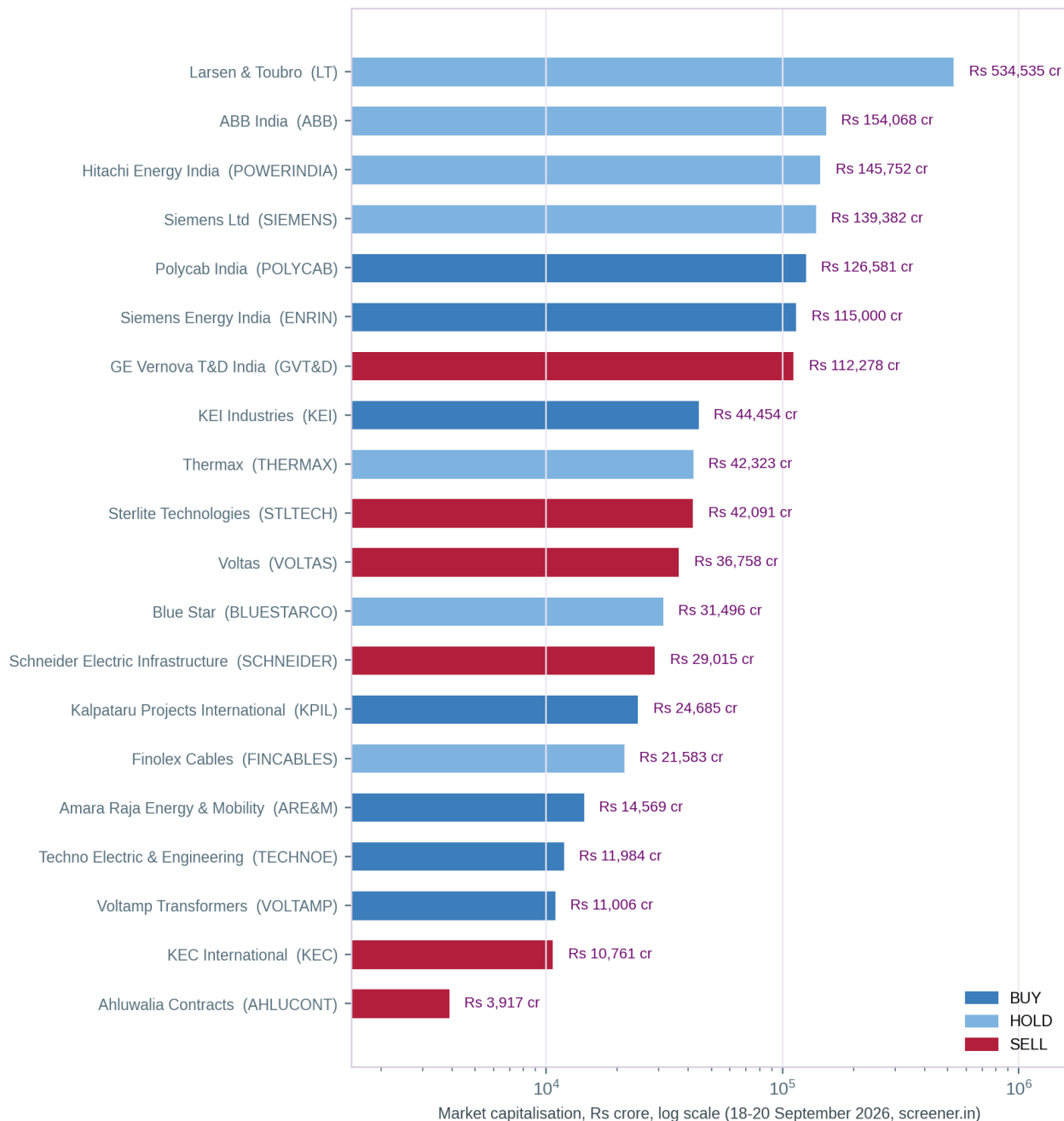
SECTION 9

The companies

Twenty NSE/BSE-listed companies touch this value chain today, from a ₹5.3 lakh crore diversified construction-and-engineering conglomerate to a ₹3,900 crore pure construction contractor. They span every sub-category in §5 — power equipment, cabling, cooling, backup power and civil/EPC construction — and, as this report's own research repeatedly found, market capitalisation on its own tells you almost nothing about how much of a company's business is actually data-centre exposure, or how much of that exposure is management-confirmed versus purely thematic.



A roughly 136x range in scale — rating tracks evidence quality and valuation, not company size or sub-category



A roughly 136x range in market cap, from Ahluwalia Contracts (₹3,917 crore) to Larsen & Toubro (₹5,34,535 crore) — with no clean relationship between size and how directly a company's own management ties its growth to data-centre demand. Market capitalisation, log scale, as of each company's own report date (18-20 September 2026, screener.in) — see each company's own report for the reconciled figure where sources disagreed.

How directly management itself makes the data-centre connection

Splitting the twenty by how directly each company's own management — not sell-side analyst framing, not a website's list of served sectors — connects its growth to data-centre demand specifically produces a cleaner picture than either market cap or sub-category alone:



Management-confirmed, quantified	Management-confirmed, not yet quantified	Thematic/analyst-level only
Voltamp Transformers — data centres were ~31% of Q1 FY27 order inflow, per company commentary	Siemens Energy India — a named TCS "HyperVault" AI-data-centre MoU, rupee value undisclosed	Polycab India — sell-side framing only ("Polycab, KEI likely beneficiaries"), no named contract
ABB India — signed hyperscaler "rate contracts" with disclosed differential pricing power	Blue Star — a dedicated, Uptime/TIA-942-compliant data-centre solutions group, but no disclosed DC-specific revenue figure	KEI Industries — management has quantified the sector-wide opportunity (₹25,000cr) but not its own DC-specific revenue
Sterlite Technologies — data centres grew from ~1% to ~21% of quarterly revenue in one year, backed by a named \$1.1bn contract	Voltas — a ₹6,200+cr order book explicitly covering data centres, bundled with Metro/Tunnel work	Kalpataru Projects International — lists "data centres" as a served sector; no named contract found despite searching
Techno Electric & Engineering — a commissioned, named 36MW Chennai hyperscale facility	Hitachi Energy India — a public "30% of India DC spend" target, not yet a confirmed India-specific booked figure	Amara Raja Energy & Mobility — a real battery-storage business with no company-sourced statement tying it to AI/DC demand specifically
KEC International — one named, first-ever DC transmission project (Jul 2026), small but concrete	Thermax — one named 45,000 TR US hyperscale chiller order, unquantified as % of revenue	L&T — real (L&T-Vyoma) but ~1/100th of 1% of consolidated group revenue
	Ahluwalia Contracts — two named contracts, both from 2022-23, stale	Siemens Ltd — automation/electrification angle, not a core DC play; separately, financials require reconciliation before any figure here should be trusted (§9 note below)
		GE Vernova T&D India, Schneider Electric Infrastructure, Finolex Cables — sector-beneficiary framing without a company-specific, named data-centre order

Source: Dart Consultants, from each company's own report in this document (Part 4). Placement reflects the strongest DC-specific evidence found for each company, not its overall business quality — a company can be a strong business and still sit in the rightmost column (Polycab, KEI, Amara Raja all carry BUY ratings in §11 despite thematic-only DC evidence).

THE PATTERN, STATED PLAINLY

The leftmost column is not simply "the best stocks" — Sterlite Technologies sits there with a SELL rating (§11) because its best-quantified DC exposure in this entire report is wrapped in the least reliable earnings data of any company covered. The rightmost column is not simply "the worst stocks" — Polycab, KEI Industries and Amara Raja all carry BUY ratings built on business quality, with the data-centre angle as a genuine but secondary tailwind. Reading this table alongside §11's ratings, not instead of it, is the only way to use it correctly.



The twenty, at a glance

Company	Ticker	Sub-category	Market cap
Larsen & Toubro	LT	Diversified conglomerate; civil/EPC construction	₹5,34,535 cr
ABB India	ABB	Power equipment; electrification	₹1,54,068 cr
Hitachi Energy India	POWERINDIA	Power equipment; transformers, switchgear	₹1,45,752 cr
Siemens Ltd	SIEMENS	Automation; building electrification	₹1,39,382 cr
Polycab India	POLYCAB	Cabling	₹1,26,581 cr
GE Vernova T&D India	GVT&D	Power equipment; grid technology	₹1,12,278 cr
Siemens Energy India	ENRIN	Power equipment; grid technology	~₹1,15,000 cr
Thermax	THERMAX	Cooling; chillers	₹42,323 cr
KEI Industries	KEI	Cabling	₹44,454 cr
Sterlite Technologies	STLTECH	Cabling; optical fibre	₹42,091 cr
Voltas	VOLTAS	Cooling; EMPS	₹36,758 cr
Blue Star	BLUESTARCO	Cooling	₹31,496 cr
Schneider Electric Infrastructure	SCHNEIDER	Power equipment; switchgear	₹29,015 cr
Kalpataru Projects International	KPIL	Civil/EPC construction	₹24,685 cr
Finolex Cables	FINCABLES	Cabling	₹21,583 cr
Amara Raja Energy & Mobility	ARE&M	Backup power; batteries	₹14,569 cr
Techno Electric & Engineering	TECHNOE	Civil/EPC construction; power	₹11,984 cr
Voltamp Transformers	VOLTAMP	Power equipment; transformers	₹11,006 cr
KEC International	KEC	Civil/EPC construction; T&D	₹10,761 cr
Ahluwalia Contracts	AHLUCONT	Civil/EPC construction	₹3,917 cr

Sorted by market capitalisation. Source: screener.in and each company's own report in this document, 18-20 September 2026.

CORPORATE-STRUCTURE TRAPS THIS REPORT'S OWN RESEARCH HAD TO UNTANGLE

Schneider Electric Infrastructure Ltd (listed, switchgear/transformers only) is a different company from the unlisted Schneider Electric India Pvt Ltd, which houses the well-known APC/UPS data-centre brand and carries a CRISIL AAA/A1+ rating that belongs to that unlisted entity, not to these listed shares. **Siemens Ltd** and **Siemens Energy India** are two separate listed companies following a demerger effective 25 March 2025 — do not read one company's financials or history into the other's. **Kalpataru Projects International** is a distinct listed entity from the unlisted "Kalpataru Limited" real-estate arm under the same promoter family; a rating found for "Kalpataru" elsewhere may belong to that different entity. **Siemens Energy India** also shares no relationship with "SEIL Energy India Limited," an unrelated, Sembcorp-backed thermal-power company that happens to carry a similar name and its own CRISIL AA+ rating. Each of these distinctions is stated explicitly in the relevant company's own report; see them for the full detail.



SECTION 10

Synthesis

Where the pricing power actually sits

Origin	What it is	Who captures it	This report's evidence
1. Engineered power equipment	Transformers, switchgear and grid technology sold against genuine, if diffuse, global manufacturing scarcity	Voltamp, ABB India and Hitachi Energy India show the clearest evidence; GE Vernova T&D and Schneider Electric Infrastructure show rich valuations without matching evidence	Real and quantified at some names, aspirational at others — \$9's leftmost/middle columns
2. Differentiated cabling	Certified, purpose-engineered fibre and copper products for AI-data-centre connectivity	Sterlite Technologies most concentrated; Polycab and KEI Industries more diversified but management-quantified at the sector level	The single most concentrated DC-revenue story in this report sits here, not in power equipment (\$9)
3. Engineered cooling	Purpose-built chiller and precision electro-mechanical systems for data-hall thermal management	Blue Star, Voltas and Thermax all hold real capability; this report's own evidence on margin durability here is genuinely mixed, not uniformly positive	Real capability, inconsistent financial results — see each company's own margin trend
4. Commodity civil/EPC construction	Building the shell and executing competitively-bid transmission and construction contracts	Nobody durably — this is this report's clearest, most repeated finding of structural margin compression (KEC, Ahluwalia)	The mirror image of the sister report's assembly-layer finding: commodity execution compresses, regardless of how large the order book grows
5. The invisible layer	Precision CRAC/UPS systems — the most visible brand names in data-centre power (APC, Vertiv)	Nobody listed on an Indian exchange — see \$5's structural finding	A genuine gap in India's public markets, not a research oversight

Six distilled conclusions

- **The scarcity in this report is diffuse, not concentrated in one company's decision — and that changes how a reader should use company-level order-book growth as evidence.** Unlike the sister report's single-gatekeeper (Nvidia) structure, no single company or institution rations access to transformer or switchgear manufacturing capacity here; this report's own company files check each named scarcity claim individually rather than assuming category membership implies pricing power.
- **The best-quantified data-centre revenue story in this entire report belongs to a cabling company, not a power-equipment one** — Sterlite Technologies' ~1%-to-~21% swing in one year is the most concentrated evidence this report found anywhere, and it happens to sit inside the least reliable earnings data of any company covered (\$9).
- **"Data centres" appearing on a company's own website as a served sector is close to worthless as evidence on its own.** Kalpataru Projects International lists the sector explicitly and this report could not find a single named contract behind it; Techno Electric & Engineering, a fraction of Kalpataru's market cap, has actually commissioned a named 36MW facility. Company size and website copy predict almost nothing here — only named, disclosed evidence does.



- **Civil/EPC construction margin compression is this report's most repeated, most consistently confirmed finding** — KEC International's margin fell from 7.0% to 5.8% despite a record order book, and Ahluwalia Contracts' collapsed from ~10% to 4.29% on a regional wage shock, both while order books grew. Scale and order-book size do not protect margin in this sub-category.
- **A rich valuation is not evidence of a strong data-centre thesis, and this report found more than one case of the two pulling apart.** Schneider Electric Infrastructure trades at the richest multiple in this entire 20-company universe (~150x) on declining profit, while the DC-relevant brand equity actually sits in a separate, unlisted sister company — the clearest valuation/reality gap this report found.
- **No India-listed company captures the single most visible layer of data-centre power infrastructure at all.** Precision cooling (CRAC/CRAH) and data-centre-grade UPS — the APC, Vertiv and Stulz-style businesses — are supplied entirely by unlisted multinational subsidiaries in India; a public-markets investor cannot buy this specific exposure on the Indian exchanges today (§5).

Bull case / bear case

THE BULL CASE

India's data-centre capacity is genuinely scaling — operational capacity crossed ~1,700MW in 2025 with hyperscale pre-committed capacity running well ahead of what gets counted as "operational" (§6, §8) — and this demand sits on top of, not separate from, an even larger national grid and renewable-integration buildout that several of this report's power-equipment companies are already benefiting from regardless of the data-centre cycle specifically. At least three companies in this report (Voltamp, ABB India, Sterlite Technologies) have management-confirmed, quantified evidence of real, current data-centre-driven demand — not analyst speculation. Several names carry stable-to-improving credit ratings (Polycab and KEI Industries both hold top-tier, multi-agency ratings) reflecting genuine balance-sheet strength behind the growth story, and at least one name (Kalpataru Projects International) shows margin actually improving against this report's broader compression finding.

THE BEAR CASE

This report's clearest, most repeated finding is structural margin compression in commodity civil/EPC construction — the sub-category with the most companies in this report's universe — regardless of order-book size, and management's own guidance at more than one name (KEC International) pushes any real recovery out to FY28 or later. The single most concentrated, best-quantified data-centre revenue story in the report (Sterlite Technologies) sits on top of financial disclosures this report's own research found genuinely unreliable, a combination that should give any reader pause rather than excitement. At least one name (Schneider Electric Infrastructure) trades at a valuation this report's own arithmetic cannot connect to either its current fundamentals or to which entity actually owns the brand equity investors likely associate with it. And the scarcity this report's bull case rests on is, by this report's own §7 finding, diffuse and slower-moving than the sister report's Nvidia-centric story — meaning it is also slower to resolve in either direction, for better or worse.



Numbers to track

- Whether Voltamp's, ABB India's and Hitachi Energy India's data-centre order-mix disclosures keep growing at the same pace, or plateau as the current cycle matures
- Resolution of Sterlite Technologies' three-way conflicting quarterly PAT figures against its audited FY27 annual report — the single cleanest data-integrity item to watch in this report
- Whether KEC International's own FY28 double-digit-margin guidance is met, as the clearest test of whether commodity EPC margin compression in this report's universe is bottoming or continuing
- Whether any India-listed company enters the precision-cooling/DC-UPS space this report found structurally absent from the public markets (§5, §10)
- India's own data-centre power-demand trajectory against the widest of this report's four dispersed 2030 forecasts (§6) — the closer actual build-out tracks the aggressive end, the more this report's power-equipment names benefit disproportionately to its construction names



SECTION 11

Ratings summary

Ratings key, used consistently across every company report in this document and identical to the methodology used in this report's sister volume, "India's AI Compute Stack":

Rating	Expected total return, 12 months
BUY	15% and above
HOLD	–5% to 15%
SELL	–5% and below

Every rating in this series is anchored to a stated reference price and date, derived from a named multiple on a named forward year, cross-checked against named brokerage targets where they exist, and carries explicit upgrade/downgrade triggers. BUY/HOLD/SELL are an educational device for summarising public information — not a regulated recommendation. See the Notes section and each company's own report for full disclosure.

Status of this rating series

All twenty companies now carry a formal rating, each with the full valuation exhibit described in the company report template — target price, scenario range, and a named methodology.



Company	Ticker	Rating	Target	CMP	Upside/(downside)
Voltamp Transformers	VOLTAMP	BUY	₹13,224	₹10,879	+21.6%
Siemens Energy India	ENRIN	BUY	₹4,053	₹3,228	+25.6%
Amara Raja Energy & Mobility	ARE&M	BUY	₹918	₹796	+15.3%
Polycab India	POLYCAB	BUY	₹10,032	₹8,400	+19.4%
KEI Industries	KEI	BUY	₹5,584	₹4,650	+20.1%
Techno Electric & Engineering	TECHNOE	BUY	₹1,238	₹1,030	+20.2%
Kalpataru Projects International	KPIL	BUY	₹1,647	₹1,446	+13.9%
Hitachi Energy India	POWERINDIA	HOLD	₹34,408	₹32,700	+5.2%
ABB India	ABB	HOLD	₹7,730	₹7,270	+6.3%
Blue Star	BLUESTARCO	HOLD	₹1,607	₹1,532	+4.9%
Finolex Cables	FINCABLES	HOLD	₹1,552	₹1,411	+10.0%
Larsen & Toubro	LT	HOLD	₹4,017	₹3,885	+3.4%
Siemens Ltd	SIEMENS	HOLD	₹3,766	₹3,914	(3.8)%
Thermax	THERMAX	HOLD	₹3,419	₹3,552	(3.7)%
KEC International	KEC	SELL	₹349	₹404	(13.6)%
Ahluwalia Contracts	AHLUCONT	SELL	₹476	₹585	(18.6)%
GE Vernova T&D India	GVT&D	SELL	₹3,480	₹4,385	(20.6)%
Voltas	VOLTAS	SELL	₹819	₹1,111	(26.3)%
Schneider Electric Infrastructure	SCHNEIDER	SELL	₹515	₹1,214	(57.6)%
Sterlite Technologies	STLTECH	SELL	₹191	₹819	(76.7)%

7 BUY, 7 HOLD, 6 SELL across all twenty companies — an outcome shaped directly by §9's finding: management-confirmed, quantified data-centre evidence correlates only loosely with rating, because valuation and financial-disclosure quality matter as much as the underlying demand story. The seven BUYs split into two distinct groups — genuine, quantified DC-driven pricing power (Voltamp, Siemens Energy India) and high-quality businesses with the DC angle as a secondary tailwind (Polycab, KEI Industries, Amara Raja, Techno Electric, Kalpataru). The six SELLS likewise split — commodity-EPC margin compression (KEC International, Ahluwalia Contracts), valuation disconnected from fundamentals (Schneider Electric Infrastructure, GE Vernova T&D India, Voltas), and one name (Sterlite Technologies) whose best-in-report DC revenue story is undermined by unreliable earnings disclosure. See each company's own report for the distinction.



WHAT WOULD CHANGE A RATING, IN GENERAL, ACROSS THIS SERIES

For the power-equipment names (Voltamp, Hitachi Energy India, ABB India, GE Vernova T&D, Siemens Ltd, Siemens Energy India, Schneider Electric Infrastructure): a disclosed, India-specific (not global-parent) data-centre order-mix percentage, a change in order-intake momentum, or a credit-rating action. For the cabling names (Sterlite Technologies, Polycab, KEI Industries, Finolex Cables): for STL specifically, reconciliation of its three conflicting PAT figures against an audited filing; for the others, a named data-centre contract where currently only sector-level framing exists. For the cooling names (Blue Star, Voltas, Thermax): a disclosed data-centre revenue or order-book percentage, or resolution of the margin/execution issues each company's own report flags. For the civil/EPC names (L&T, Techno Electric & Engineering, KEC International, Kalpataru Projects International, Ahluwalia Contracts): a sustained margin inflection in either direction, or a large, named data-centre contract win or loss. For Amara Raja specifically: a first company-sourced statement tying growth explicitly to AI/data-centre demand, which this report's research could not find. For all twenty: a change in disclosed order-book coverage, a promoter-holding or pledge change, or new evidence on the global equipment-scarcity narrative's actual applicability to India specifically (§7).



NOTES

Methodology, data caveats & who we are

Methodology

This primer follows Dart Consultants' standard first-principles method: identify the one real structural asymmetry inside the product (§2), derive the value ladder and scarcity mechanism from it (§4-5), then apply that framework to the listed companies (§9-11). Research was conducted via public sources only — company filings and investor presentations, credit-rating-agency press releases (CRISIL, ICRA, CARE, India Ratings), stock-exchange disclosures, company websites, industry trade press (CBRE and JLL India data-centre market research, Uptime Institute and TIA-942 standard documentation), and market-research summaries, in that order of preference. Screening-level research was conducted 19-20 September 2026; deep-dive company research was conducted 20-21 September 2026. Company financials and stock data are dated individually throughout each report, primarily to 18-20 September 2026 (screener.in).

Data caveats

- **Constructed/indicative figures** are labelled as such wherever used — specifically the catalog-vs-custom-engineering step counts (§4), the non-margin portions of the value-ladder chart (§5), and forward-EPS growth assumptions used in each company's valuation exhibit (Part 4). These illustrate a structural relationship or a stated assumption; they are not measured from a disclosed company forecast unless explicitly cited as management guidance.
- **Reported (not indicative) figures** used without a qualifier include: each company's disclosed revenue, margin and order-book figures, and the named data-centre order/contract evidence cited throughout — these are drawn directly from company disclosures and industry trade-press reporting, not constructed by this report.
- **Derived figures** are marked with a tilde (~) and explained in the source line.
- **Undisclosed figures** are shown as a dash or stated as "undisclosed," never estimated into a table. Several companies in this report (Blue Star, Voltas, Thermax, GE Vernova T&D India, L&T) do not disclose a standalone data-centre revenue percentage — this report does not manufacture one on their behalf.
- **Market-size and forecast disagreements** are shown as ranges or multiple bars rather than resolved to a single number — see §6's power-demand dispersion chart, which spans roughly a 3x range depending on source and scope.
- We do not model full balance sheets or cash-flow statements for companies that do not disclose at that granularity; company reports use a "selected disclosed metrics" format instead.
- Several company-level financial figures showed material, sometimes irreconcilable, disagreement between sources for the same period. This report handles each explicitly rather than silently reconciling: Sterlite Technologies' Q1 FY27 PAT is reported three different ways across screener.in (₹125cr), the company's own press release (₹197cr) and a third aggregator (a ₹17cr loss) — this report's valuation for STL is constructed specifically to avoid taking a side in that dispute (see its own company report); Siemens Ltd's reported quarterly PAT (₹2,122-2,143cr) appears to include a roughly ₹1,800cr unexplained exceptional item against an "ordinary activities" run-rate closer to ₹343cr/quarter — this report's valuation for Siemens Ltd departs from its usual two valuation methods specifically because of this; and Voltas's revenue is reported differently by Trendlyne (₹10,837cr) and screener.in (₹14,244cr), likely a standalone-vs-consolidated difference this report states rather than resolves.
- **ABB India reports on a calendar fiscal year** (January-December), not the April-March year used by every other company in this report — its own company report labels periods "CY2025," "Q2 CY2026," etc. throughout, never "FY," to avoid a dating error when comparing it against the other nineteen companies.



- Corporate-structure disambiguations that could otherwise mislead a reader are stated explicitly in the relevant company reports and summarised in §9: Schneider Electric Infrastructure Ltd (listed) versus Schneider Electric India Pvt Ltd (unlisted, holds the APC/UPS brand); Siemens Ltd versus Siemens Energy India (separate companies post-demerger); Kalpataru Projects International versus the unlisted "Kalpataru Limited" real-estate entity under the same promoter family; and Siemens Energy India versus the unrelated, similarly-named "SEIL Energy India Limited."

About Us

Dart Consultants is a market intelligence and technology service provider. **We are not a SEBI-registered Investment Adviser or Research Analyst.** This document, and the company reports that follow it, are educational material only — not investment advice, and not a recommendation to buy or sell any stock. BUY/HOLD/SELL labels used in this series are an educational device for summarising publicly available information, not a regulated recommendation. The analyst(s) preparing this report hold no position in, and have no banking, advisory or brokerage relationship with, any company named in it, and have received no compensation from any of them. *Readers should note that several companies in this report carry above-average data-disclosure or data-reliability caveats independent of this report's eventual rating — most notably Sterlite Technologies (a genuinely unreconciled, three-way conflict in recent quarterly profit figures) and Siemens Ltd (a reporting-period transition and an unexplained exceptional item materially affecting reported profit) — both addressed explicitly in this report's Valuation methodology for each company rather than smoothed into a single confident number.*



PART 4

Twenty company reports

Full reports follow for each of the twenty companies covered in this document, in the same order as Section 11's ratings table (§11) — sorted by rating, then alphabetically within each rating band. Each report follows the identical structure: Summary, Investment Rationale, What Gives Us Pause, Corporate Governance Assessment, SWOT Analysis, Key Developments and Risks to Watch, Valuation, Financial Summary, and Disclaimer.



BUY

Voltamp Transformers Ltd

VOLTAMP

The cheapest name in the power-equipment cluster, carrying this report's single strongest data-center order-mix data point

Summary

Voltamp Transformers gives this report its cleanest, most-quoted data-center data point: per company commentary around its Q1 FY27 results (quarter ended 30 June 2026), **data centres accounted for roughly 31% of the quarter's order inflow** — described by the company as "a new and fast-growing demand pool that barely existed in Voltamp's order book two years ago," alongside renewables, EV infrastructure and semiconductor-linked investment. No other company in this sector report discloses a single quarter's order mix broken out this cleanly. Voltamp is an independent, non-MNC-affiliated, second-generation promoter-family-led manufacturer of oil-filled power and distribution transformers (up to 160 MVA, 220 kV class) and dry-type transformers, based in Vadodara, Gujarat — a genuinely different ownership structure from MNC-backed peers such as Hitachi Energy India or GE Vernova T&D India.

Revenue grew steadily from ₹1,616 crore (FY24) to ₹1,934 crore (FY25) to a record ₹2,154 crore (FY26), but PAT actually dipped slightly in FY26, from ₹325 crore to ₹305 crore, as operating margin compressed from 20% to 16% on rising CRGO-steel, copper and transformer-oil input costs (the latter partly linked to Middle East-conflict-driven crude disruption), rupee depreciation and vendor price increases amid strong export demand. The balance sheet, by contrast, is essentially unassailable: overall gearing of 0.06x, no fund-based term debt, ~₹1,061 crore of unencumbered liquid investments (30 June 2025), and a CARE AA/Stable long-term rating that has been reaffirmed unchanged across four consecutive annual review cycles (2022, 2023, 2024, 2025) — a stability signal rather than an upgrade trajectory, but a genuinely clean one. ROCE stands at 23.5% (screener.in) to 27.9% (CARE, FY25), depending on the calculation window.

At roughly 34.7x trailing earnings, Voltamp is the cheapest stock in this report's power-equipment cluster — notably cheaper than Hitachi Energy India's disputed 122-154x — despite carrying the report's most directly quantified data-center order-mix statistic. The catch is that this 31% figure is an aggregate order-mix number only: no source found names a specific hyperscaler or data-center operator as a Voltamp customer, and no source quantifies the absolute rupee value of data-center-linked orders. A greenfield EHV transformer

TARGET PRICE

12-month target	₹13,224
CMP (18 Sep 2026)	₹10,879
Implied upside	+21.6%
Rating	BUY

KEY STOCK DATA

Market cap	₹11,006 cr
P/E (trailing)	~34.7x
Book value/share	₹1,771
ROE / ROCE	17.4% / 23.5%
Credit rating	CARE AA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Patel family)	30.00%
DII	33.85%
FII	21.53%
Public	14.57%
Government	0.06%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	1,616	1,934	2,154
EBITDA margin	20%	19%	16%
PAT	307	325	305



facility at Jarod (Vadodara district — 6,000 MVA of additional capacity, up to 250 MVA/220kV, ₹200 crore capex funded entirely through internal accruals) is under construction to relieve a plant that ran above 100% of nameplate utilization in FY25; its commissioning timeline has already slipped twice, from an original June/July 2026 target to (most recently disclosed) October 2026.

Net: a BUY. The combination of the cheapest multiple in the cluster, a genuinely quantified and growing data-center order-mix contribution, a fortress balance sheet and an unbroken four-cycle AA credit rating outweighs the near-term margin-compression evidence and the absence of a named anchor data-center customer. This is this report's highest-conviction call among the two names covered here.

Investment rationale

- **The single strongest quantified data-center data point in this report.** Data centres were ~31% of Q1 FY27 (quarter ended 30 June 2026) order inflow, per company commentary — a demand pool the company itself describes as barely existing two years earlier.
- **Cheapest valuation in the power-equipment cluster** at ~34.7x trailing P/E, despite the data-center order-mix evidence above — the central re-rating case for this BUY.
- **Near-zero leverage and deep liquidity.** Overall gearing of just 0.06x, no fund-based term debt, and ~₹1,061 crore of unencumbered liquid investments (30 June 2025) — balance-sheet capacity to fund growth without external capital.
- **An unbroken, primary-source-confirmed CARE AA/Stable rating** across four consecutive annual reviews (2022-2025) — consistent, not deteriorating, credit quality.
- **Independent, non-MNC ownership structure.** Unlike Hitachi Energy India or GE Vernova T&D India, Voltamp is not a subsidiary of a global conglomerate — full economic exposure to the India capex cycle accrues to Indian shareholders, not diluted by a global parent's capital-allocation priorities.
- **Capacity expansion underway to relieve a genuinely capacity-constrained plant.** FY25 volume throughput (15,458 MVA) already exceeded nameplate capacity (14,000 MVA); the Jarod EHV greenfield facility (6,000 MVA, up to 250 MVA/220kV, ₹200 crore, funded via internal accruals) directly addresses this.
- **Growing revenue visibility.** Combined opening backlog plus fresh orders of ₹2,342 crore / 18,045 MVA as of end-July 2026, against FY26 revenue of ₹2,154 crore.

What gives us pause

- **No named hyperscaler or data-center customer has been confirmed anywhere in the sources reached.** The 31% figure is an aggregate order-mix statistic only — its absolute rupee value is undisclosed, and this report could not verify whether it reflects one or two large orders or a genuinely broad customer base.
- **PAT fell in FY26 despite record revenue** (₹325cr → ₹305cr) as operating margin compressed from 20% to 16%, driven by CRGO-steel, copper and transformer-oil cost inflation. CARE's own Aug 2025 data shows realized pricing growth of only ~1% in FY25 — modest, and not yet clear evidence that Voltamp is capturing meaningful scarcity-driven pricing power on the data-center portion of its book specifically.
- **The Jarod EHV facility's commissioning has already slipped twice** — from an original June/July 2026 target to (most recently disclosed) October 2026 — due to delayed delivery of imported equipment from vendors, even though construction itself was reportedly on schedule.



- **Rising customer concentration.** Top-10 customers rose from ~27% of FY25 sales to ~33% — a trend worth monitoring against the historically diversified (1,000+ customer) base CARE describes.
- **Governance disclosure has real gaps.** This research could not verify Voltamp's statutory auditor, any litigation history, or related-party-transaction specifics — a more significant disclosure gap than found for some peers in this sector report. Only 4 of the 6 board members CARE confirms (including 3 independent directors) could be individually named from sources reached.
- **Unreconciled order figures.** At least three different GETCO (Gujarat Energy Transmission Corporation) order values — ₹85.05 crore, ₹149 crore and ₹263.3 crore — appear across sources without a clear reconciliation of whether these are sequential separate orders or restatements of the same award.
- **Thin sell-side coverage.** Only one named brokerage rating was found (Prabhudas Liladhar, Accumulate, target ₹11,003) plus an unidentified December 2025 initiating-coverage report whose house name could not be extracted from the source PDF — materially thinner coverage than more widely-tracked peers.

Corporate governance assessment

1. Which rules actually apply

Voltamp is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Both top executive roles — Chairman & Managing Director (Kanubhai S. Patel) and Vice Chairman & Managing Director (Kunjal L. Patel) — are held by promoter-family members, which under SEBI LODR triggers the requirement that at least half the board be independent directors. CARE Ratings' Aug 2025 ESG disclosure confirms the board comprises six directors, including three independent directors — i.e., exactly 50%, and compliant on its face. This is a primary-source-confirmed figure, stronger evidence than typical aggregator data.

2. What the company does well

The 50% board-independence figure is confirmed directly by CARE Ratings rather than inferred from a secondary aggregator. The company holds ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications, and its in-house testing labs are NABL-accredited. In August 2021, the company simplified its ownership structure by amalgamating Kunjal Investments Private Limited — a promoter-group holding entity that owned 42.94% of Voltamp — directly into the listed entity, collapsing a layered holding structure into direct promoter shareholding.

3. Grey areas

Only four of the six board members CARE confirms could be individually identified from sources reached (Kanubhai Patel, Kunjal Patel, Taral Patel, and independent director Roopa Patel) — the remaining two names, and confirmation of exactly which three directors satisfy the independence criteria, were not found. Separately, promoter shareholding fell from ~43% (at the time of the 2021 KIPL amalgamation) to 30% (June 2026) via a pathway this research could not reconstruct — no single divestment event, block deal, or reclassification was identified that explains the gap; it may reflect organic dilution over time, a series of unreported sales, or some combination.

4. Red flags

None confirmed as adjudicated matters. However, this research could not verify Voltamp's statutory auditor, any litigation history, or related-party-transaction specifics at all — a more substantial disclosure gap than is typical for peers of comparable scale in this report. No SEBI enforcement action, insider-trading finding, or promoter share pledge was found in any source searched.



5. Items to watch

The complete six-member board list with independence status confirmed against the FY26 annual report; reconciliation of the promoter shareholding history (43% → 30%); disclosure of the statutory auditor and any litigation/related-party-transaction items; and confirmation of whether CARE Ratings is Voltamp's sole rating agency or whether CRISIL, ICRA or India Ratings also cover the company.

GOVERNANCE CONCLUSION

Provisionally reasonable, not fully verified. The one governance metric independently confirmed by a primary source — 50% board independence against an executive Chairman/MD structure — is compliant. But the inability to verify the statutory auditor, litigation history, related-party transactions, or two of six director names is a genuine gap for a company of this scale, and the unexplained decline in promoter shareholding from ~43% to 30% deserves closing before governance here is treated as fully clean. Nothing found points to actual misconduct, but this report's BUY call rests primarily on financial and order-mix strength rather than on governance certainty.

SWOT analysis

STRENGTHS

- Data centres ~31% of Q1 FY27 order inflow — the report's cleanest quantified DC data point
- Cheapest cluster valuation (~34.7x trailing P/E)
- Near-zero debt (gearing 0.06x), ~₹1,061cr unencumbered liquid investments
- CARE AA/Stable unchanged across four consecutive rating cycles (2022-2025)
- CARE-confirmed 50% board independence

WEAKNESSES

- No named hyperscaler/data-center customer confirmed anywhere
- FY26 PAT declined despite record revenue, on margin compression (20% → 16%)
- Rising customer concentration (top-10: 27% → 33% of sales)
- Statutory auditor, litigation history and RPTs unverifiable from sources reached
- Thin, largely unnamed sell-side coverage

OPPORTUNITIES

- Jarod EHV facility: +6,000 MVA capacity, up to 250 MVA/220kV, from ~Oct 2026
- Further data-center order-mix growth as India's DC buildout continues
- Already-crossed CARE positive rating trigger (>₹2,000cr revenue, achieved FY26)
- Revenue visibility of ₹2,342cr/18,045 MVA (end-July 2026) ahead of FY26 revenue base

THREATS

- Continued CRGO-steel, copper and transformer-oil cost inflation compressing margins further
- Competitive intensity in the transformer segment, per CARE's own rating rationale
- Execution risk: Jarod commissioning has already slipped twice
- Unreconciled GETCO order figures could reflect a broader disclosure-consistency issue

Key developments to watch

- **The actual commissioning date of the Jarod EHV facility** — has moved from June/July 2026 to October 2026; a further slip would be a negative execution signal.
- **Reconciliation of the three GETCO order figures** (₹85.05cr / ₹149cr / ₹263.3cr) via primary NSE/BSE filings.
- **Any disclosure of a named hyperscaler or data-center customer**, which would materially de-risk the 31% order-mix thesis.
- **The FY26 annual report**, for the full six-member board list, statutory auditor name, and any litigation/RPT disclosures.
- **A post-FY26 CARE rating review** — the company has already crossed CARE's disclosed positive trigger of ₹2,000 crore revenue.



Key risks to be aware of

- **Margin-compression risk (dominant, already evidenced).** CRGO steel, copper and transformer-oil cost inflation drove FY26's OPM decline from 20% to 16%; a further leg of input-cost inflation would pressure earnings again.
- **Customer-concentration risk,** given the rising top-10 customer share (27% → 33%).
- **Execution risk** on the Jarod facility, which has already slipped its commissioning date twice.
- **Governance-verification risk,** given the unverified statutory auditor, litigation history and RPT disclosures.
- **Data-center order-mix durability risk** — with no named anchor customer, the 31% figure could prove lumpy or order-specific rather than a durable structural shift.

Valuation

₹ per share unless stated

We derive trailing EPS as CMP ÷ disclosed trailing P/E (₹10,879 ÷ 34.7x ≈ ₹313.5) rather than from a reported share count, since no dilution event (QIP, preferential allotment, etc.) occurred in the period — this method is directly consistent with the disclosed multiple and avoids introducing a separate, potentially inconsistent share-count estimate. Applying an *indicative* 14% forward-earnings-growth assumption — a modest recovery from FY26's margin trough as Jarod capacity comes online, tempered by the likelihood that CRGO-steel and copper cost pressure persists — gives a constructed FY27E EPS of ~₹357.4. We apply a target multiple band around, and modestly above, the current trailing multiple, reflecting this report's BUY thesis that the market has not yet fully re-rated Voltamp for its data-center order-mix evidence:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	30.0x	357.4	10,722	(1.4)%
Base	37.0x	357.4	13,224	+21.6%
Bull	43.0x	357.4	15,368	+41.3%

Base case rounded to ₹13,224. Even our bear-case scenario, which applies a target multiple below today's already-cheapest-in-cluster 34.7x, produces only a marginal (1.4%) downside — a sign of how little optimism is currently priced into Voltamp relative to the data-center order-mix evidence this report has found. Named brokerage coverage is thin: Prabhudas Liladhar's Accumulate rating carries a target of ₹11,003 (~Jul-Aug 2026), and consensus-target aggregators disagree with each other (₹10,857.63 vs. ₹10,144.20 average, per two different aggregators checked in Sep 2026) — both are treated here as approximate rather than definitive.

RECOMMENDATION: BUY, TARGET ₹13,224 (+21.6% FROM ₹10,879, 18 SEP 2026)

Upgrade triggers: disclosure of a named hyperscaler/data-center customer or an absolute rupee value for data-center order inflow; evidence of realized pricing power (a clear ASP/MVA increase) rather than the ~1% realization growth CARE's Aug 2025 data shows; on-schedule commissioning of the Jarod EHV facility. **Downgrade triggers:** a further slip in the Jarod commissioning timeline; continued CRGO-steel/copper cost inflation without offsetting pricing; or further increase in customer concentration beyond the current 27% → 33% trend.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	1,616	1,934	2,154
EBITDA margin	20%	19%	16%
Net profit (PAT)	307	325	305



Selected metrics		FY26 / latest
ROE		17.4%
ROCE	23.5% (screener) / 27.9% (CARE, FY25)	
Order book (26 Jul 2025)		₹1,280 cr
Revenue visibility (end-Jul 2026)		₹2,342 cr / 18,045 MVA
Credit rating	CARE AA/Stable/A1+ (unchanged, 4 cycles)	

Source: screener.in (18-20 Sep 2026), cross-checked against CARE Ratings' 12 Aug 2025 press release, which reproduces audited FY24/FY25 figures directly from company financials; FY26 figures are screener/press-aggregation only and have not yet been cross-checked against a CARE-refreshed rationale.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Voltamp Transformers Limited, and have received no compensation from the company.



HOLD

Hitachi Energy India Ltd

POWERINDIA

Genuinely excellent fundamentals, priced for a scarcity premium the India entity itself has not confirmed

Summary

Hitachi Energy India (NSE: POWERINDIA; the entity formerly named ABB Power Products and Systems India, renamed in November 2021 once Hitachi Ltd's global buyout of ABB's Power Grids business was complete) is the highest credit-quality and most institutionally-scaled data-center-adjacent name in this report: CRISIL AAA/Stable, an order backlog of ₹32,222 crore as of Q1 FY27 (quarter ended 30 June 2026) — roughly 4x FY26 annual revenue — and operating-margin expansion from 7% (FY24) to 9.3% (FY25) to 15.4% (FY26), alongside PAT growth of +157.2% in FY26 and a further +123.5% year-on-year in Q1 FY27 alone. Management confirmed on the Q1 FY27 earnings call that data centres were the single largest contributor to the quarter's order intake, ahead of industrials and renewables — a real and current demand driver, not a future aspiration.

The company's own MD & CEO has publicly targeted capturing ~30% of India's total data-centre infrastructure spending (up from a previously stated 10-15% ambition) via a bundled "grid-to-rack" strategy, per Business Standard and a corroborating Reuters/TradingView headline, both dated around 29 May 2026. This report treats that figure as an aspirational management target, not a booked or disclosed order-composition fact: both cited articles were paywalled at the point of research and could not be independently confirmed from primary text, and no source found names a specific hyperscaler or Indian data-center operator as a disclosed counterparty. Separately, global reporting throughout 2026 describes a severe worldwide transformer and switchgear shortage — Hitachi Energy's parent named among sold-out legacy Western suppliers with 24-36 month (in places, 48-60 month) lead times and industry-wide price increases of 60-95% since 2020. That narrative is explicitly parent/global-level, driven substantially by US and European demand, and this report has deliberately not carried it through to the India entity: on the same Q1 FY27 call, management characterized Indian data-center customers "securing long lead items like transformer, like dry-type transformer, the GIS" as normal proactive procurement behavior, not evidence of an India-specific shortage. The two narratives should not be conflated, and this report treats India-level pricing power as unconfirmed.

TARGET PRICE

12-month target	₹34,408
CMP (18 Sep 2026)	₹32,700
Implied upside	+5.2%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,45,752 cr
P/E (trailing, disputed)	122x-154x
Book value/share	~₹1,161
ROE / ROCE	~21.9% / ~29.4%
Credit rating	CRISIL AAA/Stable

SHAREHOLDING (JUN 2026)

Promoter (Hitachi Energy Ltd)	71.31%
FII	12.44%
DII	6.32%
Public	9.91%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	5,237	6,385	8,148
Operational EBITDA margin	7%	9.3%	15.4%
PAT	164	384	988



Valuation is the central tension. The trailing P/E is disputed across sources — 122x (screener.in, 18 Sep 2026) versus 154.27x (a separately-cited figure) — a ~26% gap most likely explained by differing EPS bases (a trailing-twelve-month figure benefiting from the strong Q1 FY27 beat versus a stale FY26-only base). This report does not silently pick one: both are stated, and our own valuation instead derives EPS from FY26 PAT divided by the implied current share count (market cap ÷ CMP), on the view that the March 2025 QIP (₹2,520.82 crore, which funded ₹2,000 crore of the current capex program) means a trailing EPS calculated off an older share count may understate the current, larger share base. On that basis, either published P/E figure sits on a materially rich multiple for a business whose India-specific data-center pricing power remains, on management's own words, unproven.

Net: a HOLD. The fundamentals — backlog, margin trajectory, AAA credit rating, and a real, current data-center order-intake contribution — are not in question. What is in question is whether the price already assumes a scarcity-driven pricing premium at the India-entity level that Indian management has explicitly declined to claim. This report's own valuation arithmetic finds the current price roughly fair, with limited room for further re-rating absent that confirmation.

Investment rationale

- **Data centres are the largest, current contributor to order intake** — management confirmed this directly on the Q1 FY27 earnings call, ahead of industrials and renewables, and again named data centres the "major contributor" to the Q4 FY26 order book.
- **Order backlog of ₹32,222 crore (Q1 FY27) is roughly 4x FY26 annual revenue** — exceptional multi-year revenue visibility, up from ₹7,229.5 crore just two fiscal years earlier (Mar 2024).
- **Genuine, large margin expansion:** operational EBITDA margin of 7% (FY24) → 9.3% (FY25) → 15.4% (FY26), with PAT growth of +157.2% in FY26 and +123.5% YoY in Q1 FY27 alone.
- **CRISIL AAA/Stable** — the highest domestic long-term credit rating available, reaffirmed on ₹6,000 crore of bank facilities (24 March 2025), reflecting a low-leverage, near-fully-parent-backed balance sheet.
- **Broad, expanding manufacturing footprint:** 19 factories across 8 locations with a 20th (the ₹2,000 crore Karjan large-power-transformer greenfield facility, construction commenced June 2026) under way, targeted for Q4 calendar 2028 commissioning and explicitly positioned to backward-integrate against Korean and Mexican transformer exporters.
- **Product-line optionality:** the company booked its first Battery Energy Storage System order (165 MW/330 MWh, Andhra Pradesh) in Q1 FY27, alongside continued HVDC leadership (an estimated ~50% India domestic HVDC market share, per Goldman Sachs' December 2025 note) and India's first HVDC city-centre infeed, in Mumbai.

What gives us pause

- **India-specific data-center pricing power is not confirmed.** The dramatic global 24-60 month lead-time and 60-95% price-increase narrative is parent/global-level; on its own Q1 FY27 call, management explicitly described Indian data-center customers' long-lead-item procurement as "normal," not scarcity-driven. This report treats the two as separate questions and has not assumed a domestic scarcity premium is confirmed.



- **The MD's "~30% of India DC spend" target is aspirational, not a booked figure.** Both primary news articles carrying this quote (Business Standard and a Reuters/TradingView syndication, both ~29 May 2026) were paywalled at the point of research and could not be independently verified beyond search-result summaries — this report flags them as unconfirmed primary sources rather than treating the quote as settled fact.
- **The trailing P/E is genuinely disputed** (122x vs. 154.27x across sources, a ~26% gap) with no authoritative reconciliation found — this report states both rather than picking one, and constructs its own valuation on a different basis (FY26 PAT ÷ implied current share count) precisely to sidestep this ambiguity.
- **No dedicated CFO was identified for the listed India entity.** Chairman Ismo Haka is CFO of the global parent (Hitachi Energy Ltd, Switzerland) and holds the India-entity Chairman role; no separate India-entity CFO name was found in sources reached.
- **A governance discrepancy on the Chairman's identity:** one older, lower-confidence source named "Achim Michael Braun" as Non-Executive Chairman, conflicting with two independently-fetched, mutually consistent sources naming Ismo Haka — this report treats Haka as current but flags the discrepancy.
- **Two unresolved tax disputes, disclosed December 2025:** a GST demand (Lucknow, ~₹9.02 crore plus a ~₹0.90 crore penalty) and a Customs demand (Bengaluru, ~₹3.15 crore duty plus a ₹3.00 crore redemption fine plus a further ~₹3.15 crore penalty), both under appeal — sourced from a single aggregator citing exchange filings, not independently verified against the primary BSE/NSE documents.
- **Cumulative capex disclosure is ambiguous.** The company describes cumulative capex reaching ₹4,000 crore after the Karjan announcement, but it is unclear whether this is a clean sum of distinct programs or involves any double-counting against an earlier ~₹2,000 crore expansion.

Corporate governance assessment

1. Which rules actually apply

Hitachi Energy India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, and is a majority-owned subsidiary (71.31%) of Hitachi Energy Ltd (Switzerland), itself effectively wholly owned by Hitachi Ltd (Japan). Chairman Ismo Haka appears to hold a non-executive role (he is CFO of the global parent, not an executive of the Indian entity), which — if confirmed — means the stricter 50%-independent-director threshold that applies to an executive-chaired board likely does not strictly bind here; the board's current 3-of-7 (~43%) independent-director ratio would then sit below 50% without being a clear LODR breach. This report could not independently confirm Haka's exact executive/non-executive classification from a primary corporate governance report, and flags this as the single most important governance-verification gap for this company.

2. What the company does well

CRISIL AAA/Stable is the highest domestic credit rating available and reflects genuine balance-sheet strength alongside "strong support from ultimate parent Hitachi Ltd" per CRISIL's own rationale (24 March 2025) — though this report notes that phrasing describes Hitachi Ltd's near-100% ownership of the intermediate parent Hitachi Energy Ltd, not a claim about the free float of the India-listed entity itself (71.31% promoter-held, with the remainder in FII/DII/public hands). Three named independent directors (Mukesh Hari Butani, Meena Ganesh, Akila Krishnakumar) are confirmed across two independently-fetched, mutually consistent sources. The March 2025 QIP (₹2,520.82 crore) was a genuine, disclosed primary-market capital raise directly earmarked for capacity expansion, not a related-party or preferential transaction.

3. Grey areas

MD & CEO Venu Nuguri was separately reported (per multiple May/June 2025 sources) as having also been appointed "Managing Director of Hitachi India" — a title that may refer to a broader Hitachi group India holding entity distinct from the NSE-listed Hitachi Energy India Ltd; this report could not confirm whether secondary sources are conflating the two entities,



and recommends the distinction be verified before further reporting on Nuguri's exact scope of authority. Related-party transactions with the parent group (technology licensing, shared services, intra-group procurement) would be expected as material given the majority-ownership structure, but were not itemized in any source reached.

4. Red flags

No SEBI enforcement action, insider-trading finding, or promoter pledge was found. Two tax/customs disputes are pending (see "What gives us pause"), both under appeal per company disclosure, with figures sourced from a single aggregator and not independently confirmed against the primary exchange filings. Neither has been adjudicated against the company as of the research date.

5. Items to watch

Confirmation of Ismo Haka's exact executive/non-executive classification and current Chairman status (against the conflicting "Achim Michael Braun" mention); identification of a dedicated CFO for the listed India entity; clarification of the "Hitachi India" vs. "Hitachi Energy India Ltd" title distinction for Venu Nuguri; resolution of the December 2025 GST and Customs disputes; and confirmation of the exact 2026 CRISIL rating action (a ~23 June 2026 reaffirmation was referenced in one source but not independently verified against the primary CRISIL document).

GOVERNANCE CONCLUSION

Reasonably strong on balance, with disclosure gaps that matter more given the valuation. The AAA credit rating, confirmed independent directors, and a clean primary-market capital raise all point to a well-governed, majority-parent-backed subsidiary. But the unresolved Chairman-classification question, the absence of a named India-entity CFO, the entity-title ambiguity around the MD's role, and two unverified tax disputes are gaps that, combined with a valuation this report treats as not yet supported by confirmed India-specific pricing power, argue for HOLD rather than BUY — governance risk here is a reason for caution on the multiple, not evidence of misconduct.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable — highest domestic credit rating available
- Order backlog ~4x FY26 revenue (₹32,222cr vs. ₹8,148cr)
- Margin expansion 7% → 9.3% → 15.4%; PAT +157.2% FY26, +123.5% YoY Q1 FY27
- Data centres confirmed as largest single order-intake contributor, Q1 FY27
- Broad footprint: 19 factories/8 locations, 20th (Karjan LPT) under construction

WEAKNESSES

- Disputed, elevated trailing P/E (122x-154x)
- India-specific DC pricing power explicitly not confirmed by management
- "30% of India DC spend" target unconfirmed at the primary-source level
- No dedicated India-entity CFO identified; Chairman-identity discrepancy across sources
- Two unresolved tax disputes (Dec 2025), unverified against primary filings

OPPORTUNITIES

- Backlog conversion: ₹32,222cr order book against ₹8,148cr FY26 revenue
- Karjan LPT greenfield (₹2,000cr) commissioning Q4 CY2028, backward-integrating vs. import competition
- India peak power demand: 270.8 GW (May 2026) projected to reach 458 GW by 2032
- New product lines: first BESS order (165 MW/330 MWh); global parent's OpenAI MoU and \$6bn capacity program

THREATS

- Valuation de-rating if data-center order growth or margin expansion decelerates
- Global transformer-shortage narrative may not transfer into India ASP gains
- ~30% of contracts lack commodity pass-through clauses, per Q1 FY27 commentary
- Intense T&D-sector competition, per CRISIL's own rating rationale



Key developments to watch

- **Primary-source confirmation of the "~30% of India DC spend" target** and the underlying Venu Nuguri quotes, both currently sourced only from paywalled articles.
- **Any India-specific transformer/switchgear lead-time or ASP data** that would substantiate (or refute) a domestic scarcity premium, distinct from the global parent-level narrative.
- **Resolution of the December 2025 GST and Customs disputes**, and independent confirmation of the disclosed figures against primary BSE/NSE filings.
- **Karjan LPT construction progress** toward its Q4 calendar 2028 commissioning target.
- **Confirmation of a dedicated India-entity CFO** and Ismo Haka's exact executive/non-executive classification.
- **The most recent (2026) CRISIL rating action**, to confirm the referenced ~23 June 2026 reaffirmation against the primary CRISIL document.

Key risks to be aware of

- **Valuation risk (dominant).** A 122-154x trailing multiple prices in a scarcity premium this report could not confirm applies at the India-entity level.
- **Order-to-revenue conversion risk**, given the ~4x backlog-to-revenue ratio — any slowdown in execution would be highly visible against current growth expectations.
- **Commodity-margin risk** on the roughly 30% of contracts management indicated lack pass-through clauses.
- **Tax/litigation risk** from the two unresolved December 2025 demands.
- **Global-to-India read-through risk:** the parent-level scarcity/lead-time narrative may simply not translate into India-specific pricing power, undermining the bull case for a premium multiple.

Valuation

₹ per share unless stated

Given the disputed trailing P/E (122x vs. 154.27x) and the March 2025 QIP's effect on the share count, we derive EPS as FY26 PAT ÷ the implied current share count (market cap ÷ CMP), rather than relying on either disclosed trailing multiple directly: ₹988 crore ÷ (₹1,45,752 crore ÷ ₹32,700) ≈ ₹988cr ÷ 4.457 crore shares ≈ ₹221.6 FY26 EPS. This sits between the two disclosed P/E-implied EPS figures (₹268.0 at 122x; ₹212.0 at 154.27x) — consistent with our reasoning that a trailing EPS computed off an older, smaller share count would overstate the multiple, while one that already reflects Q1 FY27's exceptional beat would understate it. Applying an *indicative* 35% forward-earnings-growth assumption — well below Q1 FY27's exceptional +123.5% YoY PAT growth (which this report does not treat as sustainable at that magnitude), but still reflecting the ~4x backlog-to-revenue cushion and continuing margin expansion — gives a constructed FY27E EPS of ~₹299.2. We apply a target multiple band below the current disputed trailing range, reflecting this report's view that India-specific pricing power is not yet confirmed:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	95.0x	299.2	28,424	(13.1)%
Base	115.0x	299.2	34,408	+5.2%
Bull	135.0x	299.2	40,392	+23.5%

Base case rounded to ₹34,408, sitting within this report's HOLD band (-5% to +15% expected 12-month return). Only the bull-case scenario, which requires the market to sustain a 135x forward multiple against a well-moderated 35% growth assumption, produces BUY-magnitude upside — a sign of how much of the current fundamental strength is already reflected in ₹32,700. Named brokerage targets found in this research span an unusually wide, largely stale range: Way2Wealth Brokers (Buy, ₹49,936, initiated ~Jul 2024), InCred (Add, ₹20,300, ~Dec 2024) and Goldman Sachs (downgraded to Neutral from Buy, target



raised to ₹20,400 from ₹13,350, ~18-19 Dec 2025) — the Dec 2025 figures in particular predate the stock's subsequent large rally and should not be averaged against current (Sep 2026) aggregator figures (e.g., MarketScreener's ₹37,240 average across a claimed 20-analyst panel) as if contemporaneous.

RECOMMENDATION: HOLD, TARGET ₹34,408 (+5.2% FROM ₹32,700, 18 SEP 2026)

Upgrade triggers: primary-source confirmation of India-specific scarcity-driven pricing power (a disclosed ASP increase or lead-time data point, not the global parent-level narrative); the "~30% of India DC spend" target beginning to show up as disclosed order composition rather than an aspirational quote; resolution of the December 2025 tax disputes with no material liability. **Downgrade triggers:** confirmation that the elevated 122-154x multiple range reflects a genuinely unsustainable EPS base rather than share-count ambiguity; a slowdown in the pace of order-backlog conversion; or an adverse resolution of the GST/Customs disputes.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	5,237	6,385	8,148
Operational EBITDA margin	7%	9.3%	15.4%
Net profit (PAT)	164	384	988

Selected metrics	FY26 / latest
ROE	~21.9%
ROCE	~29.4%
Order backlog (Q1 FY27, Jun 2026)	₹32,222 cr
Order backlog / FY26 revenue	~4.0x
Credit rating	CRISIL AAA/Stable (₹6,000cr facilities)

Source: screener.in (18-20 Sep 2026), cross-checked line-by-line against the company's own Q4FY24, Q4FY25 and Q4FY26 results press releases. Operational EBITDA margins shown are the company's own disclosed non-GAAP "operational EBITDA" figures (used by management and sell-side analysts for margin analysis), which run ~1-2% below screener.in's reported operating-profit figures for FY25/FY26 — likely a definitional gap in other-operating-income treatment, not a genuine discrepancy.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Hitachi Energy India Limited, and have received no compensation from the company.



HOLD

ABB India Ltd

ABB

The clearest management-quoted pricing-power evidence in this report, priced at a multiple sell-side itself cannot agree on

Summary

ABB India carries the single best-documented data-center pricing-power evidence assembled anywhere in this report. On its Q1 CY2026 earnings call, management disclosed that data-center orders represent roughly 12-16% of the company's order backlog and confirmed it has **signed "rate contracts" with hyperscalers** — a multi-period pricing/allocation arrangement, not one-off spot orders. On the Q2 CY2026 call (31 July 2026), management went further, stating data-center demand "could become multifold in the coming quarters" and "may strain supply in 2027 and 2028," and describing active investment in specialized breaker products and configurations built specifically for hyperscaler customers. Management separately said price increases are gaining acceptance "more strongly in hyperscaler/data-center channels versus competitive tendering environments" — a direct, management-sourced, if qualitative, confirmation of differential pricing power tied to scarcity, not to volume. **Note the fiscal-year convention: ABB India, unlike most Indian listed companies, reports on a calendar-year (January-December) basis; all periods in this section are labeled CY2023-CY2026, never FY.**

Group-level capital is following the same signal: a 9 March 2026 press release confirmed a further ~\$75 million India manufacturing/R&D investment for 2026 (on top of >\$35 million in 2025), with ABB Group CEO Morten Wierod explicitly citing "data center development" as a demand driver, and concrete deliverables attached — a tenfold UPS production-capacity increase at a new Bengaluru campus and localization of 33kV Primary Gas-Insulated Switchgear (GIS) by 2028, GIS being a product line management separately named as a data-center-linked order driver. Q2 CY2026 results were strong on their own terms: record orders of ₹4,363 crore (+50% YoY), Electrification orders up 77% (the quarter's strongest growth driver, with data centers and GIS named contributors), and an order backlog of ₹11,898 crore (+22% YoY). The balance sheet is about as strong as they come in Indian industrials — CRISIL reaffirmed the highest possible domestic rating (AAA/Stable, A1+) on 22 December 2025, citing near-nil debt, ₹7,058 crore network and ~₹4,000 crore cash.

TARGET PRICE

12-month target	₹7,730
CMP (18 Sep 2026)	₹7,270
Implied upside	+6.3%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,54,068 cr
P/E (trailing)	~92-100x
Book value/share	₹441
Credit rating	CRISIL AAA/Stable/A1+
Net debt	Near-nil (net cash)

SHAREHOLDING (JUN 2026)

Promoters (ABB Group)	75.00%
DII	9.89%
FII	7.67%
Public	7.44%

FINANCIAL SNAPSHOT (₹ CR, AS-REPORTED)

	CY2023	CY2024	CY2025
Revenue	10,447	12,188	13,203
OPM	14%	19%	15%
PAT	1,242	1,872	1,668



Two real tensions sit underneath this. First, the Electrification segment's own margin compressed sharply — from 21.4% to 13.2% YoY in Q1 CY2026 — on commodity cost pressure and pricing-pass-through lag, even as data-center-linked orders in that same segment grew strongly; the pricing power management describes appears to apply unevenly across the segment's mixed order book, not uniformly. Second, and more central to this report's rating, the stock trades at roughly 92-100x trailing earnings (sources disagree on the exact figure; both are cited below rather than resolved to one), and named sell-side coverage on ABB India is itself split — this report found a Sell-consensus/₹6,358 target from one aggregator, a 12-Buy/ 9-Hold/8-Sell split from another, and a ₹7,042 target implying modest downside from a third, all pulled within the same research pass. The debate among covering analysts, on this report's reading, is about valuation-multiple sustainability, not about whether the underlying data-center demand narrative is real. The March 2026 Robotics divestment (₹1,568.2 crore slump sale to a fellow ABB Group entity, completed 1 March 2026) also means CY2025 has two legitimate revenue readings — ₹13,203 crore as-reported (including Robotics, which was still part of the entity through most of the year) and ₹12,504 crore on a "continuing-business" restated basis — and this report presents both rather than blending them.

Net: a HOLD. The demand and pricing-power evidence is real and unusually well-documented for this sector; the balance sheet and credit profile are about as strong as any company in this report. But the price already embeds a rich multiple that sell-side itself is divided on, and the risk sits in that multiple's sustainability, not in the underlying data-center order thesis.

Investment rationale

- **The most direct, management-quoted data-center pricing-power evidence in this report.** Management confirmed signed "rate contracts" with hyperscalers (Q1 CY2026 call), and on the Q2 CY2026 call stated data-center demand "could become multifold in the coming quarters" and "may strain supply in 2027 and 2028" — a supply-constrained framing coming from the company itself, not from an analyst. Data-center orders were ~12-16% of order backlog as of Q1 CY2026.
- **Differential pricing power by channel, explicitly stated by management:** price increases are gaining acceptance "more strongly in hyperscaler/data-center channels versus competitive tendering environments" — direct evidence that scarcity, not volume, is what is commanding price in this part of the order book.
- **Concrete, dated capacity commitments tied to the data-center narrative,** not vague intent: a tenfold UPS production-capacity increase at a new Bengaluru (Nelamangala Campus 2) facility, and localization of 33kV Primary Gas-Insulated Switchgear targeted for 2028 — GIS being a product line management separately named as a data-center order driver on the Q2 CY2026 call.
- **Record recent order momentum.** Q2 CY2026 orders of ₹4,363 crore, up 50% YoY; Electrification orders up 77%, the quarter's strongest growth driver; order backlog of ₹11,898 crore, up 22% YoY.



- **The strongest balance sheet and credit profile of any company profiled in this report:** CRISIL AAA/Stable and A1+ (reaffirmed 22 December 2025) — the highest domestic rating tier available — supported by near-nil debt, ₹7,058 crore networth, and roughly ₹4,000 crore of cash.
- **Deep, broad institutional coverage** (27-29 analysts per aggregator counts) — this is not a thinly-covered story where a single bullish research note can move the narrative unchecked.

What gives us pause

- **Valuation-multiple sustainability, not underlying demand, is this report's central concern.** At ~92-100x trailing earnings, and with sell-side coverage itself split (one aggregator citing an average "Sell" rating and a ₹6,358 target; another citing a 12-Buy/9-Hold/8-Sell split; a third citing a ₹7,042 target — this report presents all three without resolving them to a single consensus, since they are mutually inconsistent even within the same research pass), a meaningful share of covering analysts themselves are uneasy with the price, not with the business.
- **The Electrification segment's own margin compressed sharply** — from 21.4% to 13.2% YoY in Q1 CY2026, on commodity cost pressure (copper, silver, electrical steel, freight, energy) and pricing pass-through lag — even as data-center-linked orders in that same segment grew. The pricing power management describes for hyperscaler "rate contracts" evidently does not extend uniformly across the segment's full, more commoditized order mix.
- **The Robotics divestment makes YoY comparisons non-trivial.** CY2025 revenue is ₹13,203 crore as-reported (includes Robotics, ~₹444 crore of CY2024 turnover) versus ₹12,504 crore on ABB's own "continuing-business" restated basis (excludes Robotics, divested via a ₹1,568.2 crore slump sale completed 1 March 2026). This report states both bases explicitly rather than blending them into one trend line, and the writer/reader should do the same for any forward comparison.
- **Short-cycle base business is softer than headline order growth suggests.** Q1 CY2026 base (non-large-order) business grew only 9%, versus ~15% expected, with management attributing part of the Q1 revenue miss (₹3,184 crore versus ₹3,300-3,400 crore expected) to "last-minute disruptions in West Asia."
- **Governance disclosure is incomplete for a company of this scale.** This report could not verify ABB India's full board composition or independent-director count/percentage from public sources reached — a material gap for assessing SEBI LODR compliance, addressed further below.
- **No named hyperscaler or named Indian data-center-operator counterparty was found** in any ABB India disclosure reviewed. All data-center demand commentary — the 12-16% backlog share, the "rate contracts," the "strain supply" language — is aggregate management commentary on earnings calls, not named-counterparty order announcements.

Corporate governance assessment

1. Which rules actually apply

ABB India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, with promoter ABB Asea Brown Boveri Ltd (part of the Swiss ABB Group) holding 75.00% as of June 2026 — at the regulatory ceiling for listed-company promoter holding. This report could not verify ABB India's complete board composition, independent-director count, or whether the board is chaired by an executive or non-executive director — meaning SEBI LODR's minimum independent-director threshold (which varies depending on that classification) cannot be independently confirmed from the sources this research reached. This is the single largest governance-verification gap for this company.

2. What the company does well

Leadership succession is being handled with unusual visibility and lead time: on 8 May 2026, the board approved T.K. Sridhar (the company's current CFO) as incoming Managing Director for a new five-year term effective 1 January 2027, with outgoing MD/CEO Sanjeev Sharma transitioning to Non-Executive, Non- Independent Director from the same date — a planned, disclosed, board-approved transition rather than an abrupt departure, subject to shareholder postal-ballot approval. CRISIL's



AAA/Stable rating rationale explicitly cites "robust parental support from ABB Ltd," including technology access and board representation, as a rating strength. The Robotics-business related-party transaction (below) was routed through shareholder postal-ballot approval as required, rather than executed solely at board level.

3. Grey areas

The Robotics divestment was structured as a related-party transaction: ABB India's robotics business was transferred to a newly formed wholly-owned subsidiary, ABB Robotics India Private Limited ("INRBT"), for a ₹1,568.2 crore slump sale, after which INRBT's own shares were sold to **ABB Robotics Schweiz AG** — a fellow ABB Group entity — for a nominal ₹1 lakh plus expenses. Both steps required and received shareholder postal-ballot approval given the counterparty's status within the ABB Group's promoter structure, but the two-step structure (a substantial slump sale into a subsidiary, followed by a nominal-value sale of that subsidiary to a group entity) is worth flagging plainly rather than glossing over. This report could not find a disclosed ₹ figure for the royalty/technology-fee payments ABB India makes to ABB Group for centralized R&D access — described only qualitatively in sources reached. The Company Secretary's name (Trivikram Guda) is single-sourced to a secondary aggregator and unconfirmed by a second source.

4. Red flags

None confirmed as adjudicated matters in the sources this research reached. No SEBI enforcement action, insider-trading finding, or specific pending litigation was found — though absence of a finding in this research pass is not proof of a clean record, and the writer should check the Annual Report's litigation disclosures and BSE/NSE announcement history directly before treating this as confirmed.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance; completion of the MD transition to T.K. Sridhar effective 1 January 2027; disclosure of the exact royalty/technology-fee quantum paid to ABB Group; and resolution of the conflicting P/E (92x vs. 100x) and analyst-consensus figures found across aggregators.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct — the balance sheet is exceptionally clean, the credit rating is the highest available domestically, and the MD succession is being handled with visible lead time. But an unconfirmed independent-director percentage, an undisclosed related-party royalty quantum, and a two-step Robotics-transfer structure worth a closer look mean this report cannot certify governance as fully adequate — a modest, secondary consideration behind the valuation-multiple concern that is this report's primary basis for a HOLD rather than BUY.



SWOT analysis

STRENGTHS

- Management-confirmed hyperscaler "rate contracts" and differential data-center pricing power
- Data-center orders ~12-16% of order backlog; management sees demand able to "strain supply" through 2027-2028
- Highest domestic credit rating (CRISIL AAA/Stable, A1+), near-nil debt, ~₹4,000cr cash
- Record Q2 CY2026 orders (₹4,363cr, +50% YoY) and backlog (₹11,898cr, +22% YoY)
- Concrete, dated capacity build (10x UPS capacity; 33kV GIS localization by 2028)

WEAKNESSES

- Valuation (~92-100x trailing P/E) already rich; sell-side itself split Sell/Hold/Buy
- Electrification margin compressed sharply (21.4% → 13.2% YoY, Q1 CY2026) on cost/price lag
- Full board/independent-director composition unverified
- Base (non-large-order) business growth softer (9% vs. ~15% expected) in Q1 CY2026

OPPORTUNITIES

- Data-center demand management itself describes as capable of turning "multifold"
- Further hyperscaler rate-contract signings and expanded specialized-breaker product lines
- 33kV Primary GIS localization (2028) opening a new addressable product line
- Continued metro/high-speed-rail and renewables/BESS capex alongside data centers

THREATS

- Valuation-multiple de-rating if growth or margin momentum disappoints even modestly
- Commodity cost inflation (copper, silver, electrical steel) outrunning price pass-through
- Intense competition in tender-driven, non-data-center order channels
- Undisclosed related-party royalty quantum and unconfirmed board-independence ratio

Key developments to watch

- **Completion of the T.K. Sridhar MD transition**, effective 1 January 2027, and full disclosure of board composition/independent-director percentage.
- **Whether "rate contracts" convert into disclosed, named hyperscaler orders** — the single biggest disclosure gap in the data-center thesis for this company.
- **Electrification-segment margin trajectory**, to see whether the 21.4% → 13.2% compression proves temporary (cost pass-through catching up) or structural.
- **Resolution of the P/E (92x vs. 100x) and analyst-consensus discrepancies** against a single named, dated primary aggregator.

Key risks to be aware of

- **Valuation-multiple sustainability (dominant risk)**. At ~92-100x trailing earnings, with sell-side coverage itself divided, this is a valuation-derating risk more than a demand risk.
- **Margin-lag risk** in the more commoditized, tender-driven parts of the order book, evidenced by the Electrification segment's own Q1 CY2026 margin compression.
- **Comparability risk** from the Robotics divestment across CY2025/CY2026 reporting.
- **Governance-disclosure risk** given the unconfirmed board-independence ratio and undisclosed related-party royalty quantum.



Valuation

₹ per share unless stated

CMP of ₹7,270 (18 Sep 2026) divided by the disclosed trailing P/E range (92.35x per tickertape.in, 100.0x per screener.in — both fetched the same date, the difference likely reflecting different trailing- EPS windows) implies trailing EPS of roughly ₹72.70-79.02, i.e. ~₹76 at the midpoint — broadly consistent with continuing-business full-year CY2025 PAT of ₹1,618 crore over an implied ~21.2 crore shares (market cap ÷ CMP), which independently works out to ~₹76.4. Applying a moderate ~10% forward-earnings growth assumption (reflecting strong order momentum tempered by the Electrification margin-compression evidence above) gives a constructed CY2026E EPS of ~₹84. We apply a target multiple band spanning the current 92-100x range plus a bear case below it, reflecting the possibility that a rich, sell-side-contested multiple compresses even without any change in the underlying demand story:

Scenario	Target P/E (CY2026E)	CY2026E EPS (₹)	Target price	Upside/(downside)
Bear	78.0x	84	6,552	(9.9)%
Base	92.0x	84	7,728	+6.3%
Bull	100.0x	84	8,400	+15.5%

Base case rounded to ₹7,730. Note the two CY2025 revenue readings this report has kept separate throughout: ₹13,203 crore as-reported (including Robotics, per screener.in) versus ₹12,504 crore on ABB's own "continuing-business" restated basis (excluding Robotics, divested 1 March 2026) — the valuation arithmetic above uses continuing-business PAT as its EPS anchor since Robotics is now permanently out of the entity. Named brokerage targets found in this research span a wide range and are not resolved to a single consensus here: Kotak Institutional Equities (Reduce, ₹5,750); Nomura (upgraded to Buy around July 2026, target ₹5,740 from ₹4,525); UBS (moved Buy to Neutral while simultaneously raising its target to ₹9,100 from ₹8,830 — an unusual combination this report flags but could not resolve from a primary UBS note). Aggregator-level consensus reads are themselves mutually inconsistent (a Sell-consensus/₹6,358 target from one source; a 12-Buy/9-Hold/8-Sell split from another; a ₹7,042 target from a third) — treat none of these as a clean, citable single consensus figure.

RECOMMENDATION: HOLD, TARGET ₹7,730 (+6.3% FROM ₹7,270, 18 SEP 2026)

Upgrade triggers: a named, disclosed hyperscaler order or counterparty converting the "rate contract" commentary into a confirmed, quantified data-center order; evidence the Electrification margin compression has reversed; confirmed board-independence disclosure meeting SEBI LODR thresholds. **Downgrade triggers:** further Electrification (or other segment) margin compression without recovery; a base- business growth slowdown persisting beyond Q1 CY2026; or any sell-side consensus move that resolves the current Sell/Hold/Buy split decisively toward Sell on valuation grounds.

Financial summary — selected disclosed metrics (₹ crore)

	CY2023	CY2024	CY2025 (as-reported)
Revenue	10,447	12,188	13,203
OPM	14%	19%	15%
Net profit (PAT)	1,242	1,872	1,668

Continuing-business basis (ex-Robotics)	CY2025 (FY)	H1 CY2026
Orders (₹cr)	12,899	8,643
Revenue (₹cr)	12,504	6,743
PAT (₹cr)	1,618	712
Order backlog, period-end (₹cr)	9,709	11,898



Top table: screener.in as-reported basis (18 Sep 2026), includes the Robotics business through its March 2026 divestment.
Bottom table: ABB India's own Q2 CY2026 results press release (31 July 2026), restated on a continuing-business (ex-Robotics) basis. The two series are deliberately kept separate per the ~₹699 crore CY2025 revenue gap between them (₹13,203cr as-reported vs. ₹12,504cr continuing- business) — do not blend them into a single trend line.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, ABB India Limited, and have received no compensation from the company.



SELL

GE Vernova T&D India Ltd

GVT&D

A record backlog built on the up-cycle's tailwind, priced as if the cycle never turns — while order intake already says otherwise

Summary

GE Vernova T&D India is a genuine full-spectrum transmission equipment platform — power transformers, circuit breakers, gas- and air-insulated switchgear, HVDC, FACTS and substation automation up to and beyond 765 kV, across five manufacturing sites — riding India's structural grid-capex build-out (ICRA cites an industry-wide ~₹9 lakh crore T&D capital-deployment pipeline through 2032). FY26 (year ended March 2026) revenue grew 45% YoY to ₹6,206 crore and PAT more than doubled to ₹1,233 crore, continuing a two-year run in which operating margin expanded from 10% to 28%; the order backlog stood at ₹21,460 crore at FY26-end, up 70% YoY. ICRA upgraded the company's long-term rating to AA(Stable) from AA-(Positive) on 27 July 2026, citing "sustained business performance and visible backlog." Data-center exposure is present but modest and largely unquantified at the India-entity level: Q1 FY27 order commentary named "data centers" specifically among the customers for Grid Automation packages, and the company booked a 150 MVA, 245 kV transformer order from an undisclosed "leading semiconductor player" in the same quarter.

The problem is that the most recent quarter's numbers point in the opposite direction from the multiple the market is paying. Q1 FY27 (quarter ended 30 June 2026) fresh order intake fell to ₹1,137 crore, down roughly 30% YoY from ₹1,620 crore a year earlier — described by one outlet's own headline as "order softness" even as revenue and profit both grew strongly on backlog execution. In the same quarter, EBITDA margin contracted roughly 400 basis points to 25.1%, down from the 28% FY26 full-year print. Return ratios are extraordinary — ROE of 57.4% (trailing) and ROCE of 77.4% — which is itself a signal worth reading carefully: a business earning returns this far above any plausible cost of capital, at the tail end of a two-year margin run from 10% to 28%, is a business at the top of a cycle, not the bottom of one. The stock trades at roughly 83x trailing earnings, among the richest multiples of any name in this report, pricing in a continuation of exactly the growth and margin trajectory the most recent quarter's order intake and margin print have both started to question.

ICRA's July 2026 upgrade should be read for what it is: a rating agency confirming that the backlog built through FY26 was real and the balance sheet supports a higher rating — a backward-looking

TARGET PRICE

12-month target	₹3,480
CMP (18 Sep 2026)	₹4,385
Implied downside	(20.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹1,12,278 cr
P/E (trailing)	~83.2x
Book value/share	₹105
ROE / ROCE	57.4% / 77.4%
Credit rating	ICRA AA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Grid Equipments Pvt Ltd)	51.00%
FII	22.89%
DII	~18.46%
Public	~7.65%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	3,168	4,292	6,206
EBITDA margin	10%	19%	28%
PAT	181	608	1,233



judgment on demonstrated performance, not a forward-looking signal about the order-intake trend that had already begun softening by the time the upgrade was published. Separately, this report is explicit that GE Vernova's global parent reported \$2.4 billion of Q1 2026 data-center orders in its Electrification segment worldwide — a figure repeated in sell-side sector commentary (e.g., Nomura) as bullish framing for Indian grid-equipment names, but this is a **global, parent-company figure that is not India-specific** and this report does not treat it as evidence of GE Vernova T&D India's own order book. No single named India data-center contract or hyperscaler counterparty was confirmed for the India-listed entity in this research.

Net: a SELL. This is not a call that the underlying grid-capex or data-center-adjacent demand story is false — it plainly is not — but a call that at ~83x trailing earnings, with order intake already down ~30% YoY and margins already contracting off an unsustainable base, the price embeds a continuation of peak-cycle economics this report's own numbers say has already begun to turn.

Investment rationale

- **A comprehensive, full-spectrum T&D equipment platform** — transformers, circuit breakers, GIS/AIS switchgear, HVDC, FACTS and substation automation up to 765kV+, across five manufacturing sites — positioned against ICRA's cited ~₹9 lakh crore India T&D capital-deployment pipeline through 2032.
- **A record order backlog** of ₹21,460 crore at FY26-end (+70% YoY), equivalent to roughly 3.5x FY26 revenue, providing substantial (though execution-phased, not guaranteed-near-term) revenue visibility.
- **Confirmed, if modest, data-center-adjacent order flow:** Q1 FY27 order commentary explicitly named "data centers" among the customers for Grid Automation packages, alongside state utilities and EPCs, and the company booked a 150 MVA/245kV transformer order from an undisclosed "leading semiconductor player" in the same quarter.
- **Strong recent execution:** FY26 revenue of ₹6,206 crore (+45% YoY) and PAT of ₹1,233 crore (+103% YoY); Q1 FY27 revenue up 38% YoY and PAT up ~25% YoY, both still growing briskly even as order intake softened.
- **A credit-rating upgrade:** ICRA raised the long-term rating to AA(Stable) from AA-(Positive) on 27 July 2026, with short-term A1+ reaffirmed, citing sustained performance and the visible backlog — though this report treats this explicitly as confirmation of past strength rather than a forward signal (see "What gives us pause" below).
- **Broad institutional coverage** (17 analysts per one aggregator, average rating "Buy," average target ₹5,227) — a materially deeper analyst base than smaller peers in this sector, reflecting the company's scale and liquidity.

What gives us pause

- **Order-intake softness could presage margin mean-reversion from currently unsustainable levels — the central risk behind this report's SELL call.** Q1 FY27 fresh order intake fell to ₹1,137 crore, down ~30% YoY from ₹1,620 crore, even as backlog execution kept revenue and profit growing. ROE of 57.4% and ROCE of 77.4% are return levels a company does not sustain indefinitely; the EBITDA margin has already begun to give some of this up, contracting roughly 400 basis points to 25.1% in Q1 FY27 from the FY26 full-year print of 28%, after running up from just 10% two years earlier. Read together, this looks like a business at peak cycle, not one with further structural margin expansion ahead.
- **ICRA's July 2026 AA(Stable) upgrade is a lagging confirmation of past strength, not a leading signal of future strength.** The rating action credits "sustained business performance and visible backlog" — a judgment on what has already happened (the FY26 backlog build) — and landed within weeks of the same quarter's order-intake miss becoming public. This



report treats the two data points as describing different things (past delivery versus forward demand), not as reinforcing each other.

- **At ~83x trailing earnings, the stock is pricing in continued hyper-growth** that the most recent quarter's order and margin data do not yet support — one of the richest multiples of any name in this report, on a business whose own return ratios flag it as being at an unusually elevated point in its cycle.
- **Data-center materiality for the India entity is borderline and largely unquantified.** No single named data-center contract or hyperscaler counterparty was confirmed; the "data centers" order-driver language comes from a single quarter's aggregate Grid Automation commentary, and sell-side "data-center beneficiary" framing (e.g., Nomura) rests on sector-level narrative rather than a disclosed India-specific order figure. **The global parent GE Vernova's widely-cited \$2.4 billion Q1 2026 data-center order figure is a global Electrification-segment number, not an India-entity figure, and this report does not conflate the two anywhere in this section.**
- **Promoter holding has fallen from an implied ~75% at the April 2024 GE Vernova spin-off to 51.00% (Jun 2026),** via at least one confirmed large Offer for Sale (8.38% of the company, November 2024, at ₹1,550/ share) — likely driven by SEBI minimum-public-shareholding compliance rather than a loss-of-confidence signal, but this report notes it plainly as a continuing overhang rather than resolving the interpretation. This was a **secondary sale by the promoter, not a primary/dilutive issuance**, and this report does not treat it as affecting per-share earnings.
- **Governance disclosure gaps remain:** related-party-transaction quantum with GE Vernova Inc. (technology licensing, brand royalty) was not found disclosed; the current CEO's identity was not cleanly cross-confirmed from a primary source; and the board's independence ratio (4 of 9 directors, 44%) needs the chairman's non-executive status confirmed before SEBI LODR compliance can be verified.

Corporate governance assessment

1. Which rules actually apply

GE Vernova T&D India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Its promoter, Grid Equipments Private Limited, is indirectly controlled by GE Vernova Inc. (the US-listed global parent spun off from General Electric Company on 2 April 2024), and holds 51.00% as of June 2026 — well below the ~75% level implied at the time of the spin-off. Per an NSE governance-filing aggregation, the board has 9 directors, 4 independent (44%) and 2 executive. SEBI LODR's minimum independent-director threshold is $\geq 33\%$ for a board with a non-executive chairman versus $\geq 50\%$ for an executive-chaired board; this report identifies Rathindra Nath Basu as Independent (non-executive) Chairman per multiple sources, which would make 44% compliant, but could not fully confirm Basu carries no residual executive or GE-employment ties from sources reached, and flags this as the item to close before certifying compliance.

2. What the company does well

The company has an independent, non-executive chairman structure (subject to the confirmation above) — itself a stronger governance starting point than an executive-chaired board. The board was recently refreshed with a new independent director, Rashmi Joshi, whose five-year term began 20 March 2026, bringing cross-sector (oil & gas, FMCG, consumer durables, pharmaceuticals) experience. ICRA's rating rationale explicitly states the company adheres to "all applicable SEBI and Companies Act provisions related to board structure, diversity, and independence," and that directors are nominated via the Nomination and Remuneration Committee and approved by shareholders — a general compliance statement from a rating agency, not a detailed independent audit, but a corroborating data point nonetheless.

3. Grey areas

The current CEO's identity could not be cleanly confirmed: one aggregator names Sandeep Zanzaria, but this could not be cross-confirmed against a second primary source, even though a separate announcement referenced a 2026 CEO term extension without clearly naming the individual. Given the parent-subsidiary structure (promoter indirectly controlled by GE Vernova Inc.), related-party transactions — technology licensing, brand royalty, intercompany service agreements — are almost certainly



material and routine, yet no specific RPT quantum was found disclosed in the sources this research reached. The gap between the ~75% promoter stake implied at the April 2024 spin-off and the current 51.00% is only partly explained by the one confirmed 8.38% November 2024 OFS; whether further, undisclosed stake sales occurred in between was not confirmed.

4. Red flags

None confirmed as adjudicated matters in the sources this research reached. No SEBI enforcement action or insider-trading finding was found. ICRA's own rating history shows a downgrade around February 2020 (under the company's prior "GE T&D India" name) — establishing that the rating trajectory has not been monotonically upward over the company's full history, even though the 2026 action was an upgrade — a useful reminder that credit-rating direction can and has reversed for this entity before.

5. Items to watch

Confirmation of the current CEO's identity from a primary source; quantification of related-party transactions with GE Vernova Inc.; confirmation of Chairman Basu's non-executive/independent status; and full disclosure of the promoter's stake-reduction history since the April 2024 spin-off.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the independent-chairman structure and recent board refresh are genuine positives. But an unconfirmed CEO identity, an undisclosed related-party-transaction quantum with the global parent, and an only partly-explained promoter stake-reduction trajectory mean this report cannot certify governance as fully adequate — a secondary consideration behind this report's primary, valuation-and-cycle-driven basis for the SELL call.

SWOT analysis

STRENGTHS

- Full EHV/HVDC/FACTS/GIS/AIS product range across five manufacturing sites
- Record order backlog (₹21,460cr, +70% YoY FY26-end), ~3.5x FY26 revenue
- ICRA upgraded to AA(Stable) in July 2026; independent non-executive chairman structure
- Broad, Buy-leaning 17-analyst institutional coverage

WEAKNESSES

- Q1 FY27 order intake down ~30% YoY; EBITDA margin down ~400bps to 25.1%
- ~83x trailing P/E, among the richest multiples in this report
- ROE (57.4%) / ROCE (77.4%) at levels unlikely to be sustainable through a full cycle
- CEO identity and RPT quantum with GE Vernova Inc. undisclosed/unconfirmed

OPPORTUNITIES

- ICRA-cited ~₹9 lakh crore India T&D capex pipeline through 2032
- Barmer-South Kalamb HVDC terminal-station package (top bidder, not yet formally awarded)
- New Vallam, Tamil Nadu facility (₹55cr) for 362kV circuit-breaker components with no prior capacity
- Growing "data centers" line-item within Grid Automation order commentary

THREATS

- Order-intake softness presaging margin mean-reversion from currently unsustainable levels
- Intense competitive intensity, flagged by ICRA's own rating rationale, from Indian and global majors
- Continuing promoter stake overhang beyond the confirmed Nov 2024 OFS
- Risk of investors conflating the global parent's \$2.4bn data-center order figure with India-entity performance

Key developments to watch

- **Whether Q1 FY27's order-intake softness persists or reverses** in Q2 FY27 — the single most important data point for this report's thesis.



- **Formal award (or loss) of the Barmer-South Kalamb HVDC terminal-station package**, guided for Q2 FY27 finalization; currently only "top bidder" status, not a booked order.
- **EBITDA margin trajectory** — whether the 25.1% Q1 FY27 print stabilizes, recovers toward 28%, or continues to give back the FY24-FY26 margin expansion.
- **Disclosure of RPT quantum with GE Vernova Inc.** and confirmation of the current CEO's identity.

Key risks to be aware of

- **Order-intake and margin mean-reversion risk (dominant)**. A ~30% YoY order-intake decline and a ~400bps sequential margin contraction, arriving together, are the clearest signal in this report's research that a two-year up-cycle may be topping.
- **Valuation-multiple risk**, compounding the above: ~83x trailing earnings leaves little room for anything short of continued hyper-growth.
- **Rating-signal misread risk**: treating the July 2026 ICRA upgrade as a bullish forward signal rather than a backward-looking confirmation would be a misreading of what the rating action actually says.
- **Governance-disclosure risk**, given the unconfirmed CEO identity and undisclosed related-party transaction quantum with the global parent.

Valuation

₹ per share unless stated

CMP of ₹4,385 (18 Sep 2026) divided by the disclosed trailing P/E of ~83.2x implies trailing EPS of roughly ₹52.7. This runs somewhat ahead of FY26 reported EPS of ~₹48.2 (FY26 PAT of ₹1,233 crore over an implied ~25.6 crore shares, market cap ÷ CMP), consistent with the trailing P/E window already incorporating the stronger Q1 FY27 quarter. We hold the November 2024 OFS (an 8.38% secondary stake sale by the promoter) outside this arithmetic entirely, since it was a sale of existing shares, not a primary issuance, and does not affect per-share earnings. Rather than extrapolate the FY24-FY26 margin-expansion trend forward, we apply a modest ~10% earnings-growth assumption off trailing EPS (reflecting continued backlog execution) but pair it with target multiples set *below* the current 83.2x, on the view that a business earning ROE of 57.4% and ROCE of 77.4% at the tail of a two-year margin run, with order intake already down ~30% YoY, is a plausible candidate for multiple compression even absent any further operational deterioration:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	45.0x	58.0	2,610	(40.5)%
Base	60.0x	58.0	3,480	(20.6)%
Bull	75.0x	58.0	4,350	(0.8)%

Base case rounded to ₹3,480. Even our bull-case scenario — which still assumes 75x forward earnings, itself a rich multiple by most industrial-sector standards, against continued EPS growth despite the order-intake miss — produces essentially no upside from the current ₹4,385 price, underscoring how much of the FY24-FY26 up-cycle is already priced in. Named brokerage targets found in this research skew more bullish than this report's own arithmetic: Nomura (₹5,675, date approximate, post-dating an earlier ₹3,350 target from September 2025), IDBI Capital (Buy, ₹5,214, initiated ~April/May 2026 — exact date uncertain across sources), and Emkay Global (Buy, target raised to ₹4,750 from ₹3,900); Jefferies alone strikes a more cautious note with a Hold rating despite a higher absolute target of ₹6,000. This report's own base case sits well below all of these, reflecting a more skeptical read of what the Q1 FY27 order-intake and margin data imply for forward earnings quality at the current multiple.



RECOMMENDATION: SELL, TARGET ₹3,480 (-20.6% FROM ₹4,385, 18 SEP 2026)

Upgrade triggers: a clear reversal of the Q1 FY27 order-intake decline in the following one to two quarters; EBITDA margin stabilizing or recovering toward the FY26 28% level; formal award of the Barmer- South Kalamb HVDC package with disclosed order value; or a disclosed, quantified India-specific data-center order large enough to be independently material. **Downgrade triggers:** a further order-intake decline; continued margin contraction; or any evidence that the July 2026 ICRA upgrade was, in hindsight, a peak-cycle confirmation rather than a sign of durable credit strength.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	3,168	4,292	6,206
EBITDA margin	10%	19%	28%
Net profit (PAT)	181	608	1,233

Selected metrics	Latest disclosed
ROE (trailing)	57.4%
ROCE	77.4%
Order backlog (30 Jun 2026, Q1 FY27)	₹20,930 cr
Order intake, Q1 FY27 (YoY)	₹1,137 cr, (30.0)%

Source: screener.in (18 Sep 2026), cross-checked against Q4 FY26 results coverage (Business Standard, 19 May 2026) and Q1 FY27 results coverage (multiple sources, Aug 2026); no material discrepancy found between the annual aggregation and quarterly press coverage.

DISCLAIMER

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HOLD

Siemens Ltd

SIEMENS

A high-quality franchise wrapped in a reporting mess this report cannot fully unwind — and only a diluted data-center play regardless

Summary

Siemens Ltd is the Indian listed subsidiary of Siemens AG (Germany), present in India for over a century and headquartered in Mumbai, 75% held by the German parent. Following the demerger of its Energy segment — effective 25 March 2025, with the demerged entity (Siemens Energy India Ltd, covered separately below) listing on 19 June 2025 at a 1:1 share ratio — Siemens Ltd retained three core segments: Smart Infrastructure (electrification, buildings, low/medium-voltage switchgear), Digital Industries (factory automation) and Mobility (rolling stock, rail electrification, signalling), together with a smaller residual line. This is roughly 70% of pre-demerger group revenue. The retained franchise is genuinely high quality on conventional balance-sheet terms: CRISIL AAA/Stable and A1+ ratings (reaffirmed 2 July 2026), nil balance-sheet debt, an order book of approximately ₹45,000 crore as of 31 March 2026 (including a landmark 9,000 HP locomotive order from Indian Railways), and a board that keeps the Managing Director & CEO (Sunil Mathur) and Chairman (Deepak S. Parekh) roles separate.

The financials, however, are genuinely difficult to use without further reconciliation, and this report states that problem explicitly rather than presenting a clean-looking multi-year table. Siemens Ltd's board extended its financial year to an unusual 18-month stub period (October 2024-March 2026), which mechanically breaks any straightforward year-on-year comparison against a normal 12-month prior year. Separately, screener.in's standalone and consolidated data pulls disagree materially on FY2024 sales (₹13,403 crore standalone vs. ₹15,146 crore consolidated), most likely because one pull restates prior years to exclude the now-demerged Energy business and the other does not — and screener.in's quarterly figures diverge from 5paisa's by roughly ₹400-800 crore per quarter for reasons this report could not resolve. Most materially: the quarter ended 30 June 2026 reported a net profit of ₹2,122-2,143 crore — roughly 5-6x the prior quarter despite operating profit of only ₹383 crore — while the company's own disclosed "profit from ordinary activities" line for that same quarter was just ₹343.4 crore, confirming an unexplained exceptional item of roughly ₹1,800 crore inflating the headline figure. This report could not identify the nature of that item from

TARGET PRICE

12-month target	₹3,766
CMP (18 Sep 2026)	₹3,914
Implied upside	(3.8)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹1,39,382 cr
P/E (trailing, disputed)	92.7x-109x*
Book value/share	₹380-389
ROE / ROCE	not meaningful**
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoter (Siemens AG)	75.00%
DII	6.90-9.10%
FII	6.47-8.69%
Public	9.42-9.45%

FINANCIAL SNAPSHOT (₹ CR)

	FY23 (12mo)	FY24 (12mo)	FY26 (18mo)
Revenue	17,965	13,403	22,025
Op. profit margin	13%	13%	10%
PAT	1,911	2,665	2,546



public sources reached. The consequence is that the disclosed trailing P/E figures found in this research (92.7x and 109x, across two screener.in pulls) are themselves built on a distorted earnings base, and the true, sustainable-earnings P/E is almost certainly higher, not lower, than either headline number.

On data-center relevance specifically, Siemens Ltd's exposure is **diluted and thematic rather than a core play**. Globally, Siemens AG's Smart Infrastructure business booked record data-center orders (€1.9 billion in Q2 FY2026) and management has spoken publicly about hyperscale-data-center OT infrastructure as a strategic priority — but this research found no named India-specific data-center customer, hyperscaler contract, or DC-linked order for Siemens Ltd itself. Its plausible India data-center relevance runs through Smart Infrastructure's general building-electrification and automation products, which serve all commercial and industrial buildings, not data centers specifically. This contrasts directly with Siemens Energy India (below), where a named, if unquantified, AI-data-center partnership (TCS's "HyperVault" MoU) already exists.

Net: a HOLD. This report values Siemens Ltd by a deliberately different route than its usual two methods, given the data-quality problem described above (see Valuation), and finds the current price roughly fair to slightly rich on that basis — not attractive enough for a BUY given how expensive the stock already looks even before adjusting for the reporting confusion, but not offering the kind of clear overvaluation case a SELL would require given the genuine underlying credit and franchise quality. Confirmation of normalized EPS from the FY2026 Annual Report is the single most important open item before this rating should be treated as settled.

Investment rationale

- **CRISIL AAA/Stable and A1+** (reaffirmed 2 July 2026), the highest domestic credit ratings available, alongside nil balance-sheet debt, adjusted tangible net worth of ~₹12,236 crore and superior liquidity of ~₹5,612 crore in cash — a genuinely strong balance sheet regardless of the reporting confusion elsewhere.
- **An order book of ~₹45,000 crore** as of 31 March 2026, including a landmark 9,000 HP locomotive order from Indian Railways, providing long-term revenue visibility per CRISIL's own rating rationale.
- **A genuinely diversified, three-segment portfolio** (Smart Infrastructure, Digital Industries, Mobility) that CRISIL itself cites as shielding the business from single-segment cyclicity.
- **Separate Chairman and MD/CEO roles** (Deepak S. Parekh; Sunil Mathur) — a governance positive relative to several peers in this report with combined Chairman/MD structures.
- **Continued Mobility order momentum:** a ₹1,825 crore internal order for rail components (received 25 March 2026), a ₹263 crore RVNL electrification contract, and a Pune Metro propulsion order from Titagarh Rail Systems.
- **Parent-level strategic tailwind:** Siemens AG's global Smart Infrastructure business reported record data-center-linked order growth (€1.9 billion in Q2 FY2026, Smart Infrastructure orders +42% group-wide) — a signal of strategic emphasis that could, though has not yet been shown to, extend into India order intake over time.



What gives us pause

- **An unexplained ~₹1,800 crore exceptional item is inflating reported earnings, and this report could not identify what it is.** The quarter ended 30 June 2026 reported net profit of ₹2,122-2,143 crore against a company-disclosed "profit from ordinary activities" of only ₹343.4 crore for the same quarter — a material, unresolved gap that distorts trailing P/E and any simple net-profit trend line.
- **The 18-month "FY2026" reporting period (October 2024-March 2026) is not a normal fiscal year.** Any year-on-year comparison against a standard 12-month prior year is mechanically distorted by the extra six months of revenue, and this report has deliberately avoided presenting a naive multi-year trend line as a result.
- **Standalone and consolidated data sources disagree materially.** Screener.in's standalone FY2024 sales figure (₹13,403 crore) sits well below its own consolidated FY2024 figure (₹15,146 crore), most plausibly because one series has been retrospectively restated to exclude the now-demerged Energy business and the other has not — this report could not resolve which restatement vintage is authoritative without the primary annual report.
- **Quarterly figures diverge across aggregators by ₹400-800 crore per quarter** (screener.in vs. 5paisa), for reasons this report could not identify from the sources reached.
- **No India-specific data-center customer or order was found for Siemens Ltd.** Its data-center relevance runs through general building-electrification products, not a named hyperscaler contract — genuinely diluted relative to Siemens Energy India's more direct grid-technology exposure.
- **Whether Chairman Deepak S. Parekh is formally classified as Independent or Non-Executive Non-Independent could not be confirmed** from the sources reached — this affects, though on the facts found here probably does not breach, the applicable SEBI LODR independent-director threshold (see governance section below).

Corporate governance assessment

1. Which rules actually apply

Siemens Ltd is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime, 75%-owned by Siemens AG (Germany). Because Chairman Deepak S. Parekh is Non-Executive and, on the facts available, not a promoter or a person occupying a management position, the applicable independent-director threshold under LODR Regulation 17(1)(b) is most likely the lower one-third bar (rather than the one-half bar that applies to an executive-chaired board), on which the confirmed board composition of 3 of 9 named directors (~33%) appears, on its face, to sit at or near compliance. This report could not, however, independently confirm from a primary corporate governance report whether Mr. Parekh is formally designated Independent or merely Non-Executive Non-Independent — a distinction that matters for the precision of this calculation even if the headline conclusion is likely unaffected.

2. What the company does well

MD/CEO and Chairman roles are held by separate individuals (Sunil Mathur; Deepak S. Parekh), and CFO responsibilities sit with Wolfgang Wrumnig as a separate Executive Director. Three named Independent Directors (Sindhu Gangadharan, Anami Roy, Shyamak R. Tata) were confirmed from the company's own board page. Price Waterhouse Chartered Accountants LLP is confirmed performing the statutory review of results, including for the unusual "fifth quarter and fifteen months ended December 31, 2025" period created by the fiscal-year extension. CRISIL's own rating rationale independently corroborates nil balance-sheet debt and superior liquidity.

3. Grey areas

A disclosed cross-directorship exists between Siemens Ltd and Siemens Energy India: Sunil Mathur is simultaneously Managing Director & CEO of Siemens Ltd and Chairman of Siemens Energy India's board, and Dr. Juergen Wagner sits on both companies' boards. Both companies were part of the same group until the March 2025 demerger, and this report treats the



overlap as a disclosed, factual artifact of a recent corporate separation rather than evidence of impropriety. Separately, the ~₹1,800 crore exceptional item discussed above has not been characterized by the company in any source this research reached, which this report considers a disclosure gap worth closing rather than a confirmed governance failing.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or promoter pledge was found in the sources searched — though for a company of this scale and history, absence of adverse news in this research pass is not the same as an affirmative clean-record confirmation from a primary compliance filing.

5. Items to watch

Identification of the nature of the ~₹1,800 crore exceptional item in the quarter ended 30 June 2026; confirmation of Deepak Parekh's precise Independent/Non-Executive classification; reconciliation of the standalone-vs-consolidated and screener-vs-5paisa revenue discrepancies against the primary FY2026 annual report; and confirmation of segment-wise (Smart Infrastructure/Digital Industries/Mobility) revenue and margin disclosure for the post-demerger period, which this research could not locate.

GOVERNANCE CONCLUSION

Reasonably strong on structure, materially undermined by disclosure quality. Separate Chairman/MD roles, confirmed independent directors, an AAA credit rating and a nil-debt balance sheet all point to a well-governed, majority-parent-backed franchise. But an unexplained ~₹1,800 crore exceptional item, unresolved standalone-vs-consolidated data conflicts, and an unconfirmed Chairman independence classification mean this report cannot describe Siemens Ltd's financial disclosure as currently adequate for confident valuation — which is itself the central reason for this report's HOLD rather than any more constructive call.

SWOT analysis

STRENGTHS

- CRISIL AAA/Stable and A1+, nil balance-sheet debt, ~₹5,612cr cash liquidity
- ~₹45,000cr order book (31 Mar 2026) incl. 9,000 HP locomotive order
- Diversified three-segment portfolio shielding single-segment cyclicality
- Separate Chairman/MD/CFO roles; three confirmed independent directors
- 100+ year India presence, Siemens AG parent backing (75% promoter stake)

WEAKNESSES

- Unexplained ~₹1,800cr exceptional item distorting reported PAT and P/E
- 18-month FY26 stub period breaks like-for-like year-on-year comparison
- Standalone-vs-consolidated and screener-vs-5paisa data conflicts, unresolved
- No named India-specific data-center customer or order found
- Chairman's Independent/Non-Independent classification unconfirmed

OPPORTUNITIES

- Parent-level Smart Infrastructure data-center order momentum (€1.9bn, Q2 FY26 globally) potentially extending to India over time
- Continued Indian Railways/Mobility order flow (₹1,825cr internal order, RVNL, Pune Metro)
- Goa GIS/"Blue GIS" (SF6-free) capacity expansion
- Broader India capex-cycle tailwinds across Smart Infrastructure and Digital Industries

THREATS

- Further unexplained accounting items recurring, compounding disclosure-confidence risk
- Intense domestic and international competition constraining profitability, per CRISIL's own rating rationale
- Sharp re-rating risk once the FY2026 Annual Report clarifies normalized EPS, if it comes in materially below this report's run-rate estimate
- DC-thematic exposure remaining diluted/unconfirmed rather than converting into named orders



Key developments to watch

- **The FY2026 Annual Report** — the single most important item to close, both for identifying the nature of the ~₹1,800 crore exceptional item and for disclosing a normalized, comparable EPS base.
- **Confirmation of Chairman Deepak Parekh's Independent/Non-Executive classification** against the primary corporate governance report.
- **Segment-wise (Smart Infrastructure/Digital Industries/Mobility) revenue and margin disclosure** for the post-demerger period, not found in this research.
- **Any named India-specific data-center customer or order**, which would upgrade this report's currently diluted/thematic DC-materiality assessment.
- **Reconciliation of the standalone-vs-consolidated and screener-vs-5paisa figures** once the primary annual report is available.

Key risks to be aware of

- **Data-quality and valuation risk (dominant).** This report's own arithmetic finds the stock already expensive on a sustainable-earnings basis, and the true picture cannot be confirmed until the FY2026 Annual Report clarifies normalized EPS — treat this rating as provisional until then.
- **Reporting-discontinuity risk** from the 18-month fiscal-year stub, which will continue to complicate comparisons for at least one more reporting cycle.
- **Competitive-intensity risk**, flagged directly by CRISIL's own rating rationale as the primary constraint on margins.
- **DC-thematic risk:** this report's inclusion of Siemens Ltd rests on a segment-level, not yet order-evidenced, data-center exposure — a genuinely weaker thesis than several other names in this report.
- **Governance-disclosure risk** given the unresolved Chairman-classification and exceptional-item questions.

Valuation

₹ per share unless stated

Neither of this report's usual two valuation methods cleanly applies here, and we say so explicitly rather than forcing one. Method (a) — deriving EPS from the latest annual PAT divided by the implied current share count — is unusable because the latest reported PAT itself is inflated by the unexplained ~₹1,800 crore exceptional item. Method (b) — dividing CMP by the disclosed trailing P/E to back out EPS directly — is unusable because the disclosed trailing P/E is itself disputed across sources (92.7x vs. 109x) and was very likely computed against a trailing-earnings window that partly includes that same distorted quarter. Instead, we annualize the company's own disclosed "profit from ordinary activities" for the quarter ended 30 June 2026 (₹343.4 crore, explicitly excluding the exceptional item): ₹343.4cr × 4 ≈ ₹1,372cr. Dividing by the implied current share count (market cap ÷ CMP = ₹1,39,382cr ÷ ₹3,914 ≈ 35.6 crore shares) gives a run-rate EPS of ~₹38.5 — implying CMP/EPS of ~₹3,914 ÷ ₹38.5 ≈ 102x, at or beyond the upper end of the disputed 92.7x-109x headline range. This is consistent with this report's view that the true underlying multiple is likely higher, not lower, than either headline figure suggests. We flag this entire approach as a single-quarter extrapolation, not a company-disclosed full-year normalized figure, and therefore a materially lower-confidence estimate than this report's valuations for less distorted companies.

Applying an *indicative* 15% forward-growth assumption — modest, reflecting a mature, order-book-supported industrial franchise rather than a hyper-growth name, and deliberately not extrapolated from any of the distorted headline PAT figures — gives a constructed forward EPS of ~₹44.3. We apply a target multiple band below the disputed trailing range, reflecting our view that a business earning this level of sustainable per-share profit does not warrant a 100x+ multiple even with AAA credit quality, while not collapsing to a "plain industrial" multiple either, given Indian MNC capital-goods majors have historically traded at a persistent premium:



Scenario	Target P/E (fwd)	Fwd EPS (~)	Target price	Upside/(downside)
Bear	75.0x	44.3	3,323	(15.1)%
Base	85.0x	44.3	3,766	(3.8)%
Bull	95.0x	44.3	4,209	+7.5%

Base case rounded to ₹3,766, sitting within this report's HOLD band (-5% to +15% expected 12-month return); even our bull-case scenario, at a 95x forward multiple, produces upside well short of this report's BUY threshold — a sign of how much the current price already assumes continued quality and scarcity value regardless of the underlying reporting confusion. Named brokerage targets found in this research are consistent with this picture: a 24-analyst consensus average of ₹3,347.50 (aggregator sums to 25 individual ratings against a stated "24 analysts" — a minor internal inconsistency in the source itself), Antique Stock Broking's ₹3,767 target (initiated ~December 2025), and a separate ₹3,792 average across "10 recent research reports from 5 sources" — all of which sit at or below the current CMP of ₹3,914, consistent with sell-side coverage already viewing the stock as fully valued to rich even before this report's own data-quality discount.

RECOMMENDATION: HOLD, TARGET ₹3,766 (-3.8% FROM ₹3,914, 18 SEP 2026)

Upgrade triggers: the FY2026 Annual Report confirming a normalized EPS materially above this report's ~₹38.5 run-rate estimate, with a credible explanation for the exceptional item; a named India-specific data-center order that would upgrade the DC-materiality thesis from thematic to concrete; confirmation that Chairman Deepak Parekh cleanly meets the applicable SEBI LODR independent-director threshold. **Downgrade triggers:** the FY2026 Annual Report confirming run-rate earnings power below this report's ₹343cr/quarter estimate; further unexplained exceptional items recurring; or margin compression beyond the ~10-11% already disclosed, consistent with the competitive intensity CRISIL itself flags.

Financial summary — selected disclosed metrics (₹ crore)

	FY23 (Sep, 12mo)	FY24 (Sep, 12mo)	FY26 (18mo, Oct'24-Mar'26)
Revenue (standalone)	17,965	13,403	22,025
Operating profit margin	13%	13%	10%
Net profit (PAT)	1,911	2,665	2,546

Selected metrics	Latest disclosed
Order book (31 Mar 2026)	~₹45,000 cr
Balance-sheet debt	Nil
Run-rate PAT (annualized, ordinary activities)	~₹1,372 cr
Credit rating	CRISIL AAA/Stable, A1+

*Two different trailing P/E figures appeared across separate screener.in pulls (18-20 Sep 2026); this report presents both rather than silently picking one, since the ~₹1,800cr Jun 2026 exceptional item likely distorts whichever trailing-earnings window each pull used. **ROE/ROCE are not shown as clean figures because the PAT base needed to compute them is itself distorted by the same exceptional item; see Valuation for this report's alternative run-rate approach. There is no clean FY25 column above because Siemens Ltd's board-approved extension of its financial year to an 18-month period (Oct 2024-Mar 2026) consumed what would otherwise have been a separate FY25 — this gap is itself evidence of the reporting discontinuity discussed throughout this section, not an omission by this report. Source: screener.in (18-20 Sep 2026, standalone tab), cross-checked against CRISIL's 2 July 2026 rating rationale, which independently corroborates the ~₹45,000cr order book and nil debt but cites a different 18-month "operating income" figure (₹24,846cr) than screener's standalone sales figure (₹22,025cr) — a further, unresolved discrepancy this report flags rather than reconciles.



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BUY

Siemens Energy India Ltd

ENRIN

The strongest growth profile in this report's grid-equipment cluster, with a real, if still unquantified, AI-data-center partnership

Summary

Siemens Energy India Ltd (SEIL; NSE: ENRIN, BSE: 544390) was incorporated on 7 February 2024 and became an independent listed entity via the demerger of Siemens Ltd's Energy business, effective 25 March 2025, listing on 19 June 2025 at a 1:1 share ratio. It carries the transmission and grid-technology business that contributed roughly 30% of pre-demerger Siemens India group revenue — Air-Insulated Switchgear up to 800 kV, Gas-Insulated Switchgear up to 420 kV, Power Transformers up to 765 kV/500 MVA, Reactors up to 765 kV, and Traction Transformers — across 8 manufacturing facilities, 6 sales offices, 4 engineering/R&D centers and 4 service centers, with over 4,500 employees at listing. This is the more directly data-center-relevant of the two Siemens entities in this report, given its grid, transformer and switchgear product lines, and its growth profile is the best of any grid-equipment name covered here: Q3 FY26 (quarter ended 30 June 2026) revenue grew 39.3% year-on-year to ₹2,486 crore, PAT grew 67.8% to ₹441 crore, and EBIT margin expanded 430 basis points to 21.9% from 17.6% a year earlier. Order backlog stood at ₹19,331 crore, up 16.4% year-on-year — roughly 2x trailing annual revenue.

The most directly data-center-relevant development is a Memorandum of Understanding signed 27 April 2026 between Tata Consultancy Services and Siemens Energy AG (the German parent), with Siemens Energy India explicitly named as contributing power-generation, electrification and grid-technology expertise to TCS's "HyperVault" AI-data-center platform. This is a real, named strategic partnership with a top Indian IT major — the strongest data-center-linked evidence found for this entity — but it remains an MoU with no disclosed order value, signed at the parent-group level with SEIL as the India delivery arm, not a SEIL-specific bilateral contract. This report treats it as an early, credible but unquantified signal, not a booked order, and has not built any revenue estimate around it.

The company's standalone listed history is very short — public trading began only in June 2025 — and this report treats any pre-listing (pre-June 2025) figures found in aggregator data as carve-out/pro-forma estimates for comparability, not independently audited standalone-entity results. Return ratios are unusually strong (ROCE 67.8%, ROE 50.5%) but plausibly reflect a small post-demerger equity base as much as a durable structural return profile, and this

TARGET PRICE

12-month target	₹4,053
CMP (18 Sep 2026)	₹3,228
Implied upside	+25.6%
Rating	BUY

KEY STOCK DATA

Market cap	~₹1,15,000 cr
P/E (trailing)	75.3x
Book value/share	₹135 (~23.9x P/B)
ROE / ROCE	50.5% / 67.8%*
Credit rating	None found**

SHAREHOLDING (JUN 2026)

Promoters (Siemens AG 69% + SE AG 6%)	75.00%
Public	10.82%
FII	7.72%
DII	6.44%

FINANCIAL SNAPSHOT (₹ CR)

	Q1 (Jun'25)	Latest Q (Jun'26)	9M FY26 cum.
Revenue	1,785	2,486	6,791
PAT	263	441	1,128
PAT growth YoY	—	+67.8%	+52.2%



report flags their sustainability as an open question rather than a steady-state fact. Valuation is rich in absolute terms — ~75.3x trailing P/E and ~23.9x book value — though this report's own arithmetic finds it arguably supported by the growth trajectory (see Valuation). The company is "almost debt-free" per screener.in, consistent with no independent credit rating being found for this specific entity in this research; a similarly-named but entirely unrelated company, "SEIL Energy India Limited" — a Sembcorp-backed thermal power generator in Andhra Pradesh — carries a CRISIL AA+/Stable rating that this report explicitly does not attribute to Siemens Energy India.

Net: a BUY. The combination of accelerating growth, expanding margins, a large and growing order backlog, a near-debt-free balance sheet and a credible (if early) AI-data-center partnership outweighs the risks of a short track record and a rich multiple, on this report's own valuation arithmetic below. The two open items to watch before treating this as a settled, mature-company thesis are whether the current return ratios prove durable and whether the TCS partnership converts into disclosed, quantified revenue.

Investment rationale

- **The best growth profile in this report's grid-equipment cluster.** Q3 FY26 revenue +39.3% YoY to ₹2,486cr, PAT +67.8% YoY to ₹441cr, with EBIT margin expanding 430bps to 21.9% from 17.6% a year earlier — 9M FY26 cumulative shows the same trajectory (revenue +31.1%, PAT +52.2%, EBIT +49.2%).
- **A named, real AI-data-center strategic partnership** — the TCS "HyperVault" MoU (27 April 2026) is the strongest data-center-linked evidence found anywhere in this report's Siemens-entity research, even though it remains unquantified.
- **A large, growing order backlog:** ₹19,331 crore as of end-Q3 FY26, up 16.4% YoY and roughly 2x trailing annual revenue, providing multi-year visibility.
- **A broad, scarcity-relevant product portfolio** — AIS to 800kV, GIS to 420kV, power transformers to 765kV/500MVA — directly addressing the grid and transformer capacity that India's data-center and broader power build-out depends on.
- **Significant committed capacity expansion:** a ~₹2,060 crore board-approved investment in a new power transformer facility adding ~30,000 MVA (targeted 2030-2032), which would take total transformer capacity to ~60,000 MVA, alongside an already-underway Kalwa capacity doubling (15,000 → 30,000 MVA).
- **A near-debt-free balance sheet**, per screener.in, reducing financial-stress risk for a young, high-growth spin-off.

What gives us pause

- **A very short standalone track record.** SEIL has been independently listed only since June 2025; this report treats any pre-listing figures found in aggregator data as pro-forma/carve-out estimates, not audited standalone-entity results, and flags the entire financial history here as thinner than for a longer-listed peer.
- **ROE (50.5%) and ROCE (67.8%) are unusually high and may not be sustainable.** These plausibly reflect a small post-demerger equity base as much as a durable structural return profile — this report flags them as an open item, not a steady-state fact, and recommends sanity-checking them against SEIL's first full Annual Report balance sheet.
- **Valuation is rich in absolute terms:** ~75.3x trailing P/E and ~23.9x book value. This report's own arithmetic (see Valuation) finds the growth trajectory arguably supports it, but a growth slowdown from the current exceptional pace would leave the multiple exposed.



- **No independent credit rating was found for this specific entity.** This is plausibly consistent with an almost-debt-free balance sheet not requiring one, but this report treats it as "not found," not "affirmatively unrated." Separately and importantly: an unrelated, similarly-named company, "SEIL Energy India Limited" (a Sembcorp-backed thermal power generator in Andhra Pradesh), carries a CRISIL AA+/Stable rating on ₹8,100 crore of facilities — this report has confirmed the two are distinct entities and does not attribute that rating to Siemens Energy India Ltd; readers relying on aggregated data should watch for this naming collision.
- **The TCS HyperVault MoU remains unquantified** — no disclosed order value, signed at the Siemens Energy AG (parent) level with SEIL named as the India-market contributor, not a confirmed SEIL-specific unit-economics customer relationship.
- **Several possibly-overlapping capex figures for Kalwa/transformer expansion** (₹360cr, ₹100cr, ₹740cr, ₹2,060cr, ₹2,800cr) could not be fully reconciled from public sources into a single, clean cumulative program figure.

Corporate governance assessment

1. Which rules actually apply

Siemens Energy India is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairman Sunil Dass Mathur is Non-Executive, which means the applicable independent-director threshold under LODR Regulation 17(1)(b) is most likely the lower one-third bar; the confirmed board composition of 3 of 9 named directors (~33%) appears, on its face, to meet that threshold, though this report could not independently confirm this against SEIL's own primary corporate governance report given the company's very recent listing.

2. What the company does well

MD/CEO and Chairman roles are held by separate individuals — Guilherme Mendonca (Managing Director & CEO) and Sunil Dass Mathur (Chairman, Non-Executive) — with CFO responsibilities held separately by Harish Shekar (Executive Director & CFO). Three named Independent Directors carry credible external credentials: Ketan Arvind Dalal (founder, Katalyst Advisors), Subodh Kumar Jaiswal (retired IPS officer) and Swati Shivanand Salgaocar (Director, Vimson Group). The balance sheet is near-debt-free, reducing governance and financial-stress risk for a young spin-off.

3. Grey areas

Two disclosed cross-directorships exist with Siemens Ltd, the entity SEIL was demerged from: Sunil Mathur chairs Siemens Energy India's board while remaining Managing Director & CEO of Siemens Ltd, and Dr. Juergen Michael Wagner sits on both companies' boards. This report treats both as factual, disclosed artifacts of a recent corporate separation between two companies that were part of the same group until March 2025 — common in fresh spin-offs and not, on the facts found, evidence of impropriety. Separately, the precise 69% (Siemens AG)/6% (Siemens Energy AG) split of the 75% combined promoter stake was sourced from a secondary aggregator rather than SEIL's own primary shareholding-pattern filing, and should be verified directly.

4. Red flags

None found. No SEBI enforcement action, litigation matter, or promoter pledge was identified in the sources searched — though given the company's listed history of little more than a year, this reflects a short, clean record rather than a long one, and should be read accordingly.

5. Items to watch

SEIL's first full standalone Annual Report, to obtain audited (rather than aggregator-sourced) financials and confirm the promoter-split percentages; any credit-rating agency initiating coverage of this specific entity; resolution of a Business Standard item referencing "Q3 results net profit surges 80% to ₹263 crore" that does not cleanly match any quarter in this report's financial summary table, most likely a different-quarter mislabeling in that source; and confirmation of whether the TCS HyperVault MoU has converted into any disclosed order value.



GOVERNANCE CONCLUSION

Reasonable for a young, recently-demerged spin-off, with the caveat that less has had time to be tested. Separate Chairman/MD/CFO roles, three credible independent directors, and no red flags found all point to adequate governance on the facts available. The disclosed cross-directorships with Siemens Ltd are factual and, in this report's assessment, an ordinary consequence of a recent demerger rather than a concern requiring remediation — but the overall governance picture, like the financial history, should be understood as short rather than deeply proven.

SWOT analysis

STRENGTHS

- Best growth profile in this report's grid-equipment cluster (revenue +39.3%, PAT +67.8% YoY, Q3 FY26)
- EBIT margin expansion 17.6% → 21.9% YoY; order backlog ₹19,331cr (+16.4% YoY, ~2x revenue)
- Named TCS "HyperVault" AI-data-center MoU (27 Apr 2026) — real, if unquantified
- Near-debt-free balance sheet; broad product portfolio to 765kV/500MVA transformers
- Separate Chairman/MD/CFO roles; three credible independent directors

WEAKNESSES

- Very short standalone track record (listed since Jun 2025 only)
- ROE (50.5%)/ROCE (67.8%) unusually high — sustainability unconfirmed
- Rich valuation: ~75.3x trailing P/E, ~23.9x book value
- No independent credit rating found for this specific entity
- Multiple, possibly-overlapping capex figures unreconciled

OPPORTUNITIES

- TCS HyperVault MoU converting into disclosed, quantified orders
- Management explicitly links growth to "electrification, industrial growth, and AI-enabled data centers"
- ~₹2,060cr new transformer facility (~60,000MVA total capacity by 2030-32)
- "Blue GIS" (SF6-free) technology leadership — first 145kV SF6-free breaker commissioned in India

THREATS

- Valuation de-rating if growth decelerates from the current exceptional pace
- Naming confusion with unrelated "SEIL Energy India Limited" (CRISIL AA+, Sembcorp-backed) creating information risk for investors relying on aggregated data
- Long-dated new capacity (2030-2032 commissioning) execution risk
- Global grid-equipment demand cycle drawing in new competitive capacity over time

Key developments to watch

- **SEIL's first full standalone Annual Report**, to move beyond aggregator-sourced quarterly data to audited financials.
- **Quantification of the TCS HyperVault MoU** into any disclosed order value.
- **Construction progress on the ~₹2,060 crore new transformer facility** toward its 2030-2032 commissioning window.
- **Any credit-rating agency initiating coverage** of Siemens Energy India Ltd specifically (distinct from the unrelated "SEIL Energy India Limited").
- **Reconciliation of the multiple Kalwa/transformer capex figures** against a single investor-presentation capex schedule.

Key risks to be aware of

- **Short-track-record risk (dominant).** A listed history of little more than a year means less has been tested than for longer-listed peers in this report — including whether current return ratios (ROCE 67.8%, ROE 50.5%) persist.
- **Valuation/growth-deceleration risk:** ~75.3x trailing P/E and ~23.9x book value leave limited room for disappointment if growth normalizes toward more typical grid-equipment rates.



- **Unquantified-MoU risk:** the data-center narrative is currently ahead of disclosed economics — the HyperVault partnership has not yet converted into a booked order.
- **Naming-confusion risk** regarding credit ratings, given the unrelated "SEIL Energy India Limited" entity.
- **Execution risk** on the long-dated (2030-2032) new transformer capacity.

Valuation

₹ per share unless stated

This report uses method (b) — dividing CMP by the disclosed trailing P/E to back out trailing EPS — while explicitly flagging SEIL's short listed history: any pre-June-2025 inputs into that trailing figure are carve-out/pro-forma estimates, not audited standalone results, and should be treated with correspondingly lower confidence than for a longer-listed company. $CMP \div P/E = ₹3,228 \div 75.3x \approx ₹42.9$ trailing EPS. This is broadly consistent with an independent cross-check: summing the four most recently disclosed quarters (Sep 2025-Jun 2026) gives trailing PAT of ~₹1,489 crore, which divided by the implied current share count (market cap $\div$ CMP $\approx$ 35.6 crore shares) gives ~₹41.8 — close enough to the P/E-implied figure to give reasonable confidence in using ₹42.9 as the base.

Applying an *indicative* 35% forward-growth assumption — meaningfully below the 52-68% growth actually recorded across recent quarters and 9M FY26 (on the view that growth at that magnitude cannot persist indefinitely off a rapidly-scaling base, and reflecting this report's stated caution about the sustainability of current return ratios), gives a constructed forward EPS of ~₹57.9. We apply a target multiple band around, rather than assuming expansion beyond, the current trailing multiple — reflecting genuine growth support, tempered by the short track record:

Scenario	Target P/E (fwd)	Fwd EPS (₹)	Target price	Upside/(downside)
Bear	55.0x	57.9	3,185	(1.3)%
Base	70.0x	57.9	4,053	+25.6%
Bull	85.0x	57.9	4,922	+52.5%

Base case rounded to ₹4,053, comfortably within this report's BUY band (15%+ expected 12-month return); even the bear-case scenario, which assumes meaningful multiple compression to 55x against a moderated 35% growth assumption, produces only a modest decline — a sign that the growth trajectory itself, not multiple expansion, is doing most of the work in this report's constructive view. Named brokerage targets found in this research span a wide range: Jefferies (Buy, target not specified in sources reached), JPMorgan (Neutral, ₹2,600), and Motilal Oswal (Buy, ₹3,400 per one dated source and ₹3,800 per another, likely sequential rather than concurrent calls this report could not fully date-sequence). A trendlyne.com-style aggregator consensus of ₹3,226 across "14 recent research reports from 4 sources" sits almost exactly at the current CMP, implying the wide house-by-house dispersion (JPMorgan's cautious ₹2,600 against Motilal Oswal's more constructive ₹3,800) roughly offsets in aggregate. Independent/retail research estimates (Univest, not registered sell-side coverage) cited a bull case of ₹4,605 and a base case of ₹4,005 — both broadly consistent with this report's own base-case target.

RECOMMENDATION: BUY, TARGET ₹4,053 (+25.6% FROM ₹3,228, 18 SEP 2026)

Upgrade triggers: the TCS HyperVault MoU converting into a disclosed, quantified order; continued order-backlog growth translating into further, durable margin expansion; an independent credit-rating agency initiating coverage and confirming balance-sheet strength. **Downgrade triggers:** ROE/ROCE proving unsustainable as the post-demerger equity base normalizes or fresh capex dilutes returns; growth decelerating sharply toward more typical grid-equipment industry rates; or any adverse development on the long-dated (2030-2032) new transformer facility.



Financial summary — selected disclosed metrics (₹ crore)

	Q1 (Jun 2025)	Latest quarter (Jun 2026)	9M FY26 cumulative (Apr-Jun 2026)
Revenue	1,785	2,486	6,791
Operating profit margin (screener basis)	19%	24%	~21.2%***
Net profit (PAT)	263	441	1,128

Selected metrics	Latest disclosed
ROE	50.5%
ROCE	67.8%
Order backlog (30 Jun 2026)	₹19,331 cr (+16.4% YoY)
P/E (trailing) / P/B	75.3x / ~23.9x

*ROE/ROCE are unusually high and this report flags their sustainability as unconfirmed — see What gives us pause. **No independent credit rating was found for Siemens Energy India Ltd specifically; do not confuse with the unrelated "SEIL Energy India Limited" (CRISIL AA+/Stable, a Sembcorp-backed thermal power generator). ***9M FY26 margin computed here from disclosed EBIT (₹1,437cr ÷ ₹6,791cr revenue) rather than screener's operating-profit basis used for the quarterly columns, since a matching 9M operating-profit figure was not separately available — a small definitional difference from the quarterly OPM figures shown, not a data error. There is no clean multi-year FY table above because SEIL has existed as an independent, separately-reporting listed entity only since 19 June 2025; pre-listing figures found in aggregator data are carve-out/pro-forma estimates, not audited standalone results, and are excluded from this table on that basis. Source: screener.in and company/press quarterly disclosures (SolarQuarter, Energetica India, pv-magazine-india), all fetched/dated 18-20 Sep 2026, cross-checked against each other for the Jun 2026 quarter with good agreement.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Siemens Energy India Ltd, and have received no compensation from the company.



SELL

Schneider Electric Infrastructure Ltd

SCHNEIDER

The clearest brand-exposure trap in this report: the "Schneider = data-center power" story sits in an unlisted sister company, not these shares

Summary

Schneider Electric Infrastructure Limited ("SEIL") trades at roughly 150x trailing earnings and ~42x book value — the richest valuation found anywhere across this report's full 20-company Report 2 coverage — attached to a company whose profit is now shrinking, not growing. FY26 (year to Mar 2026) PAT fell to ₹213 crore from ₹268 crore in FY25, even as revenue rose 9.6% to ₹2,891 crore, as operating margin compressed from 15% to 13%. The company paid zero dividend in FY26, confirmed both by screener.in and by separate AGM coverage explicitly noting "no dividend" alongside the 10 September 2026 AGM's leadership- continuity resolutions. This valuation/fundamentals mismatch — a near-150x multiple sitting on top of a declining profit line and no shareholder cash return at all — is the core of this report's SELL call.

SEIL's actual listed business is medium/low-voltage switchgear, power transformers and grid-automation/ digital-substation products, sold mainly into power generation, transmission & distribution, oil & gas, metro rail, mining and metals customers — almost entirely domestic and, per this research, not naming data centers as a discrete end-market anywhere in company materials found. Order intake has been genuinely strong (FY25 orders +13.4% YoY to ₹2,693 crore; FY26 orders +27.4% for the full year) and transformer capacity is being expanded (5,500 MVA to 7,000 MVA by end-FY26; Vadodara switchgear capex raised from ₹110.2 crore to ₹156.4 crore). But Q2 FY26 management commentary flagged execution/revenue growth slowing to single digits (6-7%), down from over 20% in prior years — a deceleration that sits uncomfortably next to a valuation still pricing in something closer to the old growth rate.

The single most important structural fact for any investor in this stock to understand: the well-known "Schneider = data-center power/UPS" brand story — the APC by Schneider Electric UPS/ rack-power brand, and the 2018 acquisition of L&T's Electrical & Automation business (₹14,000 crore, now rebranded "Lauritz Knudsen") — sits entirely inside **Schneider Electric India Private Limited ("SEIPL")**, a separate, unlisted sister entity that is a direct

TARGET PRICE

12-month target	₹515
CMP (18 Sep 2026)	₹1,214
Implied upside	(57.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹29,015 cr
P/E (trailing)	~150x
Price/Book	~42.1x
ROE / ROCE	38.2% / 29.6%
Credit rating (SEIL, listed)	None confirmed*

SHAREHOLDING (JUN 2026)

Promoter (EGATSI)	75.00%
Public	16.91%
DII	4.65%
FII	3.42%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	2,207	2,637	2,891
EBITDA margin	13%	15%	13%
PAT	172	268	213

*No CRISIL/ICRA/CARE/India Ratings rationale naming Schneider Electric Infrastructure Limited itself was found; every rating surfaced belongs to unlisted sister entity Schneider Electric India Pvt Ltd (CRISIL AAA/Stable, A1+).



subsidiary of the French parent, Schneider Electric SE. SEIPL carries a CRISIL AAA/Stable, A1+ rating (reaffirmed ~17 Dec 2025) — a rating this report's research repeatedly found being surfaced in searches for "Schneider Electric" ratings, but which belongs to SEIPL, not to SEIL. As far as this report's digest could confirm, **SEIL itself carries no rating from any of CRISIL, ICRA, CARE or India Ratings** — no rating rationale naming the listed entity specifically was found. No named data-center, hyperscaler or AI-infrastructure order was traced to SEIL's own order book either, in contrast to Schneider Electric SE's well-documented global AI-data-center deal flow (a \$1.9bn Switch supply agreement, a \$373m Digital Realty UPS/switchgear deal, and new 2.5MW prefabricated AI-factory power modules) — all of it activity at the global-parent level, none of it traced to these listed shares.

Net: a SELL. This is not a claim that SEIL's underlying switchgear/transformer business is broken — order intake and capacity expansion both look genuinely healthy — but a judgment that the price already assumes a growth and brand story that, on this research, belongs mostly to a different, unlisted company, while the listed entity's own profit line is moving in the opposite direction.

Investment rationale

- **Genuinely strong order intake.** FY25 order inflow ₹2,693 crore (+13.4% YoY); FY26 full-year orders grew a further 27.4% — a real, disclosed operating signal, independent of the valuation debate.
- **Capacity expansion underway.** Board-approved transformer capacity increase from 5,500 MVA to 7,000 MVA by end-FY26 (₹13.6 crore capex), and a Vadodara switchgear-plant capex revision from ₹110.2 crore to ₹156.4 crore for capacity, shopfloor and civil upgrades.
- **High return ratios on the reported base.** ROE of 38.2% and ROCE of 29.6% (screener.in, latest year) are strong in absolute terms, even though they do not, on this report's arithmetic, justify a ~150x earnings multiple.
- **An improved board-independence structure versus some peers in this report's coverage.** The Chairperson (Pravin Kumar Purang, appointed 6 November 2025) is an Independent Director, distinct from Managing Director & CEO Udai Singh — unlike some other companies profiled in this report series where Chairman and MD/CEO roles are combined in one promoter-family executive.
- **Board strengthened further in late 2025.** Two additional Independent Non-Executive Directors (Sundaram Damodarannair, Dr Shalini Sarin) were appointed effective 24 October 2025, on top of the new independent chairperson from November 2025 — a genuine, dated improvement in board composition.

What gives us pause

- **The valuation is disconnected from the company's own reported fundamentals.** A ~150x trailing P/E and ~42x P/B sit on top of a PAT that fell from ₹268 crore (FY25) to ₹213 crore (FY26) and a margin that compressed from 15% to 13% — the central reason for this report's SELL call.
- **The brand/entity conflation risk is, on this report's research, the single clearest example of a "brand exposure ≠ economic exposure" trap in this entire report.** The APC by Schneider Electric UPS/data-center-power brand, the 2018 L&T Electrical & Automation acquisition, and the CRISIL AAA/Stable, A1+ credit rating widely associated with the "Schneider Electric" name in India all belong to the unlisted sister entity, Schneider Electric India Pvt Ltd — not to these listed shares. An



investor buying SCHNEIDER on the strength of the "Schneider is a data-center power leader" narrative is, on this research, buying exposure to switchgear, transformers and grid automation, not to the AAA-rated, data-center-facing business that name recognition suggests.

- **No dividend.** Zero dividend yield despite a 38.2% ROE — confirmed by both screener.in and separate AGM coverage explicitly citing "no dividend" for FY26 — is a real gap in shareholder cash return for a company trading at a premium multiple.
- **Execution has slowed.** Q2 FY26 management commentary flagged revenue growth decelerating to single digits (6-7%), down from over 20% historically — a trend this report's research could not confirm has reversed.
- **Governance disclosure gaps remain.** This research could not confirm SEIL's statutory auditor, pending litigation, or related-party-transaction specifics (WebSearch budget was exhausted before these could be searched) — the writer recommends pulling the FY2025-26 Annual Report's Corporate Governance Report directly before treating governance as fully assessed.
- **Brokerage coverage looks unusually thin.** No named, dated registered-brokerage rating or target for SEIL was confirmed in this research, in contrast to Amara Raja and Netweb elsewhere in this report's coverage, where at least one named brokerage (ICICI Securities) was confirmed.

Corporate governance assessment

1. Which rules actually apply

SEIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because its Chairperson (Pravin Kumar Purang) is a Non-Executive Independent Director — separate from Managing Director & CEO Udai Singh — SEIL sits under LODR's lighter independent-director threshold (at least one-third of the board), rather than the 50% threshold that applies when Chairman and MD/CEO roles are combined. As of the FY25 Annual Report snapshot, the board had 6 directors (2 executive, 2 non-executive non-independent, 2 non-executive independent — 33% independent); two further independent directors were added in October 2025 and a new independent chairperson in November 2025, which should raise that proportion further, but this report could not obtain a current, complete board roster to state an exact current percentage.

2. What the company does well

The separation of Chairman and MD/CEO roles is a genuinely better governance structure than a combined Chairman-MD arrangement, and the board was visibly strengthened in Q3-Q4 FY26 (two new independent directors, a new independent chairperson). Promoter holding (75.00%, via Energy Grid Automation Transformers and Switchgears India Pvt Ltd, "EGATSI") is disclosed and consistent quarter-to-quarter per screener.in's shareholding data.

3. Grey areas

EGATSI's own upstream ownership could not be traced in this research. It is not confirmed whether EGATSI, SEIL's 75% promoter, is itself controlled by or related to Schneider Electric India Pvt Ltd (the unlisted AAA-rated sister entity holding the APC brand), or reports through a separate line directly to Schneider Electric SE. This is the key open item behind the listed-vs-unlisted conflation risk flagged throughout this section and was not resolved by any primary source reached in this research; it should be closed via SEIL's related-party-transaction note or EGATSI's own MCA filing before an investor treats the entity structure as fully understood. Two non-executive, non-independent directors (Anil Chaudhry, Deepak Sharma), presumed Schneider Electric group/promoter-side nominees, had their exact current roles within the wider Schneider Electric organization unconfirmed in sources reached.



4. Red flags

No SEBI enforcement action, insider-trading finding, or litigation was found in this research — but this reflects a genuine research gap (statutory auditor, litigation and related-party-transaction disclosures could not be searched before this research's tool budget was exhausted) rather than a confirmed clean record, and should not be read as equivalent to independent verification. Separately, zero dividend paid in FY26 despite a 38.2% ROE is not a compliance red flag, but is a governance-adjacent capital-allocation signal worth flagging alongside the valuation discussion above.

5. Items to watch

Confirmation of SEIL's own credit-rating status (or confirmed absence of one) from CRISIL/ICRA/CARE/ India Ratings; the current, complete board roster and independent-director percentage from the FY2025-26 Annual Report (filed 18 August 2026); resolution of EGATSI's upstream ownership chain relative to Schneider Electric India Pvt Ltd; and statutory auditor, litigation and related-party-transaction disclosures not yet confirmed in this research.

GOVERNANCE CONCLUSION

Structurally improving, but incomplete — and carrying a distinct, entity-level risk this report treats as a headline point, not a footnote. The Chairman/CEO separation and the late-2025 board additions are genuine positives. But nothing in this research changes the core structural fact: the AAA-rated, APC-branded, data-center-facing "Schneider Electric" business Indian investors generally associate with this name is housed in the unlisted Schneider Electric India Pvt Ltd, not in the listed shares covered by this report. Any governance or credit-quality halo an investor extends from that brand to SCHNEIDER stock is, on this research, not supported by SEIL's own disclosed rating status (none confirmed) or its own reported profit trend (declining). This gap reinforces, rather than offsets, this report's separately-derived SELL call on valuation grounds.

SWOT analysis

STRENGTHS

- Strong order intake (FY25 +13.4% YoY, FY26 +27.4% for the full year)
- Chairman/CEO roles separated, with an independent chairperson since Nov 2025
- Board strengthened further with two new independent directors (Oct 2025)
- High ROE (38.2%) / ROCE (29.6%) on the reported earnings base
- Ongoing transformer and switchgear capacity expansion (Vadodara, transformer MVA increase)

WEAKNESSES

- Richest valuation in this report's entire 20-company universe (~150x P/E, ~42x P/B)
- PAT declining (₹268cr FY25 → ₹213cr FY26); margin compressed 15% → 13%
- Zero dividend despite high return ratios
- No confirmed credit rating for the listed entity itself from any major agency
- Execution growth slowed to single digits (6-7%) in Q2 FY26, from 20%+ historically

OPPORTUNITIES

- India's broader grid, industrial and infrastructure capex cycle, of which data-center power connections are one (unconfirmed-for-SEIL) end-use among many
- Transformer and switchgear capacity coming online through FY26-27
- Digital-substation/grid-automation demand as India's T&D network modernizes
- Potential future, currently unconfirmed, intercompany or direct data-center-linked order flow

THREATS

- Brand/entity conflation: investors mistaking SEIL for the AAA-rated, APC-branded, unlisted SEIPL
- Further PAT/margin deterioration if the Q2 FY26 execution slowdown persists
- Unresolved EGATSI ownership-chain question adds structural opacity
- Thin brokerage coverage and disclosure gaps (auditor, litigation, RPT) limit external scrutiny



Key developments to watch

- **Confirmation of SEIL's own credit-rating status** (or its confirmed absence) from CRISIL, ICRA, CARE or India Ratings — the single most important open item distinguishing this listed entity from its unlisted, AAA-rated sister company.
- **Resolution of EGATSI's upstream ownership chain** relative to Schneider Electric India Pvt Ltd and Schneider Electric SE.
- **The current, complete board roster and independent-director percentage** from the FY2025-26 Annual Report.
- **Whether execution growth reaccelerates** from the single-digit pace flagged in Q2 FY26 commentary.
- **Any change in dividend policy**, given the zero-payout FY26 outcome despite strong return ratios.

Key risks to be aware of

- **Valuation risk (dominant).** At ~150x trailing earnings and ~42x book value, this report's own arithmetic finds no scenario that supports the current price off currently reported fundamentals.
- **Brand/entity-conflation risk** — the distinguishing risk this report flags for this stock specifically: the data-center-relevant "Schneider" brand and credit quality sit with a different, unlisted company.
- **Profit-decline risk.** FY26 PAT fell 20.5% YoY even as revenue grew — a trend this report's research could not confirm has reversed.
- **Capital-return risk.** Zero dividend, with no confirmed policy commitment to future payouts.
- **Disclosure risk.** Statutory auditor, litigation and related-party-transaction specifics were not confirmed in this research.

Valuation

₹ per share unless stated

Applying this report's CMP ÷ disclosed trailing P/E approach: ₹1,214 (CMP, 18 Sep 2026, screener.in) ÷ 150x (disclosed trailing P/E) gives a trailing EPS of approximately **₹8.09**. Given the Q2 FY26 commentary of execution growth slowing to single digits and margin already compressed to 13%, we apply a cautious, *indicative* 6% forward-EPS-growth assumption (materially

below the growth this multiple would require to be justified) to arrive at a constructed FY27E EPS of approximately **₹8.58**.

Because the current 150x multiple is, on this report's reading, not supported by either the current profit trend or a confirmed data-center growth narrative specific to this listed entity, we apply a target multiple band re-rated well below the current trailing multiple, toward levels closer to other premium Indian capital-goods/electricals names in this report's broader coverage — not a distress multiple, but a more fundamentals-anchored one:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	40.0x	8.58	343	(71.7)%
Base	60.0x	8.58	515	(57.6)%
Bull	80.0x	8.58	686	(43.5)%

Base case rounded to ₹515. Even our bull-case scenario, applying an 80x forward multiple — still a rich multiple by ordinary industrial standards — produces substantial downside from the current ₹1,214, underscoring how much of the current price depends on a valuation and brand narrative this report's research could not confirm belongs to the listed entity. No named, dated registered-brokerage target for SEIL was confirmed in this research; a Trendlyne research-reports page exists for the stock but its contents were not opened in this research pass, and non-brokerage retail-research citations (Univest, ~₹1,600 2026 target; a separate aggregator's "average Wall Street target" of ~₹1,426) are flagged in the underlying digest as unverified and are not treated as analyst consensus here.



RECOMMENDATION: SELL, TARGET ₹515 (-57.6% FROM ₹1,214, 18 SEP 2026)

Upgrade triggers: a confirmed, independently-rated credit profile for SEIL itself from a major agency; evidence of PAT and margin re-acceleration rather than continued decline; a disclosed, direct data-center order or contract booked to SEIL's own order book (not the unlisted SEIPL); or initiation of a dividend policy. **Downgrade triggers:** further PAT/margin deterioration; continued single-digit execution growth; further evidence that investors are pricing SEIL on the strength of SEIPL's APC/AAA narrative rather than SEIL's own disclosed fundamentals.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,207	2,637	2,891
EBITDA margin	13%	15%	13%
Net profit (PAT)	172	268	213

Selected metrics	FY26
ROE	38.2%
ROCE	29.6%
Order backlog (31 Mar 2025)	₹1,253 cr
FY26 order growth	+27.4%
Dividend yield	0%

Source: screener.in (18 Sep 2026); AGM/order-growth figures cross-checked against adgully.com (FY26 order-growth coverage) and welomoney.com (AGM/no-dividend coverage). FY23 figures (revenue ₹1,777cr, PAT ₹124cr) available in the underlying digest but omitted here to match this report's standard three-year presentation.

DISCLAIMER

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BUY

Amara Raja Energy & Mobility Ltd ARE&M

The cheapest stock in this report's entire universe — a real, scaling battery-storage business priced like a legacy industrial, with a data-center angle that is genuine but secondary

Summary

Amara Raja Energy & Mobility is the Tirupati-based, Galla-family-founded battery major better known for its Amaron automotive brand, but its Industrial segment — serving telecom operators, telecom-equipment makers, the UPS sector, Indian Railways and the power/oil & gas industry — is the closest thing in this report to a direct data-center backup-power supplier of scale. A third-party India power-supply-chain research note names Amara Raja and Exide Industries as the two Indian-listed suppliers of the lead-acid and lithium-ion batteries powering data-center UPS systems, and states that UPS equipment represented 30.68% of India's data-center power market revenue in 2025 — the single largest product sub-segment in that market's own breakdown. Layered on top of the legacy business is a genuinely new, fast-scaling New Energy segment: a lithium-ion "Gigafactory" being built via wholly-owned subsidiary Amara Raja Advanced Cell Technologies (ACT), whose ₹500 crore Customer Qualification Plant in Telangana was formally commissioned on 15 July 2026, alongside a planned 10 GWh Battery Energy Storage System (BESS) facility at Divitipalli targeted to begin production by end-CY2026. New Energy segment revenue has already crossed ₹200 crore in a single quarter (Q3 FY26) and reached ₹209.30 crore in Q1 FY27, up roughly 70% year-on-year.

Revenue has grown steadily from ₹11,260 crore (FY24) to ₹12,405 crore (FY25) to ₹13,549 crore (FY26), with PAT edging up from ₹906 crore to ₹964 crore to ₹970 crore over the same window. But operating margin has slipped from 14% to 13% to 11% across those three years, and the New Energy segment itself posted an operating loss of ₹22.05 crore on ₹209.30 crore of revenue in Q1 FY27 — the direct arithmetic behind the margin compression. We read this explicitly as a J-curve investment-phase story: a genuinely new, capital-intensive battery-chemistry business scaling revenue quickly ahead of profitability, not a sign of deteriorating economics in the core franchise. The first 2 GWh lithium-cell production line ("Giga 1") has already slipped once, from earlier FY26 guidance to a June 2027 target — a real execution delay to track, not dismiss.

TARGET PRICE

12-month target	₹918
CMP (18 Sep 2026)	₹796
Implied upside	+15.3%
Rating	BUY

KEY STOCK DATA

Market cap	₹14,569 cr
P/E (trailing)	18.6x
Book value/share	₹446
Dividend yield	1.33%
Credit rating	CRISIL AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Galla family)	32.86%
Public	34.50%
FII	17.34%
DII	15.31%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	11,260	12,405	13,549
EBITDA margin	14%	13%	11%
PAT	906	964	970



At a CMP of ₹796 (18 Sep 2026) and a trailing P/E of just 18.6x, Amara Raja trades at a small fraction of the multiples this report assigns to Netweb Technologies (~106x) or Schneider Electric Infrastructure (~150x) — despite steady, if slower, growth, a CRISIL AA+/Stable credit rating, and a real, if early-stage, battery-storage business with plausible data-center adjacency through both UPS batteries and BESS. The stock is down roughly 19.6% over the trailing year even as the underlying fundamentals have held up, which is the value opportunity underpinning this report's BUY call. We are explicit, however, about the limits of the data-center story here: unlike Voltamp Transformers, Hitachi Energy India or ABB India elsewhere in this report, this research found no company-sourced statement from Amara Raja tying its growth specifically to AI-driven data-center demand. The data-center link rests on third-party analyst framing of the UPS/battery product category, not on management's own words.

Net: a BUY, built on valuation and a genuine, scaling battery-storage franchise — not on an AI-data-center narrative this report cannot substantiate from primary company disclosure. Investors buying this stock for its data-center exposure specifically should size the position accordingly.

Investment rationale

- **The cheapest stock across this report's entire 20-company universe.** At 18.6x trailing earnings (screener.in, 18 Sep 2026), Amara Raja trades at a small fraction of the multiples assigned elsewhere in this report to companies with comparable or weaker fundamentals — a valuation gap this report's BUY call is built on.
- **A genuine, scaling battery-storage business, not a paper narrative.** The New Energy segment has crossed ₹200 crore of quarterly revenue (first achieved in Q3 FY26) and reached ₹209.30 crore in Q1 FY27 (+~70% YoY), with a ₹500 crore Customer Qualification Plant formally commissioned in Telangana on 15 July 2026 and a 10 GWh BESS facility at Divitipalli targeted for end-CY2026 production.
- **A real, if indirect, data-center linkage through the Industrial segment.** Third-party research (the "Power Before Compute" framework) names Amara Raja as one of only two Indian-listed suppliers of UPS-grade lead-acid and lithium-ion batteries for data centers, in a market where UPS equipment is the single largest product sub-segment (30.68% of India's DC power-market revenue in 2025).
- **Steady, if slower, top-line growth with a strong balance sheet.** Revenue has grown every year from ₹11,260 crore (FY24) to ₹13,549 crore (FY26), underpinned by a CRISIL AA+/Stable long-term rating (reaffirmed 30 March 2026) — materially stronger credit standing than several higher-multiple peers in this report.
- **A cleaner corporate structure than some peers.** Amara Raja Power Systems Ltd — the group entity manufacturing switchgear, power electronics and distribution panels most directly adjacent to data-center electrical infrastructure — became a wholly-owned subsidiary of the listed entity in FY2023-24, consolidating this business fully within the stock investors actually buy (unlike some peers where an analogous business sits in an unlisted sister company).
- **The stock's recent weakness looks disconnected from fundamentals.** Down ~19.6% over the trailing year even as revenue, PAT and the credit rating have all held or improved — a gap between price and fundamentals this report's valuation section treats as the core opportunity.



What gives us pause

- **No company-sourced statement ties Amara Raja's growth to AI or data-center demand specifically.** Unlike Voltamp Transformers, Hitachi Energy India or ABB India elsewhere in this report, this research found no dated management quote or investor-presentation statement from Amara Raja attributing revenue or order growth to AI-driven data-center demand. The data-center link here rests entirely on third-party analyst framing of the UPS/battery product category — investors should not treat this as an AI-datacenter pure play.
- **Margin is genuinely declining, and the New Energy segment is currently loss-making.** Operating margin has fallen from 14% (FY24) to 13% (FY25) to 11% (FY26), and New Energy posted a ₹22.05 crore operating loss on ₹209.30 crore of revenue in Q1 FY27. We read this as a J-curve investment phase rather than a red flag, but it is a real, ongoing drag on consolidated profitability that could persist for several more quarters.
- **The Gigafactory timeline has already slipped once.** The first 2 GWh lithium-cell production line ("Giga 1") has been delayed from earlier FY26/early-FY27 guidance to a June 2027 target — a genuine execution risk in the New Energy buildout, not a hypothetical one.
- **No named hyperscaler, cloud provider or colocation customer was found** contracting with Amara Raja for data-center battery supply. The data-center relevance identified in this research sits at the product-category level (UPS/telecom backup batteries generally), not tied to a disclosed named DC customer or order value.
- **A widely-cited "largest market share in Indian data-center batteries" claim could not be corroborated** against any primary company disclosure or independent market-research study in this research and should be treated as an unverified analyst assertion, not a confirmed fact.
- **Governance disclosure has real gaps.** Only two independent directors (Ramasamy Annush, Amar Patnaik, both joined 2025) were confirmed against a combined Chairman-and-Managing-Director role (Jayadev Galla) — this report could not confirm the full board roster or SEBI LODR compliance. The CFO's name, statutory auditor and litigation/related-party-transaction details also could not be verified in this research.
- **Sell-side coverage is thin.** Only ICICI Securities (HOLD, target ₹960, 4 June 2026) was confirmed as a named brokerage; Trendlyne aggregation cites just seven reports from two sources, with an average target of ₹952.

Corporate governance assessment

1. Which rules actually apply

Amara Raja is a mainboard NSE/BSE-listed company (NSE: ARE&M, BSE: 500008) subject to the full SEBI LODR regime. Jayadev Galla holds the combined Chairman-and-Managing-Director role, which under SEBI LODR requires at least half the board to be independent directors. This research confirmed only two independent directors (Ramasamy Annush and Amar Patnaik, both reported to have joined in 2025) — the complete board roster and precise independent-director percentage could not be verified, and this report cannot confirm LODR compliance on this point. This is the single largest governance-verification gap for this company and should be closed before its governance is assessed as complete.

2. What the company does well

Promoter holding, at 32.86% (held via RN Galla Family Private Limited), is materially lower and more widely-held than several promoter-heavy peers in this report — consistent with a founder-led but broadly institutionally-owned company (FII 17.34%, DII 15.31%, public 34.50%, per screener.in, June 2026 quarter). The group has also consolidated its power-electronics/switchgear business — Amara Raja Power Systems Ltd — into a wholly-owned subsidiary of the listed entity (completed FY2023-24), a cleaner structure than peers where an analogous business sits outside the listed shareholder base. The company holds a CRISIL AA+/Stable long-term credit rating, reaffirmed as recently as 30 March 2026, and a separate CRISIL ESG score of 58 ("Adequate"), dated 29 August 2025.



3. Grey areas

The combined Chairman-and-Managing-Director structure under Jayadev Galla (in the role since August 2021) is a promoter-family-led governance structure, though less concentrated than some peers given the company's broader shareholder base. An Executive Director, Harshavardhana Gourineni, was identified in one organisational-chart aggregator, but his relationship to the promoter family could not be independently verified in this research. The statutory auditor's identity, the CFO's name, and related-party-transaction disclosure specifics could not be confirmed in the sources reached — a real disclosure gap versus some peers in this report, flagged here rather than assumed benign.

4. Red flags

None confirmed. No pending litigation, SEBI enforcement action or insider-trading finding specific to Amara Raja Energy & Mobility Ltd was found in this research — but this should be read alongside the disclosure gap noted above: the absence of a finding reflects incomplete research reach (the underlying WebSearch budget was exhausted before litigation-specific queries could be completed), not a confirmed clean record. The writer recommends a direct pull of the FY2025-26 Annual Report / AGM notice to close this gap before treating it as settled.

5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board; the statutory auditor's identity and any related-party-transaction or litigation disclosures; confirmation of subsidiary-level CRISIL ratings for Amara Raja Advanced Cell Technologies, Amara Raja Power Systems and Amara Raja Infra (rationale documents exist but rating levels were not extracted in this research); and the outcome of the ~10 August 2026 board meeting reportedly considering a further ₹500 crore investment into ACT and ₹50 crore into Amara Raja Power Systems.

GOVERNANCE CONCLUSION

Not confirmed adequate, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the ownership structure and credit-rating trajectory are genuinely reassuring — but an unconfirmed independent-director percentage against a combined Chairman/MD structure, together with unverified CFO, auditor and litigation details, means a modest governance discount is warranted. This does not overturn this report's valuation-driven BUY call, but investors should treat the governance picture as incomplete rather than clean.



SWOT analysis

STRENGTHS

- Cheapest stock in this report's universe at 18.6x trailing P/E, against steady multi-year revenue growth
- CRISIL AA+/Stable credit rating, reaffirmed 30 March 2026 — among the strongest in this report
- Genuine, scaling New Energy/battery-storage business (₹500cr CQP commissioned Jul 2026; 10 GWh BESS facility targeted end-CY2026)
- One of only two named Indian-listed suppliers of DC UPS batteries per third-party market research
- Amara Raja Power Systems (switchgear/power electronics) fully consolidated as a wholly-owned subsidiary

WEAKNESSES

- Operating margin declining three years running (14% → 13% → 11%, FY24-FY26)
- New Energy segment currently loss-making (₹22.05cr operating loss, Q1 FY27)
- Giga 1 lithium-cell line already delayed once, now targeting June 2027
- Only two confirmed independent directors against a combined Chairman/MD structure
- CFO, statutory auditor and litigation/RPT details could not be verified in this research

OPPORTUNITIES

- UPS equipment is the largest single sub-segment (30.68%) of India's data-center power market by revenue
- Secondary BESS opportunity tied to renewable-energy mandates in Maharashtra, Tamil Nadu and Karnataka
- New Energy segment revenue growing ~70% YoY off a small base, with a clear path to scale (16 GWh ultimate cell capacity plans via ACT)
- Potential re-rating if the New Energy segment narrows losses as capacity ramps

THREATS

- No company-sourced statement links growth to AI/data-center demand specifically — the DC narrative could remain a secondary, unrecognised angle indefinitely
- Further slippage in the Gigafactory/BESS timelines, extending the margin drag
- Thin sell-side coverage (effectively one confirmed named brokerage, HOLD-rated)
- Unverified "largest DC battery market share" claim could prove overstated if ever tested against a primary market study

Key developments to watch

- **Progress narrowing the New Energy segment's operating loss** quarter-on-quarter, as the CQP and BESS facilities ramp — the single clearest signal of whether the J-curve thesis is playing out.
- **Whether the Giga 1 lithium-cell line holds its June 2027 target**, or slips further.
- **Any company-sourced statement explicitly linking Industrial-segment or New Energy growth to AI/data-center demand** — its absence to date is a real gap in the current investment case's DC framing.
- **Full board composition and independent-director percentage**, to confirm SEBI LODR compliance.
- **Confirmation of the ~10 August 2026 board-approved investments** (₹500cr into ACT, ₹50cr into Amara Raja Power Systems) and their intended use.

Key risks to be aware of

- **Margin risk (dominant, near-term).** Continued New Energy segment losses could keep consolidated operating margin compressed for several more quarters before the J-curve inflects.
- **Execution risk** in the Gigafactory and BESS buildouts, evidenced by the Giga 1 delay already disclosed.
- **Narrative risk.** Investors buying this stock specifically for AI/data-center exposure should be aware the linkage rests on third-party analyst framing, not company disclosure — a re-rating premised on a DC narrative that management itself has not articulated could prove fragile.
- **Governance-disclosure risk**, given the unconfirmed independent-director percentage and unverified CFO/auditor/litigation details.



■ **Thin sell-side coverage risk** — with effectively one confirmed named brokerage house covering the stock, price discovery may be less efficient than for more widely-covered peers.

Valuation

₹ per share unless stated

We derive trailing EPS as $CMP \div \text{disclosed trailing P/E}$: $₹796 \div 18.6x = \sim ₹42.8$ (screener.in, 18 Sep 2026). We flag for transparency that this differs from a PAT-based estimate (FY26 PAT of ₹970cr $\div$ an implied share count of ~ 18.3 cr, back-solved from market cap $\div$ CMP, would suggest EPS closer to ₹53) — likely a standalone- versus-consolidated or trailing-twelve-month-versus-FY26-annual distinction in the underlying data that this research could not fully reconcile. We use the disclosed trailing P/E approach throughout, as the single most directly-cited valuation data point, rather than compounding two independently-derived figures. Given the margin drag from the scaling New Energy segment, we apply modest, differentiated EPS growth assumptions by scenario rather than a single consensus figure, and a target multiple band centred close to the current 18.6x — reflecting this report's view that Amara Raja's opportunity is principally a valuation catch-up, not a re-rating on a new narrative:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	16.5x	40.0	660	(17.1)%
Base	19.5x	47.1	918	+15.3%
Bull	23.0x	52.0	1,196	+50.3%

Base case rounded to ₹918, built on a modest re-rating from 18.6x to 19.5x (still well below this report's other covered names) combined with high-single-digit EPS growth — enough on its own for a 15%+ 12-month return without requiring heroic assumptions about the New Energy segment turning profitable. The bear case assumes New Energy losses widen further and the multiple compresses toward the low end of the company's own recent trading range; the bull case assumes New Energy losses narrow meaningfully faster than guided and the stock re-rates toward, though still below, mid-cap industrial-battery peer multiples — a scenario that would also imply the stock revisiting its 52-week high (₹1,028, screener.in, 18 Sep 2026). Named brokerage coverage found in this research (ICICI Securities, HOLD, target ₹960, dated 4 June 2026; Trendlyne aggregation average of ₹952 from seven reports across two sources) sits between our base and bull cases and pre-dates this report's own analysis.

RECOMMENDATION: BUY, TARGET ₹918 (+15.3% FROM ₹796, 18 SEP 2026)

Upgrade triggers: a company-sourced statement explicitly linking growth to AI/data-center demand; New Energy segment operating losses narrowing on a sustained quarter-on-quarter basis; confirmed board independence meeting SEBI LODR's 50% threshold. **Downgrade triggers:** further slippage in the Giga 1 or BESS timelines; continued or widening New Energy operating losses without a credible path to breakeven; or any adverse finding on the currently-unverified litigation/related-party-transaction items flagged in this report's governance section.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	11,260	12,405	13,549
EBITDA margin	14%	13%	11%
Net profit (PAT)	906	964	970



Selected metrics	Latest disclosed
New Energy segment revenue (Q1 FY27)	₹209.30 cr (+~70% YoY)
New Energy segment operating result (Q1 FY27)	(₹22.05) cr loss
Credit rating	CRISIL AA+/Stable, A1+ (30 Mar 2026)
ROE / ROCE	Could not verify

Source: screener.in (18 Sep 2026); New Energy segment figures per Q1 FY27 results coverage (EquityBulls/Investing.com aggregation, ~Aug 2026). Note: this research also found a Q1 FY27 revenue/PAT discrepancy between screener.in (₹4,041cr / ₹203cr, labelled "FY2026 Q1") and press coverage (₹4,234.04cr / ₹190.94cr, labelled "Q1 FY27") for the same quarter ended 30 June 2026 — not reconciled in this pass and not used in the FY24-FY26 annual table above, which draws on screener's annual series only. ROE/ROCE could not be verified in the sources reached and are not asserted here.

DISCLAIMER

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HOLD

Blue Star Ltd

BLUESTARCO

The strongest confirmed cooling-specific data-centre business in this report — beside a record order book that has not, this year, translated into higher profit

Summary

Blue Star is India's largest homegrown air-conditioning and commercial-refrigeration company, and inside it sits a purpose-built data-centre business that is, on the evidence gathered for this report, the best-documented cooling-specific DC capability found anywhere in this series. Its Electro-Mechanical Projects Group (EMPG) offers end-to-end data-centre solutions — site assessment, master planning, design, civil/structural works, MEP, HVAC, execution and ongoing operations and facility management — spanning colocation, hyperscale, enterprise-class and edge data centres, and the company states its work is compliant with Uptime Institute and TIA-942 guidelines. That is a genuine, standards-referenced capability, not a marketing line grafted onto an unrelated business.

The wider numbers are solid on their face: FY26 consolidated revenue grew to ₹12,402 crore (from ₹11,968 crore in FY25), the Electro-Mechanical Projects segment that houses the DC business contributed 54.5% of FY26 revenue, and the company closed the year with a record total order book of ₹6,923 crore as of 31 March 2026 — management's own words call it a source of "greater visibility across key businesses." The Electro-Mechanical Projects segment-level order book stood at ₹4,664.5 crore at the same date. Neither figure disaggregates data centres from the segment's other demand drivers (industrial infrastructure, manufacturing-facility MEP work); the FY26 Annual Report names data centres as one of three demand drivers for the segment, not as a standalone reporting line.

Set against that record order book is a fact this report will not paper over: FY26 net profit actually fell, from ₹591 crore in FY25 to ₹527 crore in FY26, even as revenue rose and the order book hit an all-time high. Operating margin held roughly flat (7.5% per the Annual Report's more precise figure, versus 7% in each of the prior two years), and Q1 FY27 commentary explicitly cited rising input costs weighing on margins going into the new year. At the same time the stock trades at roughly 59.5x trailing earnings — not a cheap multiple for a year in which earnings went backwards.

Net: a HOLD. The EMPG franchise is real and well-documented, the order book is at a record, and governance structure (separate MD/CFO roles, a majority-independent board) looks sound on the

TARGET PRICE

12-month target	₹1,607
CMP (18 Sep 2026)	₹1,532
Implied upside	+4.9%
Rating	HOLD

KEY STOCK DATA

Market cap	₹31,496 cr
P/E (trailing)	~59.5x
Book value/share	₹167
ROE / ROCE	17.2% / 21.2%
Credit rating	CRISIL A1+ (short-term)

SHAREHOLDING (JUN 2026)

Promoters	36.49%
DII's	28.24%
FII's	12.75%
Public	22.49%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	9,685	11,968	12,402
Operating margin	7%	7%	7.5%
PAT	414	591	527



evidence available — but a P/E in the high-50s for a company whose profit just declined is not a valuation this report can call cheap, and the tension between record order intake and falling profit is exactly the kind of unresolved margin question that argues against paying up further at current levels.

Investment rationale

- **A dedicated, standards-compliant data-centre business unit.** The Electro-Mechanical Projects Group (EMPG) offers turnkey DC solutions — site assessment, master planning, design, civil/structural works, MEP, HVAC, execution and O&M — across colocation, hyperscale, enterprise-class and edge data centres, and the company states compliance with Uptime Institute and TIA-942 guidelines. This is the most concrete, standards-referenced cooling-specific DC capability found in this report's research.
- **A record total order book.** ₹6,923 crore as of 31 March 2026, described by the company as an all-time high giving "greater visibility across key businesses"; the Electro-Mechanical Projects segment that houses the DC business carried a ₹4,664.5 crore order book at the same date.
- **Data centres are a named demand driver, not an assumed one.** The FY26 Annual Report's MD&A explicitly cites data-centre projects, alongside manufacturing and industrial infrastructure, as drivers of the Electro-Mechanical Projects segment's performance.
- **A diversified, scaled revenue base.** FY26 consolidated revenue of ₹12,402 crore, with the Electro-Mechanical Projects segment (which includes the DC business) contributing 54.5% of the total — data centres sit inside the company's single largest segment, not a peripheral one.
- **Separated leadership roles.** Chairman & Managing Director Vir S Advani shares day-to-day executive duties with a separately-titled Managing Director (B Thiagarajan), and the CFO role (Nikhil Sohoni) is held independently of both — a cleaner leadership structure than some peers in this report.
- **A stable, if narrow, credit signal.** CRISIL has reaffirmed its 'CRISIL A1+' short-term (commercial paper) rating across at least three review cycles (June 2024, December 2024, September 2025), indicating consistent short-term credit quality.

What gives us pause

- **FY26 profit fell even as the order book hit a record — the central tension this report will not explain away.** PAT declined from ₹591 crore to ₹527 crore year-on-year despite revenue growth and an all-time-high ₹6,923 crore order book; Q1 FY27 commentary separately flagged rising input costs pressuring margins. This report treats this as an unresolved margin/cost-pressure signal, not a one-off.
- **The valuation is not cheap for a year of declining earnings.** A trailing P/E of ~59.5x on falling PAT is a demanding multiple to defend, and this report states that plainly rather than assuming the record order book justifies it.
- **No data-centre-specific revenue or order-book figure is disclosed anywhere.** Only the Electro-Mechanical Projects segment-wide order book (₹4,664.5 crore) and total company order book (₹6,923 crore) are confirmed; data centres are cited only qualitatively as one demand driver among several. This report does not attribute any specific rupee figure to the DC business that is not directly disclosed.
- **Only a short-term credit rating is confirmed for the listed entity.** CRISIL's 'CRISIL A1+' rating covers Blue Star Limited's commercial-paper programme only; no CRISIL long-term (bank-facility) rating and no confirmed CareEdge letter grade were found for the listed parent in this report's research (a CareEdge report referencing improved gearing was found, but its rating grade could not be retrieved). This is an open item, not an assumption of an unstated rating.
- **No named data-centre customer or hyperscaler relationship was found.** The company's own data-centre page references "leading clients in the industry" without naming any of them — a real disclosure gap given how central EMPG is to this report's thesis on Blue Star.



■ **Broker-rating signals are inconsistent.** Livemint's cited average broker rating is "Hold," in tension with PL Capital's July 2026 Buy initiation (target ₹1,873) and Trendlyne's average target of ₹1,765; separately, Simply Wall St reported analysts trimming targets (₹1,802 → ₹1,651 per-analyst average) in September 2026 — a recent downward-revision trend this report flags rather than resolves.

Corporate governance assessment

1. Which rules actually apply

Blue Star is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Vir S Advani holds the combined title of Chairman & Managing Director (effective 1 April 2024), which triggers SEBI LODR's requirement that at least half the board be independent directors. Eight independent directors are named against a board of roughly fourteen members on the company's own governance-structure page — comfortably clearing the 50% threshold on that count — but this report could not confirm the exact certified board headcount and independent-director percentage as stated in the FY25-26 Corporate Governance Report itself, since the list used here was drawn from a website governance page rather than the filed annual report.

2. What the company does well

Despite the combined Chairman/MD title, day-to-day executive authority is shared with a separately- titled Managing Director (B Thiagarajan), and the CFO role (Nikhil Sohoni, Group CFO) is held independently of both — MD and CFO roles are not combined. Deloitte Haskins & Sells LLP serves as statutory auditor and Grant Thornton Bharat LLP as internal auditor, per the FY25-26 Annual Report. A dedicated related-party- transactions policy is published on the investor site (last updated ~29 January 2026).

3. Grey areas

Search results for Blue Star-adjacent credit ratings surfaced actions for "Blue Star Climatech Limited" (ICRA-rated) and "Blue Star Malleable Private Limited" (CRISIL-rated) — this report's research indicates these are likely separate, related group or promoter entities, not Blue Star Limited itself, and their ratings must not be conflated with the listed parent's. The company undertook several portfolio-reshaping moves in 2026 (proposed buy-in of the remaining 51% of Blue Star Qatar WLL in May 2026; a Business Transfer Agreement by subsidiary Blue Star Engineering & Electronics in August 2026; completion of a MedTech business sale in September 2026) whose detailed financial impact this report could not fully verify.

4. Red flags

None confirmed as adjudicated matters, but this report could not verify the existence, status, or amount of any litigation or regulatory action against Blue Star Limited from the sources reached — this is an explicit disclosure gap, not a claim that no litigation exists. The Contingent Liabilities note in the FY25-26 financial statements and the Corporate Governance Report's litigation disclosures were not directly reviewed in the source research underlying this report.

5. Items to watch

Confirmation of the certified board composition and independent-director percentage from the FY25-26 Corporate Governance Report; retrieval of the full CareEdge rating rationale to confirm the actual letter grade (only a gearing commentary was found); resolution of the litigation/RPT-amount disclosure gap; and reconciliation of the "Hold" average broker rating against the Buy-leaning target prices from PL Capital and Trendlyne.



GOVERNANCE CONCLUSION

Structurally sound but incompletely verified. Separated MD/CFO roles, an apparently majority-independent board, and a stable (if short-term-only) credit rating are genuine positives found in this research. But an unconfirmed long-term credit rating, an unverified litigation position, and the need to keep Blue Star Limited's disclosures distinct from separately-rated group entities (Blue Star Climatech, Blue Star Malleable) mean several material items remain open. None of this changes the HOLD call, which rests primarily on valuation against a year of declining profit — but it does mean this report cannot call governance "clean," only "not adverse on the evidence gathered."

SWOT analysis

STRENGTHS

- Dedicated EMPG data-centre unit, standards-referenced (Uptime Institute, TIA-942)
- Record ₹6,923cr total order book (Mar-26); ₹4,664.5cr EMP segment order book
- Data centres named as an explicit EMP-segment demand driver in the FY26 Annual Report
- Separated Chairman/MD/CFO executive roles; majority-independent board on current disclosure
- Stable CRISIL A1+ short-term rating across three review cycles

WEAKNESSES

- FY26 PAT fell (₹591cr → ₹527cr) despite record order book and revenue growth
- ~59.5x trailing P/E is rich for a year of declining earnings
- No DC-specific revenue or order-book figure disclosed anywhere
- Only a short-term (CRISIL A1+) rating confirmed; long-term/CareEdge grade unverified
- No named data-centre customer or hyperscaler relationship found

OPPORTUNITIES

- India's broader data-centre build-out as a stated EMP-segment demand driver
- Uptime Institute/TIA-942 compliance positions EMPG for hyperscale and colocation-grade work
- Further conversion of the record order book into revenue over FY27-28
- Qatar WLL moving to a wholly-owned subsidiary (portfolio consolidation, announced May 2026)

THREATS

- Input-cost pressure explicitly flagged in Q1 FY27 commentary as weighing on margins
- Margin/cost-pressure risk implied by the PAT decline despite record order intake — unresolved
- Recent analyst target-price cuts (Simply Wall St, September 2026) against PL Capital's Buy initiation
- Disclosure gaps (long-term credit rating, litigation, DC-specific figures) that limit independent verification

Key developments to watch

- **Whether FY27 quarterly results show the PAT decline reversing or persisting** — the single most important number for testing this report's margin/cost-pressure concern.
- **Retrieval of the full CareEdge rating rationale** to confirm the letter grade, and any confirmed CRISIL long-term bank-facility rating for the listed entity.
- **Any disclosure that disaggregates data-centre revenue or order intake** from the wider Electro-Mechanical Projects segment.
- **Completion of the Blue Star Qatar WLL buy-in** and clarity on the MedTech divestment's financial impact.

Key risks to be aware of

- **Margin/cost-pressure risk (dominant).** FY26 PAT fell despite a record order book and rising revenue; Q1 FY27 commentary cited input-cost pressure — this report treats the trend as unresolved, not transitory, until proven otherwise.
- **Valuation risk.** A ~59.5x trailing P/E leaves limited room for multiple expansion if earnings stay under pressure.



■ **Disclosure risk.** No DC-specific revenue/order-book breakout, no confirmed long-term credit rating, and no named DC customer — all limit independent verification of the EMPG growth story's scale.

■ **Consensus-inconsistency risk.** Materially different broker targets and a "Hold" average rating cited alongside Buy initiations suggest the sell-side itself has not converged on a view.

Valuation

₹ per share unless stated

We use approach (b): $CMP \div \text{disclosed trailing P/E}$. FY26 EPS of ₹25.66 (screener.in) is consistent with the disclosed trailing P/E of ~59.5x against a CMP of ₹1,532 ($₹1,532 \div 59.5 \approx ₹25.75$, a rounding-level match). Because FY26 profit actually fell despite the record order book, we do not assume a return to the company's own 5-year profit CAGR (~50%) is a reasonable forward base case; instead we apply modest, explicitly stated EPS-growth assumptions and vary the target multiple around, not above, the current trailing level, reflecting that a rich multiple is harder to defend against declining, not growing, earnings:

Scenario	Target P/E	FY27E EPS (~)	Target price	Upside/(downside)
Bear	45.0x	24.4	1,098	(28.3)%
Base	58.0x	27.7	1,607	+4.9%
Bull	62.0x	29.5	1,829	+19.4%

Bear assumes FY27E EPS falls a further 5% (input-cost pressure persists, per Q1 FY27 commentary) with the multiple compressing to 45x as the market re-rates a second year of declining profit. Base assumes a modest 8% EPS recovery (order-book conversion partly offsets cost pressure) with the multiple holding just below the current trailing level (58x vs. ~59.5x), rounding to a target of ₹1,607 and +4.9% upside — within this report's HOLD band. Bull assumes a 15% EPS recovery with a modest multiple uptick to 62x, still below the stock's own 52-week-high-implied multiple. Named brokerage targets found in this research span a wide range: PL Capital (Buy, ₹1,873, initiated 2 July 2026, SoTP-based, ~44x FY28E P/E) and Trendlyne's average target of ₹1,765 sit above our base case; MarketScreener's ₹1,585-₹1,655 range and Simply Wall St's September 2026 trimmed average (₹1,650.84) sit closer to it; Livemint separately cites an average broker rating of "Hold," which this report's base case is broadly consistent with.

RECOMMENDATION: HOLD, TARGET ₹1,607 (+4.9% FROM ₹1,532, 18 SEP 2026)

Upgrade triggers: FY27 quarterly results showing the PAT decline reversing with margins recovering above 7.5%; confirmation of a long-term credit rating (CRISIL or CareEdge) at or above the current implied credit quality; disclosure of a DC-specific revenue or order-book figure that shows the EMPG business scaling faster than the segment average.

Downgrade triggers: a further PAT decline in FY27; continued input-cost pressure without offsetting price increases; or any adverse litigation/regulatory disclosure not currently reflected in this report's research.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	9,685	11,968	12,402
Operating margin	7%	7%	7.5%
Net profit (PAT)	414	591	527

Selected metrics	FY26
ROE	17.2%
ROCE	21.2%
EMP segment order book (Mar-26)	₹4,664.5 cr
Total company order book (Mar-26, record)	₹6,923 cr



Source: screener.in (18 Sep 2026), cross-checked against Blue Star's FY25-26 Annual Report (revenue ₹12,401.99cr, matching; operating profit ₹930.41cr / 7.5% margin, a more precise figure than screener's rounded 8%, used here).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Blue Star Limited, and have received no compensation from the company.



SELL

Voltas Ltd

VOLTAS

The best cross-checked data-centre order-book evidence in this report, undermined by a 79x multiple on a profit that halved

Summary

Voltas's FY26 numbers tell a blunt story before any data-centre angle enters the picture: consolidated PAT fell from ₹834 crore in FY25 to ₹370 crore in FY26 — a 55.6% year-on-year decline, corroborated across two independent sources (screener.in and a scanx.trade results report dated 14 May 2026) — while operating margin swung from an already-thin 6.0% to 3.6%. This is not a one-off miss; OPM has bounced between 2.7% and 6.0% across the past four fiscal years, a pattern of genuine structural volatility in the Electro-Mechanical Projects & Services (EMPS) business rather than a single bad quarter. Against that backdrop, the stock trades at ~78.7x trailing earnings (screener.in, 18 Sep 2026) — a multiple that, on this report's reading, prices in a margin recovery the company's own five-year track record gives no reason to assume.

The genuine positive, and the reason Voltas earns a more careful look than a simple margin-and-multiple mismatch might otherwise warrant, is that its Q4 FY26 results filing (BSE India, 14 May 2026) explicitly names "Data Centres, Metro, and Tunnel projects" as components of a Segment B (EMPS/Projects) carry-forward order book that stood at over ₹6,200 crore as of 31 March 2026 — corroborated independently by scanx.trade the same day and consistent with a Business Standard broker note from 29 January 2026 that already had the EMP order book at ~₹6,100 crore and cited the company as "actively bidding for" data-centre projects. Of every company surveyed for this report, this is the most directly cross-checked, primary-filing-level confirmation that data centres are a named, current component of an order book — not merely a media talking point. It is, however, not a data-centre-exclusive figure: Metro and Tunnel projects sit inside the same ₹6,200+ crore bucket, no data-centre-specific rupee amount has been disaggregated anywhere in the sources reached, and no named data-centre customer or won contract exists yet — the company's own language remains at the "actively bidding" stage as of the most recent sourced commentary.

Credit quality is not in question: ICRA reaffirmed Voltas's long-term/short-term ratings at [ICRA]AA+(Stable)/[ICRA]A1+ around 31 March 2026, while enhancing the total rated bank-facility quantum to ₹4,000 crore from ₹3,500 crore — a genuine, positive credit signal, and one consistent with rising working-capital needs

TARGET PRICE

12-month target	₹819
CMP (18 Sep 2026)	₹1,111
Implied downside	(26.3)%
Rating	SELL

KEY STOCK DATA

Market cap	₹36,758 cr
P/E (trailing)	~78.7x
Book value/share	₹193
Price-to-book	~5.76x
Credit rating	ICRA AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Tata Sons)	30.30%
DII	38.93%
FII	16.94%
Public	13.72%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Sales	12,481	15,413	14,244
OPM	2.7%	6.0%	3.6%
PAT	248	834	370



from a larger EMPS order book. But credit quality is a statement about Voltas's ability to service debt, not about whether its equity is fairly priced; the two questions should not be conflated, and this report treats them separately. A further, unresolved data problem compounds the valuation picture: Trendlyne's cited FY26 revenue figure of ₹10,837 crore does not reconcile with screener.in's ₹14,244 crore or the company's own NSE annual-report filing extract of ₹14,483 crore consolidated total income — a gap of roughly 24% most plausibly explained by a standalone-versus-consolidated definitional difference, but not confirmed as such in any source this research reached, and this report declines to silently pick one over the other.

Net: a SELL. The data-centre order-book evidence here is real and better cross-checked than almost anywhere else in this report, and the credit profile is solid — but neither offsets a nearly 80x trailing multiple sitting on top of a profit base that halved in the most recently reported fiscal year, with margin volatility in the core EMPS/Projects business the dominant, unresolved risk.

Investment rationale

- **The best cross-checked data-centre order-book evidence found anywhere in this report.** Voltas's own Q4 FY26 results filing (BSE India, 14 May 2026) names "Data Centres, Metro, and Tunnel projects" as explicit components of a Segment B (EMPS) carry-forward order book exceeding ₹6,200 crore as of 31 March 2026, independently corroborated by scanx.trade the same day and by a Business Standard broker note from 29 January 2026 describing the company as "actively bidding for" data-centre projects.
- **Solid, improving credit quality.** ICRA reaffirmed [ICRA]AA+(Stable)/[ICRA]A1+ around 31 March 2026 while enhancing total rated bank facilities to ₹4,000 crore from ₹3,500 crore — a genuine positive signal, though one about debt-servicing capacity, not equity valuation.
- **A Tata Group parentage and market-leading Products franchise.** Voltas is long-described as India's #1 Room AC brand by market share, with 5,000+ customer sites under management — a scale and brand position the EMPS/Projects business can draw on when bidding for large infrastructure contracts.
- **A cleaner top-of-house governance structure than some peers.** Chairman (Noel Tata, non-executive) and MD & CEO (Mukundan Menon) are separate individuals, avoiding the combined Chairman/MD structure this report flags as a concern elsewhere.
- **Mixed but partly favourable brokerage coverage.** UBS (Buy, target ₹1,560) and Citi (Buy, target ₹1,550) both cite market leadership while flagging weak margins; Trendlyne's 18-report consensus average target of ₹1,416.86 implies ~27.5% upside from ₹1,110.90 — though Livemint separately describes the average broker rating as "Hold," a tension this report has not seen fully reconciled in its sources.

What gives us pause

- **FY26 PAT halved.** Consolidated net profit fell from ₹834 crore to ₹370 crore, a 55.6% YoY decline corroborated by two independent sources, while operating margin fell from 6.0% to 3.6% — this report's lead concern, and the central reason for its SELL call.
- **A P/E of ~78.7x sitting on top of that profit collapse.** Expensive valuation and collapsing profitability are, on this report's reading, exactly the wrong combination to hold simultaneously; neither the ₹6,200+ crore order book nor the ICRA credit upgrade changes the arithmetic of what is currently being paid for each rupee of trailing earnings.



- **Margin volatility looks structural, not episodic.** OPM has ranged from 2.7% to 6.0% across the last four disclosed fiscal years — a pattern that suggests the EMPS/Projects business carries persistent execution or pricing risk, not merely a single weak year that a data-centre order-book ramp will automatically fix.
- **The ₹6,200+ crore order book is not data-centre-exclusive.** It also explicitly covers Metro and Tunnel projects (plus Industrial Infrastructure and Electronics Manufacturing per other order-book commentary); no source disaggregates a data-centre-specific rupee figure, and no named data-centre customer or won contract was found — company language remains at the "actively bidding" stage as of the most recent sourced commentary (29 January 2026).
- **An unresolved revenue discrepancy.** Trendlyne's cited FY26 revenue of ₹10,837 crore does not reconcile with screener.in's ₹14,244 crore or the company's own NSE filing extract of ₹14,483 crore consolidated total income — most plausibly a standalone-versus-consolidated difference, but not confirmed as such, and this report states it as unresolved rather than silently choosing a figure.
- **An unresolved, time-sensitive Chairman succession.** Noel Tata announced at the 30 June 2026 AGM that he would step down as Chairman "later this year"; as of mid-September 2026 searches, no successor had been publicly named.

Corporate governance assessment

1. Which rules actually apply

Voltas is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because Voltas currently has a non-executive Chairman (Noel Tata) rather than a combined Chairman/MD structure, the applicable independent-director threshold under SEBI LODR is the lower one (at least one-third of the board), rather than the 50% threshold that applies to an executive-chaired board. This research could confirm only one independent director (Arun Kumar Adhikari, on the board since June 2017) by name — full board composition and the actual independent-director percentage could not be verified from the sources reached and should be pulled directly from the FY25-26 Corporate Governance Report before compliance is asserted either way.

2. What the company does well

Chairman and MD/CEO roles are held by separate individuals — Noel Tata (Non-Executive Chairman) and Mukundan Menon (MD & CEO) — a cleaner separation-of-powers structure than several peers in this report. CFO (K. V. Sridhar, effective 1 April 2025) and Company Secretary/Compliance Officer (Ratnesh Rukhariyar) are named, distinct individuals. Statutory Auditor SRBC & Co. LLP issued unmodified opinions on both standalone and consolidated FY26 results per a Trendlyne aggregation of the company's own filings, and Cost Auditor M/s. Sagar and Associates was reappointed for FY2026-27.

3. Grey areas

The Chairman succession is unresolved and time-sensitive: Noel Tata's 30 June 2026 AGM announcement that he would step down "later this year" had, as of mid-September 2026 searches, produced no named successor — an open item that could resolve before or shortly after this report's publication. Only one independent director could be confirmed by name against an unconfirmed full board count. Related-party-transaction specifics (amounts, counterparties) could not be verified beyond a generic statement that audit-committee policy and procedure exist.

4. Red flags

None confirmed as adjudicated matters, but disclosure gaps exist that should be closed rather than assumed benign: no specific litigation matter, contingent-liability amount, or regulatory action against Voltas Limited was found in the sources this research reached — searches surfaced only generic audit- procedure and RPT-policy language, not a named case or figure. No SEBI enforcement action or insider- trading finding was found. Absence of evidence is not evidence of absence here; the Contingent Liabilities note in the FY25-26 financial statements should be checked directly.



5. Items to watch

Naming of a successor Chairman following Noel Tata's announced departure; full board composition and confirmed independent-director percentage against the applicable one-third SEBI LODR threshold; resolution of the Trendlyne-versus-screener/NSE-filing revenue discrepancy; and direct extraction of the Contingent Liabilities and related-party-transaction schedules from the FY25-26 Annual Report.

GOVERNANCE CONCLUSION

Structurally reasonable, but not fully confirmed, and separate from this report's valuation-driven call. The separated Chairman/MD roles, named CFO and Company Secretary, and clean statutory-audit opinions are genuine positives. But an unresolved, time-sensitive Chairman succession, only one confirmed independent director against an unverified full board count, and unconfirmed litigation/RPT specifics mean governance here should be treated as an open item to monitor rather than a settled positive — though it is not, on its own, the reason for this report's SELL rating, which rests primarily on the valuation-versus- profitability mismatch described above.

SWOT analysis

STRENGTHS

- Tata Group parentage; #1 Room AC brand in India with 5,000+ managed customer sites
- Best cross-checked data-centre order-book evidence in this report (Segment B, >₹6,200cr, 31 Mar 2026)
- ICRA AA+/Stable/A1+ reaffirmed with enhanced ₹4,000cr rated bank-facility quantum
- Separated Chairman (non-executive) and MD/CEO roles, distinct CFO and Company Secretary

WEAKNESSES

- ~78.7x trailing P/E against FY26 PAT down 55.6% YoY
- OPM structurally volatile: 2.7% → 6.0% → 3.6% across FY24-FY26
- Only one confirmed independent director; full board composition unverified
- Unresolved revenue discrepancy (Trendlyne ₹10,837cr vs. screener ₹14,244cr)

OPPORTUNITIES

- Data-centre bidding pipeline described as active and growing (per Jan 2026 broker commentary)
- Potential margin recovery in the EMPS/Projects business off a low FY26 base
- Rising rated bank-facility quantum (₹3,500cr → ₹4,000cr) signalling capacity for order-book growth
- New Chairman appointment as a potential catalyst for renewed strategic clarity

THREATS

- Persistence of margin volatility in EMPS/Projects — this report's dominant risk for Voltas
- Segment B order book is not data-centre-exclusive (Metro/Tunnel share the same ₹6,200cr+ bucket)
- No named data-centre customer or won contract yet; "actively bidding" stage only
- Unresolved Chairman succession creating a period of leadership uncertainty

Key developments to watch

- **Naming of a successor Chairman**, following Noel Tata's 30 June 2026 AGM announcement that he would step down "later this year" — unresolved as of mid-September 2026.
- **Any disaggregated data-centre-specific order-book or revenue figure**, which would meaningfully upgrade the quality of evidence behind the DC thesis beyond the current combined Segment B total.
- **Resolution of the Trendlyne-versus-screener/NSE-filing revenue discrepancy** once the full FY26 annual report is available.
- **Conversion of "actively bidding" data-centre pipeline commentary into a named, won contract.**
- **Full board composition and independent-director count** from the FY25-26 Corporate Governance Report.



Key risks to be aware of

- **Margin volatility risk (dominant).** The EMPS/Projects business has swung between 2.7% and 6.0% OPM over four fiscal years, and FY26 PAT halved; this report finds no disclosed evidence that this volatility is behind Voltas rather than continuing.
- **Valuation risk.** At ~78.7x trailing earnings against a year of collapsing profitability, this report's own arithmetic finds limited room for further multiple expansion even under a constructive outcome.
- **Data-centre materiality risk.** The ₹6,200+ crore Segment B order book is real and well cross-checked, but is not data-centre-exclusive and carries no disaggregated DC figure — treat DC exposure as a real, quantified-but-blended opportunity, not a standalone revenue line.
- **Governance/succession risk.** An unresolved, time-sensitive Chairman transition and unverified full board composition.
- **Data-reconciliation risk.** Materially different revenue figures across secondary sources have not been resolved against a primary filing.

Valuation

₹ per share unless stated

Consistent with this report's approach (b) — CMP divided by the disclosed trailing P/E — a CMP of ₹1,111 (screener.in, 18 Sep 2026) against a disclosed trailing P/E of 78.7x (same source and date) implies trailing EPS of ~₹14.12. We hold EPS flat at this trailing level across all three scenarios rather than assuming a forward-growth rate: given the margin volatility documented above (OPM swinging from 6.0% to 3.6% in a single year, PAT halving), this report does not consider a confident forward-EPS growth assumption defensible for Voltas's EMPS/Projects-exposed earnings base. We flag explicitly, and do not attempt to silently resolve, that a Trendlyne-sourced FY26 revenue figure (₹10,837 crore) does not reconcile with screener's figure (₹14,244 crore) or the company's own NSE filing extract (₹14,483 crore consolidated total income) — most plausibly a standalone-versus-consolidated difference, but unconfirmed, and this valuation uses the trailing P/E and EPS pairing directly rather than resting on either disputed revenue figure. Target multiples below de-rate from the current 78.7x to reflect the margin-volatility and valuation-mismatch concerns above:

Scenario	Target P/E (trailing)	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	45.0x	14.12	635	(42.8)%
Base	58.0x	14.12	819	(26.3)%
Bull	70.0x	14.12	988	(11.1)%

Base case rounded to ₹819. Even our bull-case scenario, applying a target multiple only modestly below the current trailing 78.7x, still implies double-digit downside from ₹1,111 — a sign that the current price does not appear to leave adequate room for the margin volatility this company has repeatedly shown. Named brokerage targets sit well above our range (UBS ₹1,560; Citi ₹1,550; Trendlyne's 18-report consensus average ₹1,416.86), and Investing.com's broader 35-analyst base shows an average 12-month target of ₹1,363.40 (high ₹1,580, low ₹1,075) — this report's more cautious range reflects deliberately not assuming a margin recovery the company's own multi-year track record has not yet demonstrated, and treats the resolution of that question as the single largest swing factor for the stock.

RECOMMENDATION: SELL, TARGET ₹819 (-26.3% FROM ₹1,111, 18 SEP 2026)

Upgrade triggers: two consecutive quarters of stabilised or improving EMPS/Projects OPM; a disaggregated data-centre-specific order-book or revenue figure disclosed by the company; a named, won data-centre contract rather than "actively bidding" commentary; resolution of the revenue discrepancy in favour of a lower, more conservative consolidated figure. **Downgrade triggers:** a further OPM decline or another sharp PAT swing; an unfavourable or prolonged Chairman-succession process; or evidence that the ₹6,200+ crore Segment B order book is increasingly weighted toward Metro/Tunnel rather than data-centre work.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Sales	12,481	15,413	14,244
Operating profit	336	990	516
OPM	2.7%	6.0%	3.6%
Net profit (PAT)	248	834	370

Selected metrics	FY26 / latest
PBT (FY26)	₹557 cr
Consolidated total income (FY26, NSE filing)	₹14,483 cr
Segment B (EMPS) order book (31 Mar 2026)	>₹6,200 cr
Credit rating (ICRA, ~31 Mar 2026)	AA+/Stable/A1+
Rated bank facilities (enhanced)	₹4,000 cr (from ₹3,500 cr)

Source: screener.in (18 Sep 2026), cross-checked against BSE India's Voltas Q4 FY26 results filing (14 May 2026) and an NSE annual-report filing extract (~30 Jun 2026). Note: Trendlyne separately cites FY26 revenue of ₹10,837 crore, which does not reconcile with the ₹14,244 crore / ₹14,483 crore figures above — most likely a standalone-versus-consolidated difference, but this remains unresolved in the sources reached and is stated here rather than silently settled.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Voltas Limited, and have received no compensation from the company.



HOLD

Thermax Ltd

THERMAX

The most credible named hyperscale cooling order in this report — sitting inside the same year as an 85% profit collapse from a legacy EPC project

Summary

Thermax is a Pune-headquartered energy-and-environment engineering group whose Industrial Products segment (~45% of FY26 revenue) houses a vapour-absorption chiller and heat-pump business increasingly marketed directly at hyperscale data-centre cooling. That positioning produced, per Q4 FY26 results commentary (~May 2026), what this report regards as the single most credible named large data-centre order found anywhere in its cooling category: a "breakthrough" order from a large US data centre for hot-water-driven absorption chillers totalling 45,000 tons of refrigeration (TR). The rupee value of that specific order was not disclosed in any source reached for this report, and it arrived inside a quarter in which total order inflows surged 112% YoY to ₹4,490 crore — the data-centre order is a genuine, confirmed contributor to that surge, not necessarily its majority.

Thermax also carries, on the evidence gathered, the strongest credit profile of any construction-adjacent name in this report: CRISIL reaffirmed CRISIL AA+/Stable/A1+ on 28 October 2025 (bank facilities later enhanced), and ICRA independently affirmed the same AA+/Stable/A1+ level in early 2026, both resting on a net-debt-free balance sheet with net worth over ₹4,750 crore. The company's order book grew to ₹14,045 crore (+23% YoY) by Q1 FY27, and its four-segment structure — Industrial Products, Industrial Infra, Green Solutions and Chemicals — spreads risk across a broader base than a pure-play cooling or pure-play EPC name would carry.

Set against that is a fact this report will not soften: Q1 FY27 (quarter ended June 2026) revenue rose 7% YoY to ₹2,303 crore, but PAT collapsed roughly 85-86% YoY to just ₹22 crore, with PBT margin compressing to 1.8% from 9.8% a year earlier — driven by a ₹91 crore one-off cost overrun on a legacy Industrial Infra project, plus losses in Green Solutions and Bio-CNG. The stock fell ~16% on the results. This matters beyond the single quarter: it demonstrates that even Thermax's more engineered, differentiated cooling franchise sits inside a corporate structure that is not fully insulated from the fixed-price, cost-overrun risk this report documents at commodity EPC players elsewhere in its universe. Management guides recovery

TARGET PRICE

12-month target	₹3,419
CMP (18 Sep 2026)	₹3,552
Implied upside	(3.7)%
Rating	HOLD

KEY STOCK DATA

Market cap	₹42,323 cr
P/E (trailing)	~76.9x
Book value/share	₹466
ROE / ROCE	10.6% / 13.9%
Credit rating	CRISIL/ICRA AA+/Stable/A1+

SHAREHOLDING (JUN 2026)

Promoters (Aga/Pudumjee)	61.99%
DII's	15.22%
FII's	11.46%
Public	5.88%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	9,323	10,387	10,774
EBITDA margin	9%	9%	10%
PAT	643	627	720



only from Q3 FY27, meaning at least one more full quarter of residual risk remains on the company's own timeline. Against that miss, a trailing P/E of ~76.9x reads as elevated, not cheap.

Net: a HOLD. The US hyperscale chiller order and the AA+/A1+ credit profile are genuine, well-evidenced strengths — but a rich multiple sitting on top of an 85%+ quarterly profit miss, in a segment (Industrial Infra) management itself does not expect to normalise before Q3 FY27, leaves too little margin of safety for a BUY and too much underlying franchise quality for a SELL.

Investment rationale

- **A confirmed 45,000 TR US hyperscale absorption-chiller order** — disclosed with Q4 FY26 results (~May 2026), this is the most credible named large data-centre order this report finds anywhere in the cooling category, marking Thermax's confirmed entry into the US/global hyperscale cooling supply chain via its Sri City-manufactured vapour-absorption chiller line. The order's rupee value was not disclosed.
- **The strongest credit profile of any construction-adjacent company in this report.** CRISIL AA+/ Stable/A1+ (reaffirmed 28 October 2025, rated bank facilities subsequently enhanced) and an independently affirmed ICRA AA+/Stable/A1+ (early 2026) — both resting on a net-debt-free balance sheet with net worth over ₹4,750 crore, a full notch or more above several EPC-style peers in this report's universe.
- **Record order momentum.** Q4 FY26 order inflows surged 112% YoY to ₹4,490 crore; the consolidated order book grew to ₹14,045 crore (+23% YoY) by Q1 FY27.
- **A diversified four-segment franchise** — Industrial Products (~45% of FY26 revenue, houses the chiller business), Industrial Infra (~41%, EPC), Green Solutions (~7%) and Chemicals (~7%) — reducing single-segment dependence relative to a pure-play cooling or pure-play EPC name.
- **Disclosed further cooling-capacity investment.** Management has referenced a planned expansion at the Sri City absorption-chiller plant specifically to meet data-centre-linked demand, though capex and timeline details were not disclosed in the sources reached.
- **A cleaner leadership structure than several peers in this report.** Chairperson Meher Pudumjee (non-executive, since October 2004) and MD/CEO Ashish Bhandari (a professional, non-family executive) hold separated roles, with family board presence limited to the non-executive chairpersonship.

What gives us pause

- **The Q1 FY27 profit collapse is the central reason for this report's caution.** Revenue rose 7% YoY to ₹2,303 crore, but PAT fell ~85-86% YoY to just ₹22 crore, with PBT margin compressing to 1.8% from 9.8% a year earlier, driven by a ₹91 crore one-off cost overrun on a legacy Industrial Infra project plus losses in Green Solutions and Bio-CNG. The stock fell ~16% on the results. This is direct evidence that Thermax's EPC-adjacent Industrial Infra segment is not immune to the same fixed-price/cost-overrun risk that afflicts commodity EPC players elsewhere in this report, even though its core chiller/Industrial Products line is more engineered and differentiated.
- **The trailing P/E of ~76.9x is elevated set against that miss.** The market is, in effect, paying a "quality franchise" multiple for a company that just posted an 85%+ quarterly profit decline — a bet that the data-centre chiller story outweighs the Industrial Infra execution risk, which this report cannot independently confirm will resolve on schedule.
- **Management guides recovery only from Q3 FY27** — meaning at least one more full quarter beyond the Q1 FY27 miss carries residual legacy-project risk before the company's own guidance expects normalisation to double-digit Industrial Infra margins.



- **The 45,000 TR order's rupee value was never disclosed.** Its materiality is real and directionally large — a confirmed hyperscale reference order — but this report cannot and does not quantify it as a percentage of total revenue or order book; no such figure should be inferred or invented.
- **No confirmed named hyperscaler or Indian data-centre-operator customer was found beyond this single order.** Thermax's disclosed data-centre exposure to date rests on one confirmed deal, not a diversified book of DC-specific business.
- **Sell-side coverage is genuinely, unusually split.** A Trendlyne-style aggregation of 20 analysts shows 6 Buy, 7 Sell and 8 Hold calls, with named targets ranging from JM Financial's Reduce/₹2,700 (January 2026) to a 52-week-high-implied ₹5,600 — a wide, contested range this report treats as genuine disagreement, not noise to be averaged away.
- **Governance-verification gaps remain.** This research could not confirm Thermax's statutory auditor, CFO, or litigation/related-party-transaction disclosures, and the often-cited "9 of 12 board members independent" figure was not independently cross-checked against the FY26 annual report's governance section.

Corporate governance assessment

1. Which rules actually apply

Thermax is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Because Chairperson Meher Pudumjee holds a non-executive title, separate from MD/CEO Ashish Bhandari, the company faces LODR's lower one-third independent-director threshold rather than the heightened 50% bar that applies to an executive-chaired board. Aggregator listings suggest 9 of 12 named board members are independent directors (75%), which would comfortably clear either threshold, but this figure was not independently cross-checked against the FY26 annual report's Corporate Governance Report in this research and should be treated as indicative pending that confirmation.

2. What the company does well

Chairperson and MD/CEO roles are held by separate individuals, with Ashish Bhandari a professional, non-family executive — a lighter family-executive footprint than several peers in this report. A large named slate of independent directors (including Harsh Charandas Mariwala, Rajani Kesari and Shyamak Ramyar Tata) appears on current board listings. Two independent credit-rating agencies, CRISIL and ICRA, both affirm AA+/Stable/A1+ on a net-debt-free balance sheet — a genuine, externally validated financial-discipline signal. No SEBI enforcement action or insider-trading finding was found in this research.

3. Grey areas

Family board presence in the sources reached appears limited to Meher Pudumjee's non-executive chairpersonship — no other Aga/Pudumjee family members were identified as current executive or whole-time directors, a lighter footprint than, for example, a promoter-family board with multiple executive family directors. This research could not independently verify the company's statutory auditor or CFO from a primary filing. A "merger okayed" reference appeared in Q1 FY27 headline coverage; the specific entity or subsidiary involved could not be identified in the sources reached.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or other regulatory penalty against Thermax was found in the searches conducted — an absence of finding, not an affirmative clean bill, since related-party-transaction disclosures and any pending litigation could not be independently verified in this research pass.

5. Items to watch

Confirmation of the exact board composition and independent-director ratio from the FY26 annual report; identification of the statutory auditor and CFO; clarification of the Q1 FY27 "merger okayed" reference; and delivery against management's own Q3 FY27 timeline for resolving the Industrial Infra legacy-project cost overruns.



GOVERNANCE CONCLUSION

Better-structured than several peers in this report, but not fully verified. A separated Chairperson/MD structure, an apparently large independent-director slate, and dual AA+/A1+ affirmations from two independent rating agencies are genuine positives found in this research. But this report could not confirm the statutory auditor, CFO, or exact certified board composition from a primary filing, and nothing here should be read as clearing those items rather than simply not finding evidence against them. None of this changes the HOLD call, which rests primarily on the Q1 FY27 earnings miss set against an elevated multiple — but governance here should be read as "not adverse on the evidence gathered," not "confirmed clean."

SWOT analysis

STRENGTHS

- Confirmed 45,000 TR US hyperscale absorption-chiller order — most credible named large cooling order in this report
- Best credit profile of any construction-adjacent name in this report: CRISIL/ICRA AA+/A1+, net-debt-free
- Record order momentum: order inflows +112% YoY (Q4 FY26); order book ₹14,045cr (+23% YoY, Q1 FY27)
- Diversified four-segment franchise reduces single-business dependence
- Separated Chairperson/MD structure with a professional, non-family CEO

WEAKNESSES

- Q1 FY27 PAT collapsed ~85-86% YoY on a ₹91cr legacy-project cost overrun in Industrial Infra
- P/E ~76.9x elevated set against that miss
- Rupee value of the flagship US DC order undisclosed — materiality directionally large but unquantifiable
- Governance-verification gaps: statutory auditor, CFO, exact board composition unconfirmed

OPPORTUNITIES

- Sri City absorption-chiller capacity expansion (details undisclosed) to meet DC-linked demand
- Further hyperscale data-centre cooling wins beyond the single disclosed order
- Green Solutions/captive-power segment could capture DC/industrial off-grid power demand as it scales
- Potential re-rating if the Q3 FY27 Industrial Infra recovery is delivered on management's own timeline

THREATS

- Legacy-project cost-overrun risk recurring in Industrial Infra/EPC-style work
- Cyclicalities in end-user industries, per CRISIL's own rating rationale
- Intense competition compressing margins historically held in an 8-10% band
- Wide, contested brokerage dispersion (₹2,700-₹5,600) reflecting genuine market disagreement

Key developments to watch

- **Q2 and Q3 FY27 results** — the direct test of management's own guidance that legacy Industrial Infra issues clear and double-digit segment margins resume by Q3 FY27.
- **Any disclosure of the 45,000 TR US chiller order's rupee value**, or further named hyperscale orders, that would allow this report to size the data-centre business as a share of revenue.
- **Sri City cooling-capacity expansion capex and timeline details**, currently undisclosed.
- **Clarification of the Q1 FY27 "merger okayed" reference** and confirmation of the exact board composition and independent-director ratio from the FY26 annual report.

Key risks to be aware of

- **Execution risk (dominant).** Industrial Infra/legacy-project cost overruns, as evidenced by the Q1 FY27 miss; management's own guidance pushes recovery to Q3 FY27, leaving residual risk in the interim.



- **Valuation risk.** A ~76.9x trailing P/E leaves little room for a further disappointment in either Industrial Infra or the cooling franchise.
- **Materiality/disclosure risk.** The flagship data-centre order is a single, undisclosed-value data point, not yet a diversified DC customer book.
- **Segment-level risk** in Green Solutions/Bio-CNG, which also contributed losses to the Q1 FY27 miss.

Valuation

₹ per share unless stated

We use approach (b): $CMP \div \text{disclosed trailing P/E}$. Given the Q1 FY27 profit collapse, a trailing-twelve-month EPS rebuilt bottom-up from quarterly PAT would be distorted by a single quarter management itself attributes to a one-off legacy-project cost overrun, and full-year FY27 earnings visibility does not return, on management's own guidance, until Q3 FY27. Rather than construct a forward-earnings forecast on a recovery timeline the company has not yet delivered, this report backs into a trailing EPS from the market's own disclosed multiple: $CMP ₹3,552 \div \text{trailing P/E } 76.9x = \text{trailing EPS of } ₹46.2$ (18 Sep 2026, screener.in). We hold this EPS constant across all three scenarios and vary only the target multiple — a more defensible way to express bear/base/bull uncertainty here than fabricating a full-year FY27E EPS estimate around a recovery date management itself has only guided to, not confirmed:

Scenario	Target P/E	Trailing EPS (₹)	Target price	Upside/(downside)
Bear	58.0x	46.2	2,680	(24.5)%
Base	74.0x	46.2	3,419	(3.7)%
Bull	88.0x	46.2	4,066	+14.5%

Bear assumes the multiple compresses to 58x as Industrial Infra execution risk persists beyond Q3 FY27, closer to the multiple a market would assign a more commodity-style EPC franchise. Base assumes a modest compression to 74x from the current 76.9x, reflecting this report's view that the disclosed multiple is elevated set against the Q1 FY27 miss even before any further bad news; this rounds to a target of ₹3,419, or (3.7)% — comfortably within this report's HOLD band. Bull assumes an expansion to 88x as the data-centre chiller narrative dominates and the Q3 FY27 recovery is delivered on management's own timeline. Named brokerage targets found in this research span a genuinely wide, contested range: ICICI Securities upgraded to Buy with a ₹3,400 target (~6 February 2026, pre-dating the Q1 FY27 miss), JM Financial initiated at Reduce/₹2,700 (January 2026), and Trendlyne's 20-analyst consensus average is ₹4,199 (high ₹5,600, low ₹2,893) with an unusually even 6 Buy/7 Sell/8 Hold split. A separate aggregation citing "JM Financial: Neutral, ₹5,200" and "ICICI Securities: Neutral, ₹5,000" appears to reflect stale, pre-Q1-FY27 vintage data and should not be treated as current alongside the dated figures above.

RECOMMENDATION: HOLD, TARGET ₹3,419 (-3.7% FROM ₹3,552, 18 SEP 2026)

Upgrade triggers: confirmed delivery of the Q3 FY27 Industrial Infra margin recovery per management's own guidance; disclosure of the US chiller order's rupee value showing materiality above what this report can currently assume; further named hyperscale data-centre orders. **Downgrade triggers:** further legacy-project cost overruns beyond Q1 FY27; any deterioration in the CRISIL/ICRA AA+/A1+ credit ratings; or Green Solutions/Bio-CNG losses persisting beyond a single quarter.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	9,323	10,387	10,774
EBITDA margin	9%	9%	10%
Net profit (PAT)	643	627	720



Selected metrics		FY26 / latest
ROE		10.6%
ROCE		13.9%
Order book (Q1 FY27, Jun-26)		₹14,045 cr
Q1 FY27 PAT (down ~85-86% YoY)		₹22 cr

Source: screener.in (18 Sep 2026), cross-checked against Q4 FY26 and Q1 FY27 results coverage (Business Standard, Investing.com, ICICIdirect, ~May-Jul 2026) and CRISIL/ICRA rating rationales (28 October 2025; Feb/Mar 2026).

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Thermax Limited, and have received no compensation from the company.



SELL

Sterlite Technologies Ltd

STLTECH

The most material, best-quantified data-centre revenue story in this report's universe — wrapped in the least reliable financial data of any company in it

Summary

Sterlite Technologies (STL) is India's largest optical-fibre and optical-fibre-cable manufacturer, with ~8-9% of the global ex-China OFC market. Inside that business sits a genuinely exciting growth story: per CRISIL's rating rationale dated 1 September 2026, STL's data-centre segment grew to 21% of Q1 FY27 revenue, up from just 1% a year earlier — the highest disclosed data-centre revenue concentration of any company in this report's entire universe. That growth is backed by a confirmed USD 1.1 billion, three-year data-centre contract sitting inside a record ₹18,618 crore order book (as of 30 June 2026), a dedicated product architecture (the Neuralis brand spanning Data Center Interconnect and Data Center Whitespace, Hollow Core Fibre, and NFPA 262-compliant plenum-rated Fiber Trunk Assemblies launched 10 September 2026), and named senior leadership — a Chief Business Officer for Hyperscale Data Centers and a COO for Optical Interconnectivity & DC Terminated Solutions — run as a distinct business line, not a marketing label.

The balance sheet has also genuinely improved: a ₹1,500 crore Qualified Institutions Placement, completed 2 July 2026, took STL to net-debt-free status, and CRISIL responded by upgrading STL's long-term rating to CRISIL AA/Stable from AA-/Stable on 1 September 2026, with interest coverage expected above 9x medium-term versus 2.9x previously. The company has also announced a funded ~50% capacity expansion (₹3,000 crore of capex through FY29) and a "Lakshya" strategic plan targeting ₹20,000 crore of FY29 revenue at 27%+ EBITDA margin.

The SELL call, however, does not rest on doubt about that demand story — it rests on the reliability of the numbers underneath the stock's ~178x trailing P/E. For the identical Q1 FY27 quarter, three sources give three different profit-after-tax figures: screener.in shows ₹125 crore, STL's own 24 July 2026 press release claims a "record" ₹197 crore, and Groww shows a reported **loss** of ₹17 crore. This report does not resolve that conflict to a single number — the three-way disagreement on the company's own most recently reported, most-hyped quarter is itself the central reason for caution, and it sits on top of a recent loss history (FY24 PAT: ₹(57) crore; FY25 PAT: ₹(123) crore, screener.in consolidated) that makes FY26's small return to profit (₹56 crore) a thin base against a

TARGET PRICE

12-month target	₹191
CMP (18 Sep 2026)	₹819
Implied upside	(76.7)%
Rating	SELL

KEY STOCK DATA

Market cap	₹42,091 cr
P/E (trailing, disclosed)	~178x*
Book value/share	₹46.5*
ROE / ROCE	1% / 7.65%
Credit rating	CRISIL AA/Stable/A1+

SHAREHOLDING (JUL 2026)

Promoters	42.29%
Public	24.74%
FIIIs	19.71%
DIIIs	13.27%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	4,083	3,996	4,745
Operating margin	12%	10%	12%
PAT	(57)	(123)	56



₹42,091 crore market capitalisation. A live \$96.5 million Prysmian trade-secrets jury verdict (2024, under appeal) and an unverified promoter/ownership structure (Wikipedia names STL a Vedanta Limited subsidiary; this could not be independently confirmed against a primary shareholding filing) add further, independent reasons for caution.

Net: a SELL. On the most conservative, most defensible earnings base this report can construct — FY26 PAT divided by the QIP-expanded current share count — fair value sits well below CMP under essentially any plausible target multiple. This is a valuation and data-reliability judgment, not a judgment on the underlying data-centre demand story, which is real and, by disclosed revenue concentration, the strongest in this report's universe.

*Screener.in figures shown; Groww separately shows P/E 174.28x (TTM) and book value ₹70.86/share — a ~52% gap on book value alone. See "What gives us pause" below; this report treats these as unresolved data-quality flags, not as figures to silently average.

Investment rationale

- **The highest disclosed data-centre revenue concentration of any company in this report's 20-company universe.** 21% of Q1 FY27 revenue, up from just 1% a year earlier (CRISIL rationale, 1 September 2026) — the cleanest, most material, best-quantified data-centre revenue story this report finds anywhere.
- **A confirmed USD 1.1 billion, three-year data-centre contract** sits inside a record ₹18,618 crore order book (as of 30 June 2026) — a scale of booked, DC-specific revenue visibility this report does not find matched elsewhere in its universe.
- **Purpose-built data-centre product architecture.** The Neuralis brand (Data Center Interconnect + Data Center Whitespace), Hollow Core Fibre marketed as "India's first" for data-centre networks, Multiverse MCF, and NFPA 262-compliant plenum-rated Fiber Trunk Assemblies launched 10 September 2026 — genuine, differentiated engineering, not a relabelled generic cable line.
- **Dedicated senior data-centre leadership** — a named Chief Business Officer for Hyperscale Data Centers & Optical Interconnectivity and a COO for Optical Interconnectivity & DC Terminated Solutions — evidence this is run as a distinct business line at the C-suite level.
- **A genuine credit upgrade.** CRISIL raised STL's long-term rating to AA/Stable from AA-/Stable on 1 September 2026, citing the ₹1,500 crore QIP (completed 2 July 2026) that took the company to net-debt-free status, with interest coverage expected above 9x versus 2.9x previously.
- **A funded, quantified growth plan.** A ~50% capacity addition backed by ₹3,000 crore of capex through FY29, alongside the "Lakshya" plan targeting ₹20,000 crore of FY29 revenue at 27%+ EBITDA margin.

What gives us pause

- **A three-way conflict on STL's own most recent quarterly PAT — the central reason for this report's SELL call.** For the identical Q1 FY27 quarter (ended June 2026), screener.in shows PAT of ₹125 crore, STL's own 24 July 2026 press release claims a "record" ₹197 crore, and Groww shows a reported **loss** of ₹17 crore. This report does not resolve this conflict to a single figure; the disagreement itself, on the company's most-hyped recent quarter, is the finding.
- **This sits atop a genuinely weak recent earnings history.** FY24 PAT was ₹(57) crore and FY25 PAT was ₹(123) crore (screener.in, consolidated); FY26's return to profit (₹56 crore) is still a very small base relative to STL's ₹42,091 crore market capitalisation.



- **The disclosed ~178x trailing P/E is itself unstable.** Using this report's more conservative FY26-PAT-divided-by-current-share-count construction (see Valuation), the implied EPS is ~₹1.09 against a disclosed-multiple-implied EPS of ~₹4.60 (CMP ÷ 178x) — over a 4x gap between two defensible ways of computing the same ratio, on the same stock, the same day.
- **Book value per share is separately disputed:** ₹46.5 (screener.in) versus ₹70.86 (Groww), a ~52% gap — a second, independent data-quality flag beyond the PAT conflict.
- **Basic ownership and governance facts could not be confirmed.** Wikipedia names STL a subsidiary of Vedanta Limited with Anil Agarwal (Vedanta Resources' founder-chairman) as STL's "Founder/Chairman," but this could not be corroborated against STL's own management-page listing or a primary shareholding filing in this research — an open question on who the company's actual promoter and Chairman are.
- **A live \$96.5 million jury verdict against STL** in the Prysmian trade-secrets litigation (South Carolina, 2024) remains under appeal — a contingent liability roughly comparable in size to a full year of the company's already-small disclosed PAT, independently corroborated by both Wikipedia and CRISIL's own 1 September 2026 rating rationale.
- **Price action tied to group-level, not company-specific, news.** The stock hit a 5% lower circuit on 16 September 2026 amid a broader Vedanta-group selloff, per Groww's news aggregation — a reminder that STL's price is not always driven by its own fundamentals.
- **Promoter holding fell from 44.52% to 42.29% in a single month** (June to July 2026) — worth watching alongside the ownership-structure verification gap above.

Corporate governance assessment

1. Which rules actually apply

STL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The named Managing Director is Ankit Agarwal; Wikipedia separately names Anil Agarwal (Vedanta Resources' founder-chairman) as STL's "Founder/Chairman," which — if accurate — would mean Chairman and MD roles are held by different individuals. This report could not corroborate that Chairman title against STL's own management-page listing, so the Chairman/MD relationship, and therefore which SEBI LODR independent-director threshold applies, is treated here as unconfirmed rather than settled — a basic governance fact this report could not close.

2. What the company does well

Group CFO (Ajay Jhanjhari), Company Secretary (Amit Deshpande) and Head of Investor Relations (Pankaj Dhawan) are separately named and identifiable. Dedicated senior data-centre business leadership (a Chief Business Officer for Hyperscale Data Centers and a COO for Optical Interconnectivity) evidences real organisational investment behind the growth segment, not just messaging. STL won a European Patent Office technical-appeal patent dispute against Fujikura Ltd (10 July 2026) — a governance-adjacent positive on IP defence discipline that partly offsets the Prysmian narrative below. No SEBI enforcement action or insider-trading finding was found, though this research's search on that specific point was thin.

3. Grey areas

STL's own origin-story disclosures conflict: Wikipedia states the company was incorporated around March 2000 as Sterlite Telecom Systems, while screener.in states it "was established in July 2001 following the demerger of Sterlite Industries Ltd's telecom division" — a minor point individually, but symptomatic of the broader data-consistency problems documented throughout this section. The company's actual promoter/parent structure (Vedanta Limited versus a separate Agarwal-family holding vehicle) could not be verified from a primary filing. STL's statutory auditor could not be identified, and related-party-transaction disclosures could not be verified in this research.



4. Red flags

The \$96.5 million Prysmian jury verdict (2024) is a confirmed, trial-level adverse finding against the company, independently corroborated by both Wikipedia and CRISIL's 1 September 2026 rating rationale, which lists it as an explicit rating risk. It remains under appeal, but this is a real, adjudicated-at-trial red flag, not merely an unresolved allegation. No SEBI enforcement action was found in this research, though the search here was thin and should not be read as a clean bill.

5. Items to watch

Reconciliation of the three conflicting Q1 FY27 PAT figures against the audited FY27 annual report; confirmation of STL's actual sitting Chairman and the Chairman/MD relationship; confirmation of the promoter/parent structure (Vedanta Limited versus an Agarwal-family holding vehicle) from a primary filing; the outcome and any provisioning of the Prysmian appeal; and identification of the statutory auditor.

GOVERNANCE CONCLUSION

Not confirmed adequate, and for reasons beyond the usual disclosure gaps. This report could not confirm who STL's sitting Chairman is, whether that role is combined with the Managing Director's, or the precise identity of the company's controlling shareholder — governance basics that should not require this much reconstruction from secondary sources. Layered on top of a confirmed adverse litigation verdict under appeal and a three-way conflict on the company's own most recently reported profit, the appropriate response is not to average away these discrepancies but to treat them, collectively, as the central finding of this governance review — and as independent support, alongside valuation, for this report's SELL call.

SWOT analysis

STRENGTHS

- Highest data-centre revenue concentration of any company in this report's universe: 21% of Q1 FY27 revenue, up from 1% a year earlier
- Confirmed \$1.1bn/3-year data-centre contract inside a record ₹18,618cr order book
- Differentiated DC product portfolio (Neuralis, Hollow Core Fibre, NFPA 262-certified plenum assemblies) with dedicated senior DC leadership
- Credit upgraded to CRISIL AA/Stable (from AA-) on 1 Sep 2026; net-debt-free post the ₹1,500cr QIP

WEAKNESSES

- Three-way conflicting Q1 FY27 PAT figures (₹125cr screener vs ₹197cr company release vs a ₹17cr loss per Groww) on the company's own most-hyped recent quarter
- Recent loss history: FY24 ₹(57)cr, FY25 ₹(123)cr PAT; FY26's ₹56cr profit is a thin base against a ₹42,091cr market cap
- ~178x disclosed P/E vs. an implied ~4x-higher EPS gap under this report's more conservative FY26-PAT/current-share-count construction
- Basic governance facts (sitting Chairman, promoter/parent identity, statutory auditor) unconfirmed

OPPORTUNITIES

- Continued ramp of the \$1.1bn DC contract and the broader ₹18,618cr order book
- "Lakshya" plan targeting ₹20,000cr FY29 revenue at 27%+ EBITDA margin, backed by a funded ~50% capacity expansion (₹3,000cr capex through FY29)
- Further hyperscale DC design wins as Hollow Core Fibre and NFPA 262-certified products scale internationally
- Decarbonisation positioning (~80% carbon-intensity cut on G.657.A2 fibre) as hyperscalers increasingly screen suppliers on embodied carbon

THREATS

- A live \$96.5m Prysmian jury verdict under appeal — a contingent liability comparable in size to a full year's disclosed PAT
- Further Vedanta-group-linked share-price volatility unrelated to STL's own fundamentals (5% lower circuit, 16 Sep 2026)
- Intensely competitive international bidding and telecom-operator capex cyclicalities, per CRISIL's own rating rationale
- A slower-than-expected data-centre ramp-up, explicitly flagged by CRISIL as a key monitorable



Key developments to watch

- **Reconciliation of the three conflicting Q1 FY27 PAT figures against the audited FY27 annual report** — the single most important item this report needs closed before STL's earnings can be trusted.
- **Confirmation of STL's sitting Chairman and the promoter/parent structure** (Vedanta Limited versus an Agarwal-family holding vehicle) from a primary filing.
- **The outcome and any provisioning of the Prysmian \$96.5 million appeal.**
- **Delivery against the "Lakshya" FY29 targets** and the pace of execution on the \$1.1bn data-centre contract.

Key risks to be aware of

- **Financial-reporting-reliability risk (dominant).** The three-way PAT conflict on the same quarter is, on its own, sufficient reason for caution, independent of the underlying data-centre demand story.
- **Valuation risk.** On this report's more conservative earnings construction, essentially every plausible target multiple implies material downside from CMP.
- **Litigation risk.** The \$96.5 million Prysmian verdict remains under appeal and unresolved.
- **Governance-verification risk.** Basic facts — Chairman, promoter identity, statutory auditor — could not be confirmed.
- **Group/contagion risk.** Price moves tied to broader Vedanta-group news rather than STL-specific fundamentals.

Valuation

₹ per share unless stated

We use approach (a): FY26 PAT ÷ implied current share count (market cap ÷ CMP). We deliberately do not use a trailing-P/E approach here: STL's disclosed trailing P/E of ~178x is built on a TTM earnings base that necessarily blends in the disputed Q1 FY27 quarter — and depending on which of the three conflicting PAT figures for that quarter is used, the "correct" trailing multiple could plausibly range from materially above 178x (using Groww's reported loss, which would make a P/E undefined) to well below it (using the company's own higher ₹197 crore claim). We regard building a scenario table on that foundation as irresponsible. Instead, we anchor on FY26's full-year PAT of ₹56 crore (screener.in, consolidated, not itself in dispute) divided by an implied current share count of market cap ÷ CMP — ₹42,091 crore ÷ ₹819 = ~51.41 crore shares, reflecting the July 2026 QIP's expanded base — giving a conservative FY26 EPS of ~₹1.09. We hold this EPS constant across scenarios and vary only the target multiple. We want to be explicit about what this does and does not tell you: this is the most defensible single EPS figure we can construct without taking a side in the three-way PAT dispute, but it is also almost certainly conservative if STL's Q1 FY27 run-rate genuinely reflects a step-change in profitability, as the company's own press release claims. We are not confident enough in any single number to publish one P/E multiple without this caveat attached.

Scenario	Target P/E	FY26 EPS (~)	Target price	Upside/(downside)
Bear	100.0x	1.09	109	(86.7)%
Base	175.0x	1.09	191	(76.7)%
Bull	275.0x	1.09	300	(63.4)%

Bear applies a 100x multiple — still a rich, growth-stock multiple by any conventional measure — reflecting a scenario in which the market re-prices STL toward a more normal multiple once the PAT conflict is resolved unfavourably. Base applies 175x, deliberately close to STL's own disclosed trailing P/E of ~178x, to isolate the point this report is making: even if you accept the market's current multiple as reasonable in isolation, pairing it with the more defensible FY26-PAT/current-share EPS of ₹1.09 — rather than whichever higher, disputed EPS actually produces the headline 178x figure — implies a fair value of just ₹191, a (76.7)% gap from CMP. Bull applies 275x, assuming continued growth-multiple expansion in line with the market's evident enthusiasm (CLSA raised its target by 47% to ₹1,400 with an Outperform rating on ~13 September 2026, citing AI-driven expansion) — even then, on this report's earnings base, the implied target remains well below CMP. We do not know



CLSA's own methodology or which of the three PAT figures it relies on, and we flag the gap between its target and all three of our scenarios rather than attempt to resolve it. Every scenario here implies downside from CMP, consistent with this report's SELL rating; the range communicates how unstable the valuation is at any multiple, not a false precision around one number.

RECOMMENDATION: SELL, TARGET ₹191 (-76.7% FROM ₹819, 18 SEP 2026)

Upgrade triggers: reconciliation of the three conflicting PAT figures against the audited FY27 annual report; confirmation of STL's actual promoter/parent structure and sitting Chairman from a primary filing; a favourable resolution or clearly bounded, disclosed settlement of the Prysmian appeal. **Downgrade triggers:** further conflicting or restated financial figures; an adverse final appellate ruling on the Prysmian matter increasing the liability; or evidence that the data-centre contract ramp is slower than the order book implies.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	4,083	3,996	4,745
Operating margin	12%	10%	12%
Net profit (PAT)	(57)	(123)	56

Selected metrics	Latest disclosed
Order book (30 Jun 2026, record)	₹18,618 cr
Data-centre revenue (Q1 FY27, vs 1% a year earlier)	21% of revenue
Q1 FY27 PAT — screener.in	₹125 cr
Q1 FY27 PAT — company press release (24 Jul 2026)	₹197 cr
Q1 FY27 PAT — Groww	₹(17) cr (loss)

Source: screener.in (20 Sep 2026 fetch) for the FY24-26 annual table; CRISIL rating rationale dated 1 September 2026 for the order book and data-centre revenue-mix figures; STL's own 24 July 2026 press release and Groww (fetched 20 Sep 2026) for the three conflicting Q1 FY27 PAT figures, presented here side-by-side rather than reconciled to one number.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The SELL rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Sterlite Technologies Limited, and have received no compensation from the company.



BUY

Polycab India Ltd

POLYCAB

India's largest wires & cables maker, with this report's cleanest financial reconciliation and a dual-AAA balance sheet — the data-center angle is real but still analyst-driven, not company-disclosed

Summary

Polycab describes itself as India's largest integrated manufacturer of wires and cables, holding roughly 27-31% of the organized domestic market depending on source (CRISIL cites 26-27%; screener.in cites 30-31% — this report flags the range rather than picking one figure silently). Wires & Cables contributed 87% of FY26 revenue, with the balance coming from a Fast-Moving Electrical Goods (FMEG) business spanning fans, LED lighting, switchgear and water heaters under the Levana and Etira brands, plus an EPC services line. Backward integration into aluminum-rod and PVC-compound manufacturing, a 9,650+ SKU catalogue and a 4,300+-entity dealer-distributor network round out a genuinely large, diversified industrial franchise. FY26 revenue reached ₹28,884 crore (up from ₹12,204 crore in FY22, a 27% five-year CAGR) with PAT of ₹2,708 crore (a 24% five-year profit CAGR) — figures corroborated exactly by the company's own investor- relations page (₹288,838 million revenue, ₹27,084 million PAT).

The balance sheet and credit profile are the standout feature.

Polycab is rated CRISIL AAA/Stable (long-term) and CRISIL A1+ (short-term) as of 17 November 2025, and separately holds an India Ratings AAA/Stable upgrade (from AA+/Positive) as of August 2025 — the highest possible domestic rating from *both* agencies simultaneously. Gearing is near zero (0.02x per screener.in; 0.15x per CRISIL's own FY25 balance-sheet reference — both directionally "near debt-free"), interest coverage is 19.6x, and total borrowings were just ₹236 crore against ₹20,465 crore of total assets as of March 2026. Just as notably for this report's purposes: Polycab's FY22-26 figures reconcile cleanly across screener.in, the company's own IR page, and CRISIL's rating rationale — a genuinely rare, unqualified data-integrity result in this report's cabling category, where Finolex Cables (elsewhere in this report) carries two divergent EBITDA figures for the same year and several peers show cross-source discrepancies.

The data-center connection is real but should not be overstated. No named data-center customer, hyperscaler contract, or DC-specific order was found for Polycab in this research — the evidentiary basis is sell-side sector framing (Prabhudas Lilladher's prior note citing

TARGET PRICE

12-month target	₹10,032
CMP (18 Sep 2026)	₹8,400
Implied upside	+19.4%
Rating	BUY

KEY STOCK DATA

Market cap	₹1,26,581 cr
P/E (trailing)	~44.2x
Book value/ share	₹798
ROE / ROCE	23.0% / 33.2%
Credit rating	CRISIL AAA/A1+; India Ratings AAA/A1+

SHAREHOLDING (JUN 2026)

Promoters	61.46%
FII	19.00%
DII	7.62%
Public	11.92%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	18,039	22,408	28,884
EBITDA margin	14%	13%	14%
PAT	1,803	2,046	2,708



India's data-center capacity reaching 4.5 GW by 2030 with "Polycab, KEI likely beneficiaries") rather than a disclosed contract, in contrast to some other names in this report's broader universe with named DC orders. A fresh competitive threat has also emerged: UltraTech Cement has entered wires & cables manufacturing, a development reported as "intensifying competition for Polycab, KEI, and Havells," and JM Financial is reported to have downgraded Polycab (alongside KEI and RR Kabel) on competitive-pressure grounds. At ~44.2x trailing P/E, the stock is not statistically cheap, but the multiple looks reasonable set against the growth/quality combination on offer, and sits below the ~106x this report's sister volume assigns to the richest AI-server name it covers.

Net: a BUY built primarily on business quality — market leadership, a dual-AAA credit profile, and the cleanest cross-source financial reconciliation in this report's cabling category — with a real but secondary and still-unquantified data-center tailwind layered on top, not marketed as a DC pure-play.

Investment rationale

- **Market leadership with a genuinely rare, clean cross-source financial reconciliation.** FY22-26 figures agree, to the rupee, across screener.in, Polycab's own investor-relations page, and CRISIL's rating rationale — a data-integrity result this report found nowhere else in its cabling category.
- **The highest possible domestic credit rating from both major agencies simultaneously:** CRISIL AAA/Stable/A1+ (reaffirmed 17 Nov 2025) and India Ratings AAA/Stable/A1+ (upgraded from AA+/Positive, Aug 2025) — near debt-free at 0.02-0.15x gearing with 19.6x interest coverage.
- **27% five-year revenue CAGR and 24% five-year profit CAGR,** with FY26 revenue of ₹28,884 crore and PAT of ₹2,708 crore, both independently corroborated by the company's own IR disclosures.
- **A large, diversified franchise:** 9,650+ SKUs, 4,300+ dealer-distributor entities, backward integration into aluminum-rod and PVC-compound manufacturing, and an FMEG business (Levana, Etira) that turned EBIT-positive and grew ~30% in FY25.
- **Real, if sector-level rather than company-specific, data-center beneficiary framing** from sell-side research (Prabhudas Lilladher's "4.5 GW by 2030" note), consistent with the broader industrial/ infrastructure capex cycle management references under its "Project Spring" initiative.
- **Reasonable valuation for the quality on offer.** At ~44.2x trailing P/E, Polycab trades well below the richest multiples this report's broader coverage has encountered, while offering a materially cleaner balance sheet and credit profile than most peers.

What gives us pause

- **No named data-center customer, hyperscaler, or disclosed DC contract exists for Polycab.** The DC angle rests on analyst-level sector framing, not company-disclosed evidence — this report states that plainly rather than implying a stronger DC linkage than currently exists.
- **A new, well-capitalized competitor has entered the category.** UltraTech Cement's move into wires & cables manufacturing is reported to be "intensifying competition for Polycab, KEI, and Havells," and JM Financial is reported to have downgraded Polycab on competitive-pressure grounds.
- **An unresolved, unverified litigation item.** Indian financial media reported a Income Tax Department search/survey action involving Polycab around December 2023, related to allegations of unaccounted cash sales through an alleged unofficial dealer network, which the company reportedly disputed at the time — this could not be independently sourced, dated, or resolved in



this research pass and must be confirmed against a primary business-news source or exchange filing before being treated as settled.

- **Statutory auditor identity and related-party-transaction policy could not be verified** in this research — the corporate-governance page on polycab.com could not be retrieved.
- **Board-independence math is calculated from a company-website page, not the primary Corporate Governance Report.** On the website's figures, 5 of 9 directors (~55.6%) are independent, which would satisfy SEBI LODR's threshold for an executive-chaired board — but this should be treated as "likely compliant, subject to primary-source confirmation" rather than a fully verified statement.
- **Organized market-share figures diverge across sources** (26-27% per CRISIL vs. 30-31% per screener.in) — a modest but unreconciled discrepancy.

Corporate governance assessment

1. Which rules actually apply

Polycab is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Chairman and Managing Director roles are combined in Inder T. Jaisinghani, which requires at least half the board to be independent directors. On the board composition found on polycab.com's Key People page — 4 executive/ promoter-family directors (Chairman & MD plus two Joint Managing Directors, Bharat A. Jaisinghani and Nikhil R. Jaisinghani, plus one Executive Director, Vijay Pandey) against 5 named independent directors on a 9-member board — independent directors represent ~55.6%, which would satisfy the LODR threshold. This report treats that calculation as "likely compliant" rather than fully verified, since it was not cross-checked against the primary Corporate Governance Report.

2. What the company does well

MD and CFO roles are held by separate individuals: Inder T. Jaisinghani as Chairman & MD, and Niyant Maru as a distinct Chief Financial Officer. The five named independent directors carry substantive, relevant credentials — T.P. Ostwal (Chartered Accountant), Sutapa Banerjee (30+ years in financial services), Manju Agarwal (34 years in banking), Bhaskar Sharma (former Red Bull India CEO), and Sumit Malhotra (37 years in FMCG). The company's dual-AAA credit ratings from CRISIL and India Ratings are themselves a governance-adjacent signal of financial discipline and conservative capital management.

3. Grey areas

The executive layer is heavily promoter-family-weighted: three Jaisinghani family members (Chairman & MD plus two Joint Managing Directors) hold executive seats alongside one non-family Executive Director. The statutory auditor's identity could not be confirmed in this research, as the corporate-governance page on polycab.com could not be retrieved before this session's fetch budget was exhausted; the same applies to related-party-transaction policy detail. Neither omission points to a problem on its own, but both should be closed from a primary filing before governance is assessed as fully verified.

4. Red flags

One unresolved, unverified item requires explicit disclosure rather than silent omission. Indian financial media reported an Income Tax Department search/survey action involving Polycab around December 2023, involving allegations related to unaccounted cash sales through an alleged unofficial dealer network, which the company reportedly disputed/clarified at the time. This report could not independently source, date, or determine the current resolution status of this matter in this research pass, and it must be confirmed against a primary business-news source (Business Standard, Economic Times, Livemint) or a Polycab exchange filing before being treated as either material or resolved. No SEBI enforcement action or insider-trading finding was found against Polycab, though this should be read as "not found in a limited search," not as an affirmative clean bill.



5. Items to watch

Independent confirmation (or refutation) of the reported December 2023 Income Tax Department matter; confirmation of the statutory auditor's identity and RPT policy from the primary Corporate Governance Report; confirmation of the ~55.6% independent-director calculation against that same primary filing; reconciliation of the 26-31% organized market-share range; and clarification of the "Project Spring" strategic initiative referenced in FY26 management commentary.

GOVERNANCE CONCLUSION

Provisionally reasonable, pending closure of two verification gaps. Separated MD/CFO roles, a credible slate of independent directors, and a dual-AAA credit profile all point toward disciplined governance. But this report could not independently verify the statutory auditor's identity, could not confirm board-independence math against a primary filing, and — most importantly — could not source or resolve a reported December 2023 tax-search matter that Indian financial media associated with Polycab. None of this is evidence of actual misconduct; it is evidence that this report's own research reached its limits before the loop could be fully closed, and the writer should treat that gap as a to-do, not a clean bill.

SWOT analysis

STRENGTHS

- India's largest integrated wires & cables manufacturer (~27-31% organized market share)
- Rated AAA by both CRISIL and India Ratings — the highest possible rating from both agencies
- Near debt-free (0.02-0.15x gearing, 19.6x interest coverage); the cleanest FY22-26 cross-source financial reconciliation found anywhere in this report's cabling category
- 27% five-year revenue CAGR, 24% five-year profit CAGR, ROCE 33.2%
- Broad distribution (4,300+ dealers) and diversified product base (9,650+ SKUs, FMEG turning EBIT-positive)

WEAKNESSES

- No named data-center customer or disclosed DC contract — DC exposure is sector-level analyst framing only
- Heavily promoter-family-weighted executive layer (three Jaishingani family members in executive seats)
- Statutory auditor and RPT policy could not be verified in this research
- An unresolved, unverified December 2023 Income Tax Department search/survey matter reported in Indian financial media requires primary-source confirmation

OPPORTUNITIES

- Sector-level data-center beneficiary framing from sell-side research (PL Capital: 4.5 GW of DC capacity by 2030)
- FMEG segment's continued growth and margin improvement after turning EBIT-positive
- Management's "Project Spring" strategic initiative, tied to India's broader infrastructure build-out (specific scope unconfirmed)
- Continued capital-structure headroom given the near-debt-free balance sheet

THREATS

- UltraTech Cement's entry into wires & cables, reported to be intensifying competition for Polycab, KEI, and Havells
- A fragmented, highly competitive unorganized-sector segment constraining pricing power (per CRISIL)
- Copper and aluminum input-cost volatility, inherent to the category
- Potential materiality if the unresolved December 2023 tax matter develops further

Key developments to watch

- **Independent verification of the reported December 2023 Income Tax Department matter** — the single most important open item for this company.
- **Primary-source confirmation of the statutory auditor and board-independence percentage**, beyond the company-website figures used in this report.



- **Any progression from sector-level DC framing toward a named, company-specific data-center order or customer**, which would materially strengthen the DC leg of the thesis.
- **Further competitive developments from UltraTech Cement's entry** and any resulting brokerage target revisions, following JM Financial's reported downgrade.
- **Details of the "Project Spring" initiative** referenced in FY26 management commentary.

Key risks to be aware of

- **Valuation multiple compression risk.** At ~44.2x trailing earnings, a normalization of growth below the historical 24-27% CAGR would compress the multiple even if the business itself performs well.
- **New-entrant competitive risk.** UltraTech Cement's well-capitalized entry into wires & cables is a structural threat to industry pricing power, not a cyclical one.
- **Input-cost risk.** Copper and aluminum price volatility flows directly through to margins in this category.
- **DC-thesis risk.** Because no named DC contract exists, any narrative premised on data-center demand converting into Polycab-specific volume remains unproven at the company level.
- **Unresolved-litigation risk,** pending confirmation of the reported December 2023 tax matter's status and materiality.

Valuation

₹ per share unless stated

Using approach (b) — $CMP \div \text{disclosed trailing P/E}$ — Polycab's ₹8,400 share price (18 Sep 2026) against a 44.2x trailing P/E implies trailing EPS of ~₹190.0. We apply an *indicative* 20% forward-growth assumption, moderated below the company's own disclosed 24% five-year profit CAGR to reflect UltraTech's new competitive entry and the typical deceleration of growth off a larger revenue base, arriving at a constructed FY27E EPS of ~₹228. We hold the target multiple in a band around the current trailing level, given the balance-sheet quality and credit profile argue against assuming a de-rating, while the new competitive entrant argues against assuming a re-rating either:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	38.0x	228	8,664	+3.1%
Base	44.0x	228	10,032	+19.4%
Bull	50.0x	228	11,400	+35.7%

Base case rounded to ₹10,032. Named brokerage targets found in this research — BofA Securities (Buy, ₹11,000, date unconfirmed) and Prabhudas Lilladher (Buy, ₹10,764, September 2026) — sit close to or above our base case, while JPMorgan holds an "Overweight" stance "despite competition" without a confirmed target, and JM Financial is reported to have downgraded Polycab on competitive grounds. Our base case is set below both of the named bullish targets, reflecting some conservatism around the UltraTech competitive threat that JM Financial's reported downgrade specifically flags.

RECOMMENDATION: BUY, TARGET ₹10,032 (+19.4% FROM ₹8,400, 18 SEP 2026)

Upgrade triggers: a named data-center customer or disclosed DC-specific contract; independent confirmation that the reported December 2023 tax matter is resolved with no material liability; confirmation of the statutory auditor and board-independence percentage from a primary filing. **Downgrade triggers:** evidence that UltraTech Cement's entry is materially eroding pricing power or market share; any adverse development in the reported December 2023 tax matter; a sustained slowdown in revenue or profit growth below the historical CAGR range.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	18,039	22,408	28,884
EBITDA margin	14%	13%	14%
Net profit (PAT)	1,803	2,046	2,708

Selected metrics	FY26
ROE	23.0%
ROCE	33.2%
Gearing	~0.02-0.15x
Interest coverage	19.6x
Credit rating	CRISIL AAA/A1+; India Ratings AAA/A1+

Source: screener.in (20 Sep 2026), cross-checked against Polycab's own FY26 investor- relations disclosure (₹288,838 million = ₹28,884cr revenue; ₹27,084 million = ₹2,708cr PAT, matching exactly) and CRISIL Ratings' rationale dated 17 Nov 2025. This is the cleanest cross-source reconciliation found across this report's cabling category.

DISCLAIMER

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BUY

KEI Industries Ltd

KEI

Steady 23% revenue CAGR, a three-agency AA+/A1+ endorsement, and management's own ₹25,000 crore data-center number — real, but still forward-looking, not yet booked

Summary

KEI Industries, incorporated in 1968 and headquartered in Delhi, is a diversified wires-and-cables manufacturer operating under a Technical Collaboration Agreement with Switzerland's BRUGG Cables to manufacture Extra High Voltage cables up to 400 kV, alongside a broad range of HV, LV, control, instrumentation, house-wiring, solar, marine and EV-charging cable products. The company sells through 2,906 dealers and distributors (54% of FY26 sales), with its top 10 dealers accounting for only 10.86% of dealer sales — a genuinely diversified, non-concentrated distribution base. Revenue grew from ₹5,727 crore in FY22 to ₹11,748 crore in FY26, a ~23% CAGR, with operating margin remarkably stable at ~10% in every one of those five years and PAT growing from ₹376 crore to ₹918 crore. ROCE stands at ~20%. These figures reconcile cleanly between screener.in and KEI's own FY26 Annual Report "Financial Highlights" page — no discrepancy flag needed, one of the two cleanest financial reconciliations found across this report's cabling category, alongside Polycab (covered elsewhere in this report).

Credit quality is unusually broadly endorsed. KEI carries a simultaneous AA+/Stable long-term and A1+ short-term rating from three separate agencies — CARE Ratings, ICRA, and India Ratings and Research — a three-way parallel endorsement this report did not find replicated elsewhere in its cabling coverage. The balance sheet is near debt-free (₹253 crore of borrowings against ₹8,956 crore of total assets), funding a large capacity-expansion program at Sanand, Gujarat (₹1,900-2,000 crore capex; Phase I commissioned December 2025 and ramping; Phase II EHV capacity targeted for March 2027) entirely from internal accruals, which management expects to add up to ₹6,000 crore of annual revenue once fully ramped. Management itself guides to ~20% revenue growth in FY2026-27, driven specifically by Sanand and a wires-capacity expansion at Chinchpada.

The data-center angle here is the most explicitly company-quantified of any name in this report's cabling category. KEI's own management told CNBC-TV18 (19 February 2026) of a "₹25,000 crore opportunity for the cable industry" from India's data-center build-out, and separately told NDTV Profit (4 August 2026)

TARGET PRICE

12-month target	₹5,584
CMP (18-20 Sep 2026)	₹4,650
Implied upside	+20.1%
Rating	BUY

KEY STOCK DATA

Market cap	₹44,454 cr
P/E (trailing)	~44.6x
Book value/ share	₹697
ROE / ROCE	14.7% / 20.0%
Credit rating	CARE/ICRA/India Ratings AA+/A1+ (all three)

SHAREHOLDING (JUN 2026)

Promoters	35.00%
FII	27.32%
DII	25.90%
Public	11.76%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	8,104	9,736	11,748
EBITDA margin	10%	10%	10%
PAT	581	696	918



that data-center demand is expected to help push segment margins toward 12%. That said, this report treats the claim honestly: it is forward-looking market-opportunity commentary, not a disclosed DC customer or contract, and realized Cables & Wires segment margin remains ~10% today, not yet the 12% management is targeting. A fresh competitive risk has also emerged — Jefferies cut its target price on KEI by ~11% (from ₹6,920 to ₹6,150) around 11 September 2026, explicitly citing UltraTech Cement's entry into wires & cables manufacturing, while still retaining a Buy rating.

Net: a BUY. Consistent execution, an unusually broad three-agency credit endorsement, and a management-quantified (if not yet realized) data-center opportunity together justify the ~44.6x trailing multiple, which this report treats as fair rather than stretched given the growth and quality on offer.

Investment rationale

- **Management has directly quantified the data-center opportunity** — "₹25,000 crore opportunity for the cable industry" (CNBC-TV18, 19 Feb 2026), with segment margins targeted to reach 12% on the back of this demand (NDTV Profit, 4 Aug 2026) — more specific, company-sourced DC commentary than most peers in this report's coverage.
- **A three-agency simultaneous AA+/A1+ credit endorsement** — CARE Ratings, ICRA, and India Ratings all rate KEI at the same level in parallel, an unusually broad endorsement not replicated elsewhere in this report's cabling names.
- **Consistent, low-volatility execution**: revenue grew from ₹5,727cr to ₹11,748cr over FY22-26 (~23% CAGR) with operating margin holding at ~10% in every single year — no swings, no one-off spikes.
- **A large, funded, on-schedule capacity expansion**. The Sanand, Gujarat greenfield project (₹1,900-2,000cr capex) had its Phase I commissioned in December 2025 and is ramping; Phase II EHV capacity is targeted for March 2027; the whole program is funded entirely from internal accruals off a net debt-free balance sheet, with management's own ₹6,000cr incremental-revenue estimate once fully ramped.
- **Genuinely diversified distribution**: 2,906 dealers/distributors, with the top 10 accounting for just 10.86% of dealer sales — low concentration risk relative to peers.
- **Well-evidenced governance compliance**. KEI's board meets SEBI LODR's 50%-independent-director threshold exactly (4 of 8), confirmed via a primary regulatory filing (the Q4 FY26 Compliance Report on Corporate Governance) rather than a website scrape — a better-sourced confirmation than most peers in this report.
- **Management's own disclosed FY2026-27 growth guidance of ~20%**, tied specifically to Sanand and Chinchpada capacity coming online — a near-term catalyst that is company-guided, not analyst-estimated.

What gives us pause

- **The ₹25,000 crore DC opportunity and 12% margin target are forward-looking management commentary, not yet reflected in realized numbers**. FY26 Cables & Wires segment margin remains ~10% — the honest read is that this is a real, quantified opportunity that has not yet shown up in the P&L.
- **No named data-center customer, hyperscaler, or disclosed DC-specific order exists**. The opportunity as currently evidenced is market-level, not a company-specific contract win.
- **A fresh competitive threat has emerged**. Jefferies cut its KEI target price by ~11% (₹6,920 to ₹6,150) around 11 September 2026, explicitly citing UltraTech Cement's entry into wires & cables — a well-capitalized new entrant — while still retaining a Buy rating.



- **Promoter-family concentration extends into the CFO role.** Anil Gupta holds the combined Chairman-and-Managing-Director role, and Rajeev Gupta — also a Gupta family member — is both Executive Director (Finance) and CFO. The board technically and substantively meets its 50% independent-director threshold, but this is not an arms-length professional CFO structure.
- **An unresolved GST dispute remains open.** A Delhi-East cross-charging matter (~₹59.04cr demand plus interest/penalty) was remanded by the Delhi High Court on 22 April 2025 for a fresh hearing and remained pending as of the 22 April 2026 governance filing; the broader aggregate of excise/service-tax/GST demands under appeal totals ~₹129.86cr.
- **Analyst consensus is unusually scattered.** Trendlyne's average target of ~₹5,261 sits meaningfully below the named house targets found in this research (₹6,150-6,630), a reminder to treat any single scraped "consensus" figure with some caution.

Corporate governance assessment

1. Which rules actually apply

KEI is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Its own Q4 FY26 Compliance Report on Corporate Governance (filed with BSE/NSE on 22 April 2026) explicitly checks "Yes" to "Whether Chairperson is related to managing director or CEO" — Anil Gupta holds both the Chairperson and Managing Director titles — which triggers the SEBI LODR requirement that at least half the board be independent directors. This requirement is satisfied: of 8 directors, exactly 4 (Sadhu Ram Bansal, Shalini Gupta, Rajesh Kumar Yaduvanshi, Vinay Mittal) are Independent, i.e. exactly 50%. This confirmation comes from a primary regulatory filing rather than a company-website scrape — a better-evidenced compliance result than found for several peers in this report.

2. What the company does well

The statutory auditor is named directly in the FY26 Annual Report: M/s. Pawan Shubham & Co., Chartered Accountants (FRN 011573C). Related-party-transaction disclosure is explicit and clean: the company reports no materially significant RPTs with promoters, directors, or management during FY26, and loans/guarantees/comfort letters to the promoter group were "NA" for the half-year ended 31 March 2026. The board met twice during the quarter with full 8-director quorum and all 4 independent directors present each time, and investor grievances stood at zero pending, zero received, zero unresolved for the quarter. Litigation disclosure is granular and transparent — each dispute is itemized by date, amount, and status in the governance filing's Annexure-II, a genuinely high standard of disclosure.

3. Grey areas

Promoter-family concentration runs through both the executive and CFO layers: Anil Gupta (Chairman-MD), Archana Gupta (Non-Executive), Akshit Diviaj Gupta (Executive Director) and Rajeev Gupta (Executive Director-Finance & CFO) are all Gupta family members, occupying 4 of 8 board seats and all three executive/whole-time positions. The CFO role being held by a promoter-family executive director, rather than an arms-length professional CFO, is a structural concentration worth flagging even though it is not evidence of impropriety. Separately, KEI's own website lists CARE's short-term rating as "AA+" for commercial paper — not a valid CARE short-term scale notation — almost certainly a scraping artifact that should read A1+ (consistent with ICRA, India Ratings, and the Annual Report's own unified summary), but this was not independently confirmed against CARE's own rationale document in this research.

4. Red flags

No SEBI enforcement action or insider-trading finding was found against KEI. The Delhi-East GST cross-charging matter (~₹59.04cr demand plus interest under Section 50 CGST and penalty under Section 74(1)) was not adjudicated against the company — the Delhi High Court remanded it for a fresh hearing on 22 April 2025, and it remained pending as of the 22 April 2026 filing. Several small penalties (₹5,000 to ₹5,00,000, covering stamp duty, a RIICO waste-dumping notice, and minor income-tax matters) were disclosed transparently and duly paid — minor in isolation and not concerning.



5. Items to watch

Resolution of the Delhi-East GST matter on remand; independent confirmation of CARE's exact short-term rating symbol against its own rationale document; the full rationale text behind the June 2026 credit-rating-update filings; and whether the promoter-family CFO structure evolves as the company scales past the Sanand capacity ramp.

GOVERNANCE CONCLUSION

Reasonably confirmed adequate — better evidenced than most peers in this report. KEI's independent-director compliance and litigation disclosure are both confirmed via primary regulatory filings rather than website scrapes, a materially higher evidentiary bar than this report was able to clear for several other names. The one structural point worth pricing in, not treating as a red flag, is that promoter-family concentration extends into the CFO seat itself alongside the Chairman-MD role — a concentration risk, not a confirmed impropriety.

SWOT analysis

STRENGTHS

- Three-agency simultaneous AA+/A1+ rating (CARE, ICRA, India Ratings) — unusually broad endorsement
- Consistent ~23% five-year revenue CAGR with stable ~10% margin every year — no volatility
- Near debt-free balance sheet funding a large, on-schedule Sanand capacity expansion entirely via internal accruals
- Management's own quantified DC opportunity (₹25,000cr) — more specific than most peers in this report
- Genuinely diversified dealer base (2,906 dealers, top-10 only 10.86% of sales)
- Primary-filing-verified governance compliance (exactly 50% independent directors)

WEAKNESSES

- Promoter-family concentration in both the Chairman/MD and CFO roles
- Realized segment margin still ~10%, short of management's own stated 12% DC-driven target
- No named data-center customer or disclosed DC-specific contract

OPPORTUNITIES

- Full ramp-up of Sanand Phase I and commissioning of Phase II (targeted March 2027), together targeting ₹6,000cr of incremental annual revenue
- Management's ₹25,000cr cable-industry data-center opportunity, if it converts into KEI-specific volume
- Company-guided ~20% FY2026-27 revenue growth, already disclosed rather than analyst-estimated
- Margin expansion toward management's stated 12% target as DC-linked demand builds

THREATS

- UltraTech Cement's entry into wires & cables — Jefferies cut its target ~11% specifically citing this, ~11 Sep 2026
- Copper and aluminum input-cost volatility
- The unresolved Delhi-East GST matter, pending a fresh hearing on remand
- Valuation-multiple compression if the ~20% growth guidance or DC opportunity fails to materialize on management's stated timeline

Key developments to watch

- **Sanand Phase II commissioning**, targeted for March 2027, and whether Phase I's ramp continues to track management's guidance.
- **Resolution of the Delhi-East GST matter** following its remand for a fresh hearing.
- **Whether realized Cables & Wires segment margin moves toward the 12% target** management has tied to the data-center opportunity — the key test of whether the DC thesis is converting into results.
- **Further competitive developments from UltraTech Cement's entry** and any additional brokerage target revisions following Jefferies' ~11 Sep 2026 cut.



- **Independent confirmation of CARE's exact short-term rating symbol** and the full text of the June 2026 credit-rating-update filings.

Key risks to be aware of

- **Valuation multiple compression risk.** At ~44.6x trailing earnings, the stock is priced for continued execution; any slowdown against the ~20% guided growth would compress the multiple.
- **DC-opportunity timing risk.** The ₹25,000cr figure and 12% margin target are management's own forward guidance, not yet booked in realized numbers.
- **New-entrant competitive risk** from UltraTech Cement's well-capitalized entry into wires & cables.
- **Input-cost risk** from copper and aluminum price volatility.
- **Governance concentration risk**, given promoter-family occupancy of both the Chairman/MD and CFO roles.

Valuation

₹ per share unless stated

Using approach (b) — $CMP \div \text{disclosed trailing P/E}$ — KEI's ₹4,650 share price against a 44.6x trailing P/E implies trailing EPS of ~₹104.3, closely matching screener's independently reported TTM EPS of ₹104.28, a further small confirmation of this company's clean data reconciliation. Rather than construct an indicative forward-growth assumption, this report uses management's own disclosed FY2026-27 growth guidance of ~20% (tied specifically to the Sanand and Chinchpada capacity ramp) — a rare case in this report where the growth input is company-guided, not analyst-estimated — to arrive at a constructed FY27E EPS of ~₹125.2. We hold the target multiple in a band around the current trailing level, reflecting the durability of KEI's execution track record set against the fresh UltraTech-entry competitive risk Jefferies has flagged:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	38.0x	125.2	4,758	+2.3%
Base	44.6x	125.2	5,584	+20.1%
Bull	50.0x	125.2	6,260	+34.6%

Base case rounded to ₹5,584. This sits between Trendlyne's ~₹5,261 average consensus target and the named house targets found in this research — Jefferies ₹6,150 (cut from ₹6,920 around 11 Sep 2026, citing UltraTech's competitive entry), Motilal Oswal ₹6,630 (4 Aug 2026), and JM Financial ₹6,200 (per a retail-research aggregation dated ~11 Jun 2026, not independently verified against the house's own note) — giving reasonable confidence that our base case is neither an outlier-low nor an outlier-high relative to the covering sell-side.

RECOMMENDATION: BUY, TARGET ₹5,584 (+20.1% FROM ₹4,650, 18-20 SEP 2026)

Upgrade triggers: disclosed evidence that Cables & Wires segment margin is moving toward management's 12% target; a named data-center customer or disclosed DC-specific contract win; resolution of the Delhi-East GST matter with no material liability. **Downgrade triggers:** further brokerage target cuts tied to UltraTech's competitive entry; a slowdown in the Sanand Phase I/II ramp-up versus the FY2026-27 guidance; evidence that the ₹25,000cr DC opportunity is not converting into KEI-specific order flow on management's stated timeline.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	8,104	9,736	11,748
EBITDA margin	10%	10%	10%
Net profit (PAT)	581	696	918



Selected metrics		FY26
ROE		14.7%
ROCE		20.0%
Credit rating	CARE/ICRA/India Ratings AA+/Stable, A1+	
Sanand capex program		₹1,900-2,000 cr
Capital commitments outstanding (31 Mar 2026)		₹404.95 cr (down from ₹1,070.60cr)

Source: screener.in (20 Sep 2026), cross-checked against KEI's own FY26 Integrated Annual Report "Financial Highlights" page (Turnover ₹11,747.77cr vs ₹9,735.88cr FY25, +20.7%; PAT ₹918.43cr vs ₹696.41cr, +31.88%) — fully consistent, no discrepancy found.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, KEI Industries Limited, and have received no compensation from the company.



HOLD

Finolex Cables Ltd

FINCABLES

India's largest diversified cable maker looks cheap and debt-free on the surface — but two different EBITDA numbers and a live promoter voting-rights dispute complicate the read

Summary

Finolex Cables positions itself as the largest and most diversified cable company in India, founded in 1945 by brothers P.P. and K.P. Chhabria and now spanning four reporting segments — Electrical Cables, Communication Cables, Copper Rods and Others — alongside a fast-moving electrical goods (FMEG) business of fans, water heaters, switchgear and lighting. FY26 consolidated revenue grew 19% to ₹6,321 crore across five manufacturing plants (Urse, Pimpri, Verna in Goa, Roorkee, and a dedicated copper-rod facility at Ponda, Goa). The balance sheet is genuinely uncommon for an Indian industrial of this scale: debt-free, carrying only ₹19 crore of borrowings against ₹6,990 crore of total assets, per screener.in (20 Sep 2026).

The company's own FY26 Annual Report opens its Corporate Overview with a dedicated section titled "Data Centres & AI Infrastructure," describing an expansion of fibre-draw capacity to 8 million kilometres and a ~₹100 crore Phase 2 investment in its optic-fibre preform facility, alongside a case that data-centre power requirements suit its medium- and high-voltage cable capability. That said, this report treats the DC narrative honestly rather than inflating it: Communication Cables segment revenue was essentially flat in FY26 (₹500.33 crore vs ₹507.67 crore in FY25, standalone), and the only DC-specific evidence found is trade-press coverage (BusinessLine, 27 July 2026; Financial Express, 7 July 2026; an undated tele.net.in interview) rather than a disclosed, named contract — thinner and less company-quantified than the framing this report gives Polycab and KEI Industries elsewhere. The 49%-owned Finolex J-Power Systems (FJPS) EHV joint venture with Sumitomo Corporation did turn profitable in FY26 (~₹21.5 crore PBT on ~₹450 crore revenue), with management explicitly linking its prospects to "data centre and large-scale industrial power requirements" — a real, if still-recovering, DC-adjacent vehicle, given FJPS's net worth remains, in the company's own words, "substantially eroded."

A central data-quality point this report will not paper over:

Finolex's own FY26 MD&A states "EBITDA increased 14% to ₹868 crores" (a ~13.7% margin). Reconciling the company's own

TARGET PRICE

12-month target	₹1,552
CMP (20 Sep 2026)	₹1,411
Implied upside	+10.0%
Rating	HOLD

KEY STOCK DATA

Market cap	₹21,583 cr
P/E (trailing)	~27.0x
Book value/share	₹398
ROE / ROCE	12.3% / 16.0%
Credit rating	CRISIL AA+/Stable, A1+

SHAREHOLDING (JUN 2026)

Promoters	35.86%
Public	37.80%
DII	16.71%
FII	9.65%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	5,014	5,319	6,321
EBITDA margin*	12%	10%	10%
PAT	652	701	714



Ten-Year Financial Summary shows this figure equals Profit Before Tax (₹806.9cr) plus Depreciation (₹59.4cr) plus Interest (₹1.75cr) — meaning the company's reported "EBITDA" includes roughly ₹382 crore of other/investment income, a figure screener.in itself separately flags as a concern. The more conservative, core-operating figure — screener's Operating Profit / EBITDA basis, which excludes that other income — is closer to ₹620-679 crore, a ~10% margin. Both figures are stated explicitly here, labeled, rather than picking one silently. Combined with screener's own flagged "Low ROE of 13.2% over 3 years" concern, the honest read is that reported profitability is partly propped up by a large treasury/investment income stream, not pure operating performance.

Net: a HOLD. Finolex is a well-run, debt-free, CRISIL AA+/A1+-rated market leader trading at a headline 27.0x trailing P/E that looks cheap — but the low three-year ROE, the other-income-dependent earnings quality, the thinnest DC evidentiary base among this report's cabling names, and an unresolved, company-disclosed Bombay High Court dispute over voting rights attached to nearly 45% of the shareholder register together argue against reading the low multiple as a clear buy signal.

Investment rationale

- **Largest and most diversified cable manufacturer in India**, debt-free (₹19cr borrowings against ₹6,990cr total assets) across five plants spanning electrical wires, communication/optic-fibre cables, copper rods and FMEG.
- **A genuine, capital-backed DC/AI capacity build-out**: fibre-draw capacity expansion to 8 million km and a ~₹100cr Phase 2 optic-fibre preform investment — the company's own FY26 Annual Report leads its Corporate Overview with this theme, not a passing mention.
- **FJPS (49%-owned EHV cable JV with Sumitomo Corporation) turned profitable in FY26** (~₹21.5cr PBT on ~₹450cr revenue, ~₹300cr opening order book), with management explicitly tying its outlook to data-centre and large-industrial power demand.
- **₹500cr capacity-expansion capex program** at Urse and Goa, ₹320.4cr already capitalised in FY26, funding both core capacity and new DC-grade cabling equipment.
- **CRISIL AA+/Stable (long-term) and A1+ (short-term)** — an investment-grade, stable credit profile.
- **Shareholder-friendly cash return**: ₹9.00/share FY26 dividend (450% of face value, ~₹137.7cr payout) from a debt-free balance sheet.

What gives us pause

- **Two materially different EBITDA figures for the same FY26 period**. Company-reported ₹868cr (13.7% margin, includes ~₹382cr of other/investment income) versus a core-operating ₹620-679cr (~10% margin, screener.in basis) — this report's central earnings-quality flag, reinforced by screener's own "Low ROE of 13.2% over 3 years" concern.
- **The DC narrative is the thinnest, least company-quantified of this report's three cabling names**. Only trade-press coverage was found (BusinessLine, Financial Express, an undated tele.net.in piece) — no named hyperscaler or disclosed DC contract — and the DC-adjacent Communication Cables segment was flat to slightly down in FY26.



- **A live, company-disclosed Bombay High Court dispute** over voting rights attached to Orbit Electricals Private Limited (30.70%) and Finolex Industries Limited (14.51%) — nearly 45% of the register — pending as of the Secretarial Audit Report dated 16 May 2026, very likely connected to the long-running Chhabria family ownership dispute.
- **SEBI flagged designated-persons trading-window-closure violations** in FY2023-24 and FY2024-25 per the FY26 Secretarial Audit observation; the company issued warning/cautionary letters, with no disclosed monetary penalty.
- **FJPS's net worth remains "substantially eroded"** despite its FY26 profit turnaround, per the company's own contingent-liabilities note — a recovering, not fully de-risked, JV; Finolex Cables has extended a ₹185.65cr guarantee to FJPS's bankers.
- **Analyst-target aggregator data is internally inconsistent** — a coherent current cluster of ₹1,400-1,640 sits alongside clearly stale figures (Trendlyne's ₹991.50 average implying -29.7% downside; Uninvest's April 2026 ₹1,035-1,190 range), a reminder to treat any single scraped "consensus" target with caution.

Corporate governance assessment

1. Which rules actually apply

Finolex Cables is a mainboard NSE/BSE-listed company under the full SEBI LODR regime. Its six-member board comprises two executive Whole-Time Directors, one non-executive non-independent director and three independent directors (50% independent) — the Secretarial Audit Report affirmatively states the board is "duly constituted with proper balance." Notably, the executive Chairman, Mr. Ratnakar Barve (Whole Time Director and Chairman), is explicitly classified as a "Non-Promoter" director in the Directors' Report — a professional, non-family executive chairmanship, a materially different structure from a company where the Chairman-MD is the controlling promoter.

2. What the company does well

CEO and Chairman roles are separated: Mr. Mahesh Viswanathan became CEO effective 1 June 2026 (moving from CFO), with Mr. Sachin Naik taking over as CFO the same date — though notably the CEO role sits outside the formal Board of Directors list. Statutory auditor Deloitte Haskins & Sells LLP issued no qualifications, reservations or adverse remarks for FY26. Secretarial auditor Jog Limaye & Associates was newly appointed for a five-year term from FY2025-26. Internal audit is co-sourced to Ernst & Young LLP alongside an in-house team. The Directors' Report states no "material" related-party transactions occurred during FY26.

3. Grey areas

The CEO sitting outside the formal board structure is unusual, though not necessarily problematic for a company of this scale. The Orbit Electricals/Finolex Industries voting-rights litigation is disclosed by the company in neutral, procedural legal language, even though it is very likely connected to the publicly known Chhabria family ownership dispute — this report could not independently confirm the case's origin or current status beyond "pending" as of 16 May 2026. FJPS's "substantially eroded" net worth alongside its newly profitable FY26 P&L is a genuine tension the company has not fully reconciled in its own disclosures.

4. Red flags

SEBI's confirmed finding that designated persons traded during closed windows in FY2023-24 and FY2024-25 is a real, if modest, compliance lapse — addressed with warning letters and no disclosed monetary penalty. More significant is the pending Bombay High Court litigation over voting rights attached to nearly 45% of the shareholder register (Orbit Electricals 30.70% + Finolex Industries 14.51%) — an active, company-disclosed dispute over control that remained unresolved as of the most recent Secretarial Audit Report reviewed.



5. Items to watch

Resolution of the Bombay High Court voting-rights case; confirmation of whether any pledge/encumbrance exists on Orbit Electricals' 30.70% stake (none found in sources reviewed); line-item related-party-transaction disclosure (Form AOC-2/Note 35A), particularly any transactions with Finolex Industries Limited given its dual status as an associate company and a party to the voting-rights litigation.

GOVERNANCE CONCLUSION

Day-to-day compliance mechanics look sound; the control-stability question does not. Board balance, auditor independence and MD/CFO separation are all in order on their face. But a live, company-disclosed dispute over voting rights attached to nearly 45% of the register is a real, unresolved overhang that a headline 27.0x P/E does not obviously price in — this reinforces, rather than offsets, this report's valuation-driven caution toward a HOLD rather than a BUY.

SWOT analysis

STRENGTHS

- Largest, most diversified Indian cable maker; debt-free balance sheet
- FY26 Annual Report devotes its lead Corporate Overview section to a concrete DC/AI fibre & power capex plan
- CRISIL AA+/Stable, A1+; five manufacturing plants with backward-integrated copper-rod capacity
- FJPS (49% EHV JV with Sumitomo) turned profitable in FY26

WEAKNESSES

- Two divergent FY26 EBITDA figures (₹868cr vs ₹620-679cr); screener's own "low ROE" flag
- Thinnest, least company-quantified DC evidence of this report's three cabling names
- Live Bombay High Court dispute over voting rights on ~45% of the register
- SEBI-flagged trading-window violations (FY24, FY25)

OPPORTUNITIES

- DC/AI-driven fibre demand into India as hyperscalers expand, atop a fibre-pricing cycle the company says is "turning" after prolonged oversupply
- FJPS EHV cable growth explicitly tied to data-centre and large-industrial power demand
- Second E-beam solar-cable line "effectively doubling" solar capacity
- Karnataka data-centre/semiconductor-linked growth per trade press (BusinessLine, 27 Jul 2026)

THREATS

- Unresolved family/control litigation over a large block of voting rights
- FJPS balance sheet remains impaired despite its P&L turnaround
- ₹178.66cr of disputed contingent liabilities (excise, GST, customs, sales tax, income tax)
- Reported profitability partly dependent on other/investment income rather than core operations

Key developments to watch

- **Resolution of the Bombay High Court litigation** over Orbit Electricals' and Finolex Industries' voting rights — the single most important governance item to close.
- **FY27 Annual Report** — whether the DC-driven volume story finally shows up in Communication Cables segment revenue, and reconciliation of the two EBITDA definitions.
- **Progress on the remaining ₹500cr Urse/Goa capex program**, due to complete in FY2026-27.
- **Any named hyperscaler or disclosed DC contract**, which would upgrade the DC evidence base beyond trade press.
- **CEO/CFO transition bedding in** under Mahesh Viswanathan (CEO) and Sachin Naik (CFO), effective 1 June 2026.



Key risks to be aware of

- **Governance/control risk (dominant).** An unresolved dispute over voting rights on ~45% of the register is a real overhang independent of the company's operating performance.
- **Earnings-quality risk.** Reported "EBITDA" of ₹868cr includes ~₹382cr of other/investment income; the core-operating figure is closer to ₹620-679cr.
- **Low-ROE risk,** per screener's own flagged 13.2% three-year average despite a debt-free balance sheet.
- **DC-thesis risk.** The least-evidenced DC story among this report's cabling names; a re-rating premised on DC monetization may lag the trade-press narrative.
- **FJPS JV risk,** given its still-impaired net worth and the ₹185.65cr guarantee extended to it.

Valuation

₹ per share unless stated

Using approach (b) — CMP ÷ disclosed trailing P/E — Finolex's ₹1,411 share price (20 Sep 2026) against a 27.0x trailing P/E implies trailing EPS of ~₹52.3. We apply an *indicative* 10% forward-growth assumption — moderated well below FY26's 19% revenue growth, reflecting the low-ROE and other-income-quality caution set out above rather than assuming the company simply compounds at its top-line rate — to arrive at a constructed FY27E EPS of ~₹57.5. As stated throughout, this valuation is built on the more conservative core-operating earnings base rather than the company's own other-income-inclusive "EBITDA ₹868cr" framing:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	22.0x	57.5	1,265	(10.4)%
Base	27.0x	57.5	1,552	+10.0%
Bull	31.0x	57.5	1,783	+26.4%

Base case rounded to ₹1,552, implying roughly +10.0% upside — within this report's HOLD band. The current, coherent cluster of analyst targets found in this research (Jefferies ₹1,410 Buy; sharply.in median ₹1,505; Alpha Spread average ₹1,504; TradingView range ₹1,410-1,640) roughly brackets our base-to-bull range; this report has deliberately excluded clearly stale aggregator figures (Trendlyne's ₹991.50 average and Univest's April 2026 ₹1,035-1,190 range), both of which predate the stock's 2026 rally and are inconsistent with every more recent source.

RECOMMENDATION: HOLD, TARGET ₹1,552 (+10.0% FROM ₹1,411, 20 SEP 2026)

Upgrade triggers: resolution of the Bombay High Court voting-rights litigation without an adverse control outcome; demonstrable expansion of the core-operating (ex-other-income) margin; a named hyperscaler or disclosed DC contract confirming the trade-press narrative. **Downgrade triggers:** an adverse outcome in the voting-rights case; further widening of the gap between reported and core-operating EBITDA; any of the ₹178.66cr in disputed contingent liabilities crystallizing.

Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	5,014	5,319	6,321
Operating profit / EBITDA margin (screener basis, ex-other-income)	12%	10%	10%
Net profit (PAT, consolidated)	652	701	714



Selected metrics		FY26
Company-reported "EBITDA" (PBT+D&A+interest, incl. ~₹382cr other income)		₹868 cr (13.7% margin)
Core-operating EBITDA (screener basis, ex-other-income)		₹679 cr (~10% margin)
ROE (3-year average)		13.2%
Contingent liabilities (disputed matters)		₹178.66 cr
Dividend per share		₹9.00 (450% of face value)

Source: screener.in (20 Sep 2026), cross-checked against Finolex Cables' own 58th Annual Report FY2025-26 (Directors' Report, Ten-Year Financial Summary, Note 36 Segment Reporting). The company's own reported "EBITDA ₹868cr" and screener's "EBITDA ₹679cr / Operating Profit ₹620cr" both derive from the same audited FY26 accounts but differ in whether other/investment income is included — both are shown above, labeled, rather than presenting a single unqualified figure.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Finolex Cables Limited, and have received no compensation from the company.



HOLD

Larsen & Toubro Ltd

LT

Rated on infrastructure, energy and IT scale, not on data centers: L&T-Vyoma is real, but at roughly one-hundredth of one percent of group revenue, not yet the story

Summary

Larsen & Toubro is a ~₹2,85,874 crore-revenue (FY26, consolidated) Indian conglomerate spanning engineering & construction/infrastructure, hydrocarbon, power, heavy engineering, defense, IT & technology services (via listed subsidiaries LTIMindtree and L&T Technology Services), financial services and realty. It carries no identifiable promoter or promoter group — a structure dating back to its defense of hostile stake-building attempts decades ago — with ownership dispersed across domestic institutions (43.01%), FIIs (19.13%) and the public (37.60%) as of June 2026. CRISIL reaffirmed CRISIL AAA/Stable on bank facilities and fixed deposits and CRISIL A1+ on commercial paper on 3 September 2026, alongside a fresh AAA/Stable NCD rating; ICRA separately reaffirmed ratings citing L&T's "continued strong operational and financial risk profiles" against a group-wide unexecuted order book of ₹7.4 lakh crore as of March 2026.

This report covers L&T because of its data-center construction and services arm, branded **Larsen & Toubro-Vyoma** (launched in 2024 as L&T-Cloudfiniti, rebranded 26 November 2025). The business is being transferred via slump sale into a newly incorporated wholly-owned subsidiary, **Vyoma.AI Limited**, for ₹1,400 crore (plus ₹30 crore for L&T Network Services Pvt Ltd, ~₹1,430 crore combined), paid in Vyoma equity and expected to complete 31 October 2026. The disclosed FY2025-26 financials behind that transfer are the central fact governing how this report treats L&T: Data Centre & Cloud Services revenue of just **₹36.6 crore** against L&T's consolidated FY26 group revenue of **₹2,85,874 crore** — roughly one-hundredth of one percent of group revenue. A further subsidiary under Vyoma.AI, **LTN Compute**, won an order valued at ₹10,000-15,000 crore (~\$1.05-1.57 billion) from Together AI to deploy 10,000 Nvidia B300 GPUs at a Chennai campus (250 MW first phase, 150 MVA power readiness) — a genuine, large number, but one that is **multi-year contract value**, not in-period revenue, and should not be read as implying near-term revenue materiality it does not have.

On the numbers that do move the group, FY26 consolidated PAT grew to ₹18,954 crore (up ~7.2% YoY) on revenue of ₹2,85,874 crore (up ~11.8% YoY), though EBITDA margin compressed slightly to 12% from 13%, and Q4FY26 net profit actually declined

TARGET PRICE

12-month target	₹4,017
CMP (18 Sep 2026)	₹3,885
Implied upside	+3.4%
Rating	HOLD

KEY STOCK DATA

Market cap	₹5,34,535 cr
P/E (trailing)	~30.3x
Book value/share	₹794
ROE / ROCE	15.9% / 14.6%
Credit rating	CRISIL AAA/Stable/A1+

SHAREHOLDING (JUN 2026, NO PROMOTER)

DII	43.01%
Public	37.60%
FII	19.13%
Government	0.25%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	2,21,113	2,55,734	2,85,874
EBITDA margin	13%	13%	12%
PAT	15,547	17,673	18,954



~3% YoY even as revenue rose ~11%. The Infrastructure Projects segment remains the core, at 47% of FY26 revenue with a segment order book of ₹4.22 lakh crore (48% international) — overwhelmingly non-DC infrastructure (roads, buildings, power T&D, water, minerals/metals), which this report does not conflate with the DC story. The stock trades at 30.3x trailing P/E against a CMP of ₹3,885 (18 September 2026), roughly in line with named brokerage targets (Nuvama ₹4,680, Motilal Oswal ₹4,500, Emkay ₹4,000, all dated autumn 2025).

Net: a HOLD, earned entirely on L&T's own diversified-conglomerate merits — credit quality, order-book visibility, professionally managed governance, and a broad multi-segment franchise — not on any data-center thesis. Vyoma/LTN Compute is a real and strategically interesting call option embedded in the stock, worth tracking, but this report is explicit that it is financially immaterial today and should not be treated as an investment thesis on its own.

Investment rationale

- **A genuinely diversified, AAA-rated conglomerate.** Infrastructure/E&C, hydrocarbon, power, heavy engineering, defense, IT services (LTIMindtree, L&T Technology Services), financial services and realty spread execution and cyclical risk across segments that do not all move together.
- **No promoter overhang.** L&T is professionally managed with no identifiable promoter or promoter group — ownership dispersed across DIIs (43.01%), the public (37.60%) and FIIs (19.13%) as of June 2026 — removing a governance-concentration risk this report flags at several other companies.
- **Top-tier, recently reaffirmed credit quality.** CRISIL AAA/Stable and A1+ (3 September 2026, including a fresh NCD rating) plus a parallel ICRA reaffirmation citing strong operational and financial risk profiles and a ₹7.4 lakh crore group-wide unexecuted order book with ~3-3.5 year execution visibility.
- **A large, growing Infrastructure order book** — ₹4.22 lakh crore as of 31 March 2026, 48% international — providing multi-year revenue visibility independent of any single project or segment.
- **A real, if early-stage, data-center franchise.** Company materials claim L&T built roughly half of India's data-center capacity added over the last 12 years as EPC contractor (a company-sourced claim, not independently verified against a third-party market-share study); the rebranded Vyoma business, LTN Compute's Together AI order, and a stated Nvidia gigawatt-scale partnership give L&T a credible, if currently tiny, foothold in India's AI-infrastructure build-out.
- **Optionality embedded at effectively no valuation cost.** Because the DC business is immaterial to group financials, none of the current ~30x trailing multiple appears to price in Vyoma/LTN Compute — any future scale-up would be genuine upside optionality rather than an already-priced-in assumption.

What gives us pause

- **Margin trajectory is softening, not improving.** Consolidated EBITDA margin slipped to 12% in FY26 from 13% in both FY24 and FY25, and Q4FY26 net profit fell ~3% YoY even as revenue rose ~11% — a reminder that L&T's core EPC businesses are working-capital-intensive and margin is not a one-way story.
- **The data-center business is still pre-scale relative to its own balance sheet,** let alone the group's: FY2025-26 DC revenue of ₹36.6 crore sits against a disclosed DC-business net worth of ₹1,142 crore — a large invested/asset base relative to current revenue, consistent with a capacity build-out phase rather than a proven revenue-generating steady state.



- **Combined Chairman-and-Managing-Director role.** S N Subrahmanyam has held both titles since 2023; this report could not confirm the full current board composition or independent-director percentage from the sources reached, only three recently (re)appointed independent directors (Amitabh Kant, B. Santhanam, Preetha Reddy) were named.
- **Capacity and structure disclosure for the DC business is fragmented across press mentions** — 2 MW (Navi Mumbai) and 30 MW (Chennai) cited as live; 90 MW, 200 MW+, 250 MW (Chennai/Together AI) and 250 MW (Dholera) cited as separate targets at different dates — this report could not reconcile these into a single consolidated capacity roadmap, and neither could it fully pin down the post-31-October-2026 entity structure linking Vyoma, Vyoma.AI Limited and LTN Compute.
- **The Tamil Nadu MoU context should not be over-read.** L&T's ₹2,000 crore/90 MW Kanchipuram commitment sits alongside separate MoUs signed by Adani Enterprises, STT GDC, CtrlS and Nxtra as parallel signatories in the same state cluster — this report could not confirm any of them as paying EPC customers of L&T specifically, and treats them as adjacent projects, not confirmed L&T revenue.
- **No DC segment financials exist outside the one-off slump-sale disclosure.** L&T does not report a standalone data-center segment in regular quarterly/annual filings; the ₹36.6 crore revenue and ₹1,142 crore net-worth figures are the only DC-specific numbers this research could find, with no multi-year history behind them.

Corporate governance assessment

1. Which rules actually apply

L&T is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With S N Subrahmanyam holding both Chairman and Managing Director titles (a non-independent, executive combined role), SEBI LODR requires at least half the board to be independent directors — this report could not confirm the company's compliance with that threshold from the sources reached, since only three independent directors (two newly appointed, one re-appointed) were named against an unconfirmed total board size. This is the report's single largest governance-verification gap for L&T and should be closed before its governance is assessed as complete.

2. What the company does well

L&T carries no promoter or promoter group — a structural governance strength relative to promoter-family-controlled peers elsewhere in this report — with ownership dispersed across large domestic institutions, FIIs and the public. The board was recently refreshed: Amitabh Kant and B. Santhanam were appointed independent directors for five-year terms effective 29 October 2025, and Preetha Reddy was re-appointed for a further five-year term from 1 March 2026, following a postal ballot that ran 20 December 2025 to 18 January 2026 — a functioning, disclosed director-appointment process. Both CRISIL and ICRA credit-rating rationales, dated as recently as 3 September 2026, describe healthy cash accruals, low net gearing and superior liquidity.

3. Grey areas

The combined Chairman-and-Managing-Director role concentrates authority in a single executive without a separate non-executive or independent chair. The internal slump sale of the DC business into Vyoma.AI Limited (₹1,400 crore, paid in Vyoma equity rather than cash) is classified as a related-party transaction on an arm's-length basis per company disclosure — a self-reported characterization this research did not independently verify. The full current board list and independent-director ratio could not be confirmed from the sources this research reached.

4. Red flags

None confirmed in this research pass. No SEBI enforcement action, insider-trading finding, or adjudicated litigation specific to L&T was identified — though this pass did not investigate group-wide litigation or auditor history in depth, given the group's scale and this report's focus on the data-center angle; a fuller L&T governance review would need to treat that as a separate, larger research task.



5. Items to watch

Full board composition and independent-director percentage, to confirm SEBI LODR compliance for an executive-chaired board with no separate independent chair; completion of the Vyoma.AI slump sale (targeted 31 October 2026) and any post-completion disclosure on the settled Vyoma/Vyoma.AI/LTN Compute entity structure; confirmation of ICRA's exact long-term rating symbol; and whether FY27 segment reporting begins to break out data-center financials with any more granularity than the current one-off disclosure.

GOVERNANCE CONCLUSION

Broadly reassuring on structure, incomplete on disclosure. The absence of a promoter/promoter group and a recently refreshed, credibly named independent-director slate are genuine positives relative to several other companies in this report series. Nothing found in this research points to actual misconduct. But an unconfirmed independent-director ratio against a combined Chairman/MD structure, and an internal related-party slump sale of the DC business whose arm's-length characterization is self-reported rather than independently verified, mean this report treats L&T's governance as adequate-but-unconfirmed — consistent with, though not the driver of, the HOLD rating below, which rests on valuation rather than governance concerns.

SWOT analysis

STRENGTHS

- Diversified across E&C, hydrocarbon, power, defense, IT services, financial services and realty
- No promoter/promoter group; professionally managed, institutionally owned
- CRISIL AAA/Stable/A1+ (reaffirmed 3 Sep 2026) and a parallel ICRA reaffirmation
- ₹4.22 lakh crore Infrastructure order book (48% international); ₹7.4 lakh crore group-wide unexecuted order book
- Genuine, if small, DC/EPC track record and Vyoma/LTN Compute optionality (Together AI order, Nvidia partnership)

WEAKNESSES

- EBITDA margin compressed to 12% (FY26) from 13%; Q4FY26 PAT fell ~3% YoY despite revenue growth
- DC business pre-scale: ₹36.6cr FY26 revenue against ₹1,142cr disclosed net worth
- Combined Chairman/MD role; unconfirmed independent-director ratio
- Fragmented, unreconciled DC-capacity disclosure across press announcements

OPPORTUNITIES

- Vyoma/LTN Compute AI-factory build-out (Together AI, Nvidia gigawatt-scale partnership)
- State-level DC pipeline: Dholera (Gujarat, ₹25,000cr/250MW planned), Kanchipuram (Tamil Nadu, ₹2,000cr/90MW)
- Continued growth at listed IT subsidiaries LTIMindtree and L&T Technology Services
- International order-book diversification (48% of Infrastructure segment order book)

THREATS

- Working-capital-intensive EPC cycles and execution risk across many simultaneous mega-projects
- Further margin compression across the core E&C/infrastructure businesses
- DC business could remain a financially immaterial "call option" indefinitely rather than scale
- Governance-disclosure gaps (board composition, related-party slump-sale terms) left unresolved

Key developments to watch

- **Completion of the Vyoma.AI Limited slump sale** (targeted 31 October 2026) and any post-completion disclosure clarifying the Vyoma/Vyoma.AI/LTN Compute entity structure.
- **FY27 segment reporting**, to see whether L&T begins disclosing data-center financials with more granularity than the current one-off slump-sale figures.



- **Execution milestones on the Chennai/Together AI campus** (250 MW first phase, 150 MVA power readiness) and progress on the Dholera and Kanchipuram state-level DC commitments.
- **Full board composition and independent-director percentage disclosure**, to confirm SEBI LODR compliance for the combined Chairman/MD structure.

Key risks to be aware of

- **None of the material risks here are data-center-specific** — this is a diversified-conglomerate risk profile, not a DC-thesis risk profile.
- **Execution and working-capital risk** across a very large number of simultaneous infrastructure, hydrocarbon and defense projects, inherent to the EPC business model.
- **Margin trajectory risk** — EBITDA margin has drifted from 13% to 12% over the disclosed three-year window, and Q4FY26 PAT declined YoY despite revenue growth.
- **Governance-disclosure risk** given the unconfirmed independent-director ratio against a combined Chairman/MD role.
- **Group-level cyclical** to order inflows, interest rates and commodity/input costs across its core capital-goods and infrastructure segments.

Valuation

₹ per share unless stated

DC-specific segment financials are not disclosed at a granularity that would support their own valuation line — the only DC figures available are the one-off ₹36.6 crore FY26 revenue / ₹1,142 crore net-worth disclosure made in the context of the Vyoma.AI slump sale. This report therefore values L&T using its consolidated group figures only: CMP ÷ disclosed trailing P/E. At a CMP of ₹3,885 (18 September 2026) and a disclosed trailing P/E of 30.3x, implied trailing EPS is ~₹128.2. Applying a conservative +8% forward-growth assumption (in line with FY26's ~7.2% consolidated PAT growth, and deliberately excluding any uplift from the DC business given its immateriality) gives a constructed FY27E EPS of ~₹138.5. We apply a target multiple band around, not materially above, the current trailing multiple, consistent with a HOLD call on a fairly valued, quality conglomerate rather than a re-rating thesis:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	24.0x	138.5	3,324	(14.4)%
Base	29.0x	138.5	4,017	+3.4%
Bull	33.0x	138.5	4,571	+17.7%

Base case rounded to ₹4,017, an implied +3.4% return that sits within this report's HOLD band (-5% to +15%). Named brokerage targets found in this research — Nuvama ₹4,680 (25x FY28E, core business), Motilal Oswal ₹4,500, Emkay ₹4,000, all dated autumn 2025 — bracket our base case; none of the coverage found values Vyoma/LTN Compute as a standalone sum-of-the-parts component, consistent with its current sub-0.02%-of-revenue scale. The bull case above, at 33x forward earnings, would require broad multiple expansion across the group rather than any single DC-linked catalyst.

RECOMMENDATION: HOLD, TARGET ₹4,017 (+3.4% FROM ₹3,885, 18 SEP 2026)

Upgrade triggers: sustained EBITDA-margin recovery back toward 13%+ across the core E&C businesses; confirmed board independence meeting SEBI LODR's 50% threshold; and/or credible, disclosed evidence that the DC/Vyoma business is scaling toward a financially material share of group revenue. **Downgrade triggers:** further margin compression or working-capital deterioration in the core infrastructure/hydrocarbon segments; any credit-rating action adverse to the current AAA/A1+ profile; or a slowdown in Infrastructure order-book conversion.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	2,21,113	2,55,734	2,85,874
EBITDA margin	13%	13%	12%
Net profit (PAT)	15,547	17,673	18,954

Selected metrics	FY26
ROE	15.9%
ROCE	14.6%
Group unexecuted order book (Mar 2026)	₹7.4 lakh cr
Infrastructure segment order book (Mar 2026)	₹4.22 lakh cr
DC business revenue (FY26, slump-sale disclosure)	₹36.6 cr
DC business net worth (slump-sale disclosure)	₹1,142 cr

Source: screener.in (18-20 Sep 2026), consolidated group figures; DC-business figures from the Vyoma.AI Limited slump-sale disclosure (tradebrains.in, ~Aug 2026), not from regular segment reporting — L&T does not disclose a standalone data-center segment in its quarterly/annual filings, so these two figures have no multi-year history behind them.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The HOLD rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Larsen & Toubro Limited, and have received no compensation from the company.



BUY

Techno Electric & Engineering Company Ltd

TECHNOE

Commissioned, not merely announced — the most credible pure-play data-centre EPC vertical in this report's construction category, still cheap at 23.3x

Summary

Techno Electric is a Kolkata-headquartered, EHV (extra-high-voltage) transmission EPC specialist — market leader in substation EPC up to 765 kV, with a 400+ project execution track record — that has layered renewable/BESS EPC, advanced metering infrastructure (AMI) and, most relevantly to this report, a dedicated data-centre subsidiary, **Techno Digital**, onto that core business. What separates Techno Electric from almost every other construction-category name in this report is that its flagship data-centre project is **commissioned, not merely announced**: a 36 MW AI-ready hyperscale facility at SIPCOT IT Park, Siruseri, Chennai (~200,000 sq ft, up to 2,400 racks, integrated with renewables and a Battery Energy Storage System), which reached commissioning per coverage dated around August 2025. Techno Digital has also signed a named delivery partnership with **RailTel** — a separate company covered in this report's sister volume on India's AI compute stack — to build edge data centres across 102 cities in 23 Indian states, phased between 2025 and 2029: a concrete, named counterparty relationship, not a pipeline claim.

The balance sheet and credit story support the BUY call independently of the data-centre narrative. The company is "almost debt free" per screener.in, carries an ICRA AA(Stable)/A1+ rating with rated bank facilities progressively enhanced through 2025 to a total of ₹3,000 crore, and posted a FY2025 interest cover of 32.2x. The unexecuted order book reached a record ₹11,000 crore as of August 2026, up from ₹9,600 crore as of 30 June 2026, against a company-wide FY27 revenue target of ₹4,000+ crore at 13-14% EBITDA margins. At a CMP of ₹1,030 (18 September 2026), the stock trades at a trailing P/E of only 23.3x — inexpensive next to the growth and credit trajectory on offer.

Two things temper the story, and this report states both plainly. First, Q1 FY27 (quarter ended 30 June 2026) consolidated PAT fell 15.9% YoY to ₹93.33 crore even as standalone revenue grew 24.9% YoY — a topline-growing, profit-declining quarter most plausibly reflecting capex-ramp costs and mix effects tied to the DC/renewables build-out, but a genuine near-term data point, not a

TARGET PRICE

12-month target	₹1,238
CMP (18 Sep 2026)	₹1,030
Implied upside	+20.2%
Rating	BUY

KEY STOCK DATA

Market cap	₹11,984 cr
P/E (trailing)	~23.3x
Book value/share	₹362
52-week range	₹1,489 / ₹870
Credit rating	ICRA AA/Stable/A1+ (₹3,000cr)

SHAREHOLDING (MAR 2026)

Promoters (Gupta family)	56.93%
DII	22.72%
FII	8.65%
Public	11.70%

FINANCIAL SNAPSHOT (₹ CR, STANDALONE)

	FY24	FY25	FY26
Revenue	1,681	2,402	3,252
EBITDA margin	14%	14%	14%
PAT	270	428	542



rounding error. Second, the data-centre vertical, while the most credible in this report's construction category, remains small in absolute terms: management guides only ₹40-50 crore of DC revenue for FY27, against the ₹4,000+ crore group-wide target — roughly 1-1.25% of guided revenue. This report also flags, without resolving, a real discrepancy between ICRA's rating-rationale-cited FY24/FY25 revenue (₹1,502 crore / ₹2,269 crore) and screener.in's higher FY24/FY25 figures (₹1,681 crore / ₹2,402 crore) used in the table below.

Net: a BUY. Techno Electric offers the most concretely evidenced data-centre execution story of any construction-category name in this report — commissioned capacity and a named delivery partner, not slideware — sitting on top of a cheap, low-leverage, investment-grade core business. The DC vertical is real and growing, but investors should own this name for the whole company today, not for a data-centre segment that is still roughly 1% of guided group revenue.

Investment rationale

- **A commissioned, not merely announced, hyperscale data centre.** Techno Digital's 36 MW, ~200,000 sq ft, up to 2,400-rack AI-ready facility at SIPCOT IT Park, Siruseri, Chennai reached commissioning per coverage dated around August 2025 — this report's clearest example of a construction-category company converting a data-centre announcement into standing, operating capacity.
- **A named, multi-year delivery partnership with RailTel** (covered separately in this report's sister volume on India's AI compute stack) to build edge data centres across 102 cities in 23 states, phased 2025-2029 — a concrete, named counterparty relationship rather than a pipeline claim.
- **A cheap valuation for the growth on offer.** ~23.3x trailing P/E, book value of ₹362/share, and a company that is "almost debt free" with a FY2025 interest cover of 32.2x.
- **An improving, actively-enhanced credit profile.** ICRA AA(Stable)/A1+, with rated bank-facility quantum progressively increased through multiple rationales across 2025 to a total ₹3,000 crore — a genuine signal of strengthening financial capacity to fund the DC/renewables build-out without heavy borrowing.
- **A record, still-growing order book.** ₹11,000 crore as of August 2026, up from ₹9,600 crore as of 30 June 2026, funding continued execution of transmission EPC, renewables/BESS and the DC pipeline alongside the RailTel programme.
- **Diversification reduces single-theme dependence.** Unlike several other data-centre-linked names in this report, Techno Electric's core transmission EPC, renewables/AMI and legacy wind-generation book generate real, established earnings independent of the DC narrative.

What gives us pause

- **Q1 FY27 consolidated PAT fell 15.9% YoY to ₹93.33 crore**, even as standalone revenue grew 24.9% YoY — most plausibly a DC/renewables capex-ramp or mix effect rather than a demand problem, but a genuine, recent data point this report will not paper over with the revenue-growth headline alone.
- **The data-centre vertical is still small in absolute terms.** Management guides only ₹40-50 crore of FY27 DC revenue against a ₹4,000+ crore company-wide FY27 target — roughly 1-1.25% of guided group revenue. It is the best-evidenced "real but still small" DC story in this report's construction category, more credible than L&T's DC angle (covered in this report's



sister volume) despite Techno Electric being a fraction of L&T's market capitalisation — but it is early-stage, and this report says so plainly even inside a BUY call.

- **An unreconciled revenue discrepancy.** ICRA's rating rationale cites FY24 revenue of ₹1,502 crore and FY25 revenue of ₹2,269 crore, versus screener.in's higher ₹1,681 crore (FY24) and ₹2,402 crore (FY25) used in the Financial snapshot above. This may reflect a standalone-vs-consolidated or timing difference; this report flags the gap rather than silently picking one side.
- **Governance disclosure gaps.** Sources conflict on whether Chairman and Managing Director roles are combined in promoter P P Gupta — one source calls him "Chairman," the board-listing table shows only "Managing Director" — which materially affects which SEBI LODR independent-director threshold applies. Separately, roughly 46 percentage points of the 56.93% promoter block sits in named promoter-group holding entities (Varanasi Commercial, Kusum Industrial Gases, Techno Leasing & Finance) whose exact beneficial-ownership chain back to the Gupta family this research could not independently confirm.
- **No named hyperscaler or major Indian DC developer** (Adani, Airtel Nxtra, STT GDC, CtrlS) has been confirmed as a customer of the DC vertical. RailTel is the only concretely named external DC relationship; the Chennai, Kolkata, Gurgaon and Noida sites otherwise appear to be company-owned build-and-operate/ colocation assets rather than EPC-for-hire contracts for named third parties.
- **Analyst coverage is thin and internally inconsistent.** One unnamed "top brokerage" target of ₹1,681 (~April 2026) sits against an aggregator consensus of ₹1,524.9 and a separate aggregator range of ₹1,787-2,057 — this report presents these as inconsistent snapshots rather than averaging them into one number.

Corporate governance assessment

1. Which rules actually apply

Techno Electric is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Whether the heightened ($\geq 50\%$) independent-director threshold applies turns on whether Chairman and Managing Director roles are combined in P P Gupta — sources conflict, and this research could not resolve the question from the materials reached. This is the single largest governance-verification gap for this company and should be closed before its board composition is assessed as compliant either way.

2. What the company does well

At least four confirmed independent directors (K K Rai, S N Roy, Anjan Dasgupta, Dipali Khanna) sit on a board of roughly nine to ten members — a composition plausibly consistent with either the one-third or 50% SEBI LODR threshold, pending confirmation of the Chairman/MD question above. The company is "almost debt free" with a FY2025 interest cover of 32.2x, and ICRA has progressively reaffirmed and enhanced its rated facility quantum through 2025 — a genuine, demonstrated credit-quality signal rather than a one-off rating letter.

3. Grey areas

A meaningful share of the 56.93% promoter block is held through named promoter-group entities (Varanasi Commercial ~21.2%, Kusum Industrial Gases ~12.6%, Techno Leasing & Finance ~11.9%) rather than directly by named individuals; this research could not independently verify these entities' exact current percentages or their beneficial-ownership chain back to the Gupta family from a primary shareholding filing. Director Avantika Gupta's family relationship to P P Gupta (surname match strongly suggestive of a promoter-family relationship) is not explicitly confirmed in the sources reached. Two further names (K M Poddar, Arun Duggal) appear in one promoter/director list but not in a separate current board table, leaving an unreconciled question over whether they remain on the board.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action or insider-trading finding was found. This research could not verify the statutory auditor's name, any recent auditor rotation, or litigation history — an absence of evidence, not affirmative clearance, and an open item for a dedicated governance-report pull.



5. Items to watch

Confirmation of whether Chairman and MD roles are combined in P P Gupta; reconciliation of the board composition list (Poddar, Duggal); verification of the promoter-group holding entities' beneficial-ownership chain; confirmation of Avantika Gupta's family relationship; and resolution of the ICRA-vs-screener revenue discrepancy against the audited annual report.

GOVERNANCE CONCLUSION

Not fully confirmed, mainly because this report could not verify enough of it. Nothing found in this research points to actual misconduct, and the confirmed independent-director count and demonstrated credit discipline are genuine positives — but an unresolved Chairman/MD question, an opaque promoter-group holding structure, and unreconciled revenue figures mean a modest governance discount belongs in how confidently this report holds its valuation, even though it does not change the underlying BUY call.

SWOT analysis

STRENGTHS

- Commissioned 36 MW AI-ready hyperscale DC at Chennai (SIPCOT, Siruseri) — execution, not just plans
- Named delivery partnership with RailTel for 102-city, 23-state edge-DC rollout (2025-2029)
- Cheap at ~23.3x trailing P/E; almost debt free with 32.2x FY25 interest cover
- ICRA AA/Stable with progressively enhanced facility quantum to ₹3,000cr through 2025
- Record ₹11,000cr order book (Aug 2026), diversified across transmission EPC, renewables, AMI, DC

WEAKNESSES

- Q1 FY27 consolidated PAT fell 15.9% YoY despite standalone revenue growth of 24.9% YoY
- DC vertical still ~1-1.25% of guided FY27 group revenue — real but early-stage
- Unreconciled ICRA-vs-screener FY24/FY25 revenue discrepancy
- Governance disclosure gaps: unconfirmed Chairman/MD combination; opaque promoter-group holding chain

OPPORTUNITIES

- Techno Digital's \$1bn/250 MW build-out roadmap through ~FY30, guided to ₹400-500cr DC revenue by then
- Kolkata 13 MW facility targeted for 2027; further edge DCs beyond Gurgaon (Aug 2025) and Noida (2026)
- RailTel programme's remaining 2026-2029 phased rollout across 102 cities
- AMI/smart-meter growth tied to continued state-level grid modernization

THREATS

- Execution risk in scaling a still-small DC segment toward its FY30 guided revenue
- Larger, better-capitalised DC-EPC competitors (e.g., L&T, covered in this report's sister volume)
- Commodity/input-cost inflation pressuring core transmission EPC margins
- Uncertain current CRISIL coverage status (most recent CRISIL rationale found dated 2023) alongside ICRA

Key developments to watch

- **Commissioning of the Kolkata 13 MW facility** (targeted 2027) and progress on the ~15-20 MW DC-capacity roadmap guided for December 2027, expandable to 35-40 MW.
- **First disclosed DC-segment financials** once the ₹40-50 crore FY27 guidance becomes a reported segment line rather than forward-looking commentary.
- **Reconciliation of the ICRA-vs-screener revenue discrepancy** against the audited annual report.
- **Confirmation of the Chairman/MD combination question** and the board composition reconciliation (Poddar, Duggal) from the FY26 annual report.
- **Conversion of the record ₹11,000 crore order book** against the FY27 revenue target of ₹4,000+ crore at 13-14% EBITDA margins.



Key risks to be aware of

- **Data-centre materiality risk (primary framing risk).** The DC vertical is real and growing — the most credible in this report's construction category — but still roughly 1% of guided FY27 group revenue; it should not be treated as a near-term earnings driver.
- **Near-term margin/mix risk.** The Q1 FY27 profit decline against revenue growth needs to reverse over coming quarters, or it risks becoming a trend rather than a one-off capex-ramp effect.
- **Governance-disclosure risk** given the unresolved Chairman/MD question and opaque promoter-group holding structure.
- **Unreconciled financial-data risk** from the ICRA-vs-screener revenue discrepancy.

Valuation

₹ per share unless stated

CMP of ₹1,030 (18 September 2026) divided by the disclosed trailing P/E of 23.3x (screener.in) implies trailing EPS of roughly ₹44.2 — broadly consistent with FY26 standalone PAT of ₹542 crore over an implied ~11.6 crore shares (market cap ÷ CMP), which independently works out to ~₹46.6; this report uses the P/E-implied ₹44.2 as its EPS anchor since it is directly sourced rather than back-derived. Applying a moderate ~12% forward-growth assumption — held well below the company's own FY27 revenue-growth guidance of ~23% (₹4,000+ crore vs. FY26's ₹3,252 crore), specifically to reflect the Q1 FY27 consolidated profit decline and the DC/renewables capex-ramp costs likely to persist through the year — gives a constructed FY27E EPS of ~₹49.5. We apply a target multiple band modestly above the current 23.3x trailing multiple, reflecting the record order book, the enhanced ICRA facility quantum and the commissioned DC execution, without assuming a dramatic re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	20.0x	49.5	990	(3.9)%
Base	25.0x	49.5	1,238	+20.2%
Bull	30.0x	49.5	1,485	+44.2%

Base case rounded to ₹1,238. Named brokerage coverage found in this research is thin and partially inconsistent: an unnamed "top brokerage" Buy target of ₹1,681 (~April 2026, ~34% implied upside at the time); an aggregator-style consensus average of ₹1,524.9 (range ₹1,292.8-1,785); and a separate April-2026-dated aggregator citing a ₹1,787-2,057 range — this report treats these as inconsistent snapshots from different panels/dates rather than averaging them into a single figure, and its own base case sits below all of them, reflecting a more conservative forward-growth assumption given the Q1 FY27 profit decline.

RECOMMENDATION: BUY, TARGET ₹1,238 (+20.2% FROM ₹1,030, 18 SEP 2026)

Upgrade triggers: DC-segment revenue disclosed at or above the ₹40-50 crore FY27 guidance with visible margin evidence toward the ~50% aspirational colocation economics; confirmation of the Chairman/MD governance question with a board structure demonstrably compliant with the applicable SEBI LODR threshold; a reversal of the Q1 FY27 profit decline in subsequent quarters. **Downgrade triggers:** further consolidated profit declines despite revenue growth; any slippage in the Kolkata 13 MW or wider DC-capacity roadmap; or a credit-rating action reversing ICRA's enhanced facility quantum.

Financial summary — selected disclosed metrics (₹ crore, standalone)

	FY24	FY25	FY26
Revenue	1,681	2,402	3,252
EBITDA margin	14%	14%	14%
Net profit (PAT)	270	428	542



Selected metrics	Latest
ROE (latest / 3-yr avg)	12.6% / 12.3%
ROCE	15.2%
Order book (Aug 2026)	₹11,000 cr
Q1 FY27 consolidated PAT (YoY)	₹93.33 cr ((15.9)%)

Source: screener.in (18-20 Sep 2026 fetch, standalone basis). ICRA's rating-rationale figures for FY24 (₹1,502 crore) and FY25 (₹2,269 crore) revenue are lower than screener's ₹1,681 crore and ₹2,402 crore shown above; both are disclosed rather than reconciled to one, per the discussion in "What gives us pause" above.

DISCLAIMER

Dart Consultants is a market intelligence and technology service provider, not a SEBI-registered Investment Adviser or Research Analyst. This report is educational material only — not investment advice, and not a recommendation to buy or sell any stock. The BUY rating above is an educational device for summarising public information, not a regulated recommendation. The analyst(s) hold no position in, and have no banking, advisory or brokerage relationship with, Techno Electric & Engineering Company Limited, and have received no compensation from the company.



SELL

KEC International Ltd

KEC

A record order book, a shrinking margin — commodity EPC execution under structural pressure, with a brand-new, unproven data-centre angle layered on top

Summary

KEC International's Q1 FY27 (quarter ended 30 June 2026) results contain the clearest confirmation anywhere in this report of the "commodity EPC execution, margin under structural pressure" story: consolidated EBITDA margin fell to 5.8%, down from 7.0% a year earlier, with standalone margin closer to 4% — this despite an order book that had just crossed a record ~₹40,000 crore. Consolidated revenue was flat YoY at ₹5,024 crore, and PAT fell ~42% YoY to ₹73 crore. Management's own guidance does not promise a quick fix: double-digit margins are not expected before FY28, with only "high-single-digit" margins targeted for that year — this report takes that guidance at face value rather than assuming an earlier recovery.

KEC is the RPG Group's flagship infrastructure EPC company, built on power transmission-line and substation EPC, tower/conductor/cable manufacturing (~4.7 lakh MT/year combined capacity), civil construction, railway electrification and solar EPC, with roughly 37% of business coming from international markets. Two structural, not cyclical, risks sit underneath the current margin print. First, roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility (aluminium and zinc are hedged; steel is not). Second, working capital is deteriorating — CRISIL estimates gross current assets at 320-330 days, driven by slow collections from water, railway and certain overseas (including Afghanistan receivable) exposures. Credit ratings are mixed and weaker than most peers in this report: CARE reaffirmed KEC at A+/Stable in December 2025 (itself a reaffirmation of a September 2024 downgrade, not a fresh upgrade), while ICRA rates the company AA- with a Stable outlook (only recently moved off Negative, ~25 November 2025) — a genuine, unresolved cross-agency discrepancy this report states rather than picks a side on. Either reading sits a full notch or more below Thermax (covered separately in this report), whose ratings sit at AA+/Stable with both agencies.

The stock is cheap — ~17.9x trailing P/E, having fallen roughly 52.8% over the trailing year — but this report reads that cheapness as a value-trap risk, not a value opportunity: the market is pricing in exactly the structural margin and working-capital problems management itself has now confirmed and guided against. KEC does have a data-centre angle: a July 2026 order batch worth ₹1,180 crore included the company's first-ever transmission-line project

TARGET PRICE

12-month target	₹349
CMP (18 Sep 2026)	₹404
Implied upside	(13.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹10,761 cr
P/E (trailing)	~17.9x
Book value/ share	₹231
52-week range	₹938 / ~₹390-400
Credit rating	CARE A+/Stable; ICRA AA-/Stable

SHAREHOLDING (JUN 2026)

Promoters (RPG Group)	50.10%
DII	23.34%
FII	9.92%
Public	16.64%

FINANCIAL SNAPSHOT (₹ CR, CONSOLIDATED)

	FY24	FY25	FY26
Revenue	19,914	21,847	23,506
EBITDA margin	7%	8%	8%
PAT	347	571	606



built specifically to power a data centre (a 400 kV line in Western India), distinct from a separate, pre-existing civil-construction DC business (five projects, ~100 MW, naming Yotta, Digital Edge and Nxtra as clients). Both are genuine, but both are new and small next to a ~₹40,000 crore order book and a business whose blended margins have just fallen through 6%.

Net: a SELL. KEC's order-book growth is real, its DC-linked order wins are real, and its board independence and rating trajectory (ICRA's outlook stabilisation) show some genuine positives — but none of that changes a business whose core margin economics moved the wrong way in the most recent quarter management itself does not expect to normalise for at least six more quarters. This report is unwilling to call a stock down more than half over a year, on management's own weak forward guidance, a value opportunity simply because it is statistically cheap.

Investment rationale

- **An improving rating outlook, even if the letter grade stays mixed.** ICRA's outlook on its AA- rating moved from Negative to Stable (~25 November 2025), and CARE reaffirmed A+/Stable in December 2025 — neither is a fresh upgrade, but the negative-outlook overhang has lifted.
- **Genuine board independence.** Chairman (Harsh Goenka, non-executive) and MD/CEO (Vimal Kejriwal) roles are separated, and seven named independent directors — including a former Foreign Secretary of India, notable given KEC's ~37% international revenue exposure — sit on the board.
- **A record order book with disclosed forward visibility.** Order book (with L1 positions) crossed ₹40,000 crore as of mid-2026, ~1.6-1.7x FY26 revenue, with FY27 order-inflow guidance of ₹30,000 crore and revenue growth guidance of 12-15%.
- **A first, named entry into data-centre power transmission.** The July 2026 order batch's 400 kV Western India transmission line, built specifically to power a data centre, is KEC's first disclosed T&D project of this kind — management frames it as "moving up the value chain" into higher-value, reliability- critical work, distinct from the company's separate, pre-existing DC civil-construction relationships with Yotta, Digital Edge and Nxtra.
- **Statistically cheap.** ~17.9x trailing P/E, roughly a quarter of Thermax's 76.9x, and a stock down ~52.8% over the trailing year — a real re-rating has already occurred, which some investors may read as opportunity rather than warning.

What gives us pause

- **Margin compression despite a record order book — the central reason for this report's SELL call.** Consolidated EBITDA margin fell to 5.8% in Q1 FY27 from 7.0% a year earlier, with standalone margin closer to 4%, even as the order book sat at a record ~₹40,000 crore. Management itself guides that double-digit margins will not return before FY28, with only high-single-digit margins targeted even then — this report takes that guidance at face value rather than assuming an earlier recovery.
- **Roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility** — a primary, structural risk, not a cyclical one, since KEC hedges aluminium and zinc but not steel.
- **Working capital is deteriorating.** CRISIL estimates gross current assets at 320-330 days, citing slow collections from water, railway and certain overseas exposures, including Afghanistan receivables that have specifically delayed planned deleveraging (net debt ₹6,568 crore as of 30 June 2026).



- **Mixed, weaker credit ratings than most peers in this report, with an unresolved cross-agency gap.** CARE rates KEC A+/Stable; ICRA rates it AA- — a full notch or more apart on what should be broadly comparable long-term facilities. This report states both ratings rather than resolving the discrepancy, and notes that CRISIL's only confirmed current rating for KEC is a short-term A1+ on its commercial-paper programme; its long-term facility rating could not be confirmed in this research. Either reading places KEC a full notch or more below Thermax's AA+/Stable rating from both major agencies.
- **The stock's cheapness looks like a value-trap risk, not an opportunity.** A trailing P/E of ~17.9x and a ~52.8% one-year decline reflect the market pricing in exactly the structural margin and working-capital problems management has now confirmed — this report is unwilling to read the cheap multiple as mispricing.
- **The data-centre angle is real but too new and too small to offset the core story.** KEC's first-ever named DC transmission & distribution project was won only in July 2026, as part of a ₹1,180 crore order batch — an emerging, not yet proven, business line layered on top of an already-challenged core EPC business, and not a reason on its own to look past the margin story.

Corporate governance assessment

1. Which rules actually apply

KEC is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. Chairman (Harsh Goenka) and Managing Director/CEO (Vimal Kejriwal) roles are held by separate individuals, so the heightened (≥50%) independent-director threshold that applies to executive-chaired boards is not triggered by that rule. Seven named independent directors sit on the board, a composition this research assesses as consistent with SEBI LODR's baseline requirements, though the exact current total board size was not independently re-confirmed from a primary filing in this pass.

2. What the company does well

Chairman and MD/CEO roles are separated — Goenka chairs the RPG Group and several of its operating companies concurrently (a standard conglomerate governance pattern), while Kejriwal has run KEC as MD/CEO since April 2015 and was most recently reappointed for a further term effective 1 April 2025. The independent-director slate (Vimal Bhandari, M.S. Unnikrishnan, Arvind Singh, Harsh Vardhan Shringla, Neera Saggi, Dr. Shirish Sankhe, Vikram Gandhi) is substantial and diversified, including a former Foreign Secretary — a genuinely relevant appointment given KEC's international revenue exposure and the geopolitical risks (e.g., Afghanistan receivables, West Asia disruption) documented elsewhere in this section. No SEBI enforcement action or insider-trading finding was found against the company.

3. Grey areas

Kejriwal was listed as "retiring by rotation and offering himself for re-appointment" at the 21 August 2026 AGM; this research could not confirm the outcome of that vote. The cross-agency rating discrepancy (CARE A+ vs. ICRA AA-) is itself a governance-adjacent disclosure question this report could not resolve — investors relying on a single agency's rating would reach different conclusions about the same company. CRISIL's current long-term (bank-facility) rating for KEC could not be located, with only a short-term commercial-paper rating confirmed.

4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action or insider-trading finding was found. This research could not verify the current statutory auditor's name, CFO identity, or any pending litigation/related-party-transaction disclosures for KEC — an absence of evidence, not affirmative clearance, and a real gap for a company of this scale and international exposure.

5. Items to watch

Confirmation of the 21 August 2026 AGM's vote on Kejriwal's re-appointment; reconciliation (or at least continued monitoring) of the CARE-vs-ICRA rating gap; confirmation of CRISIL's current long-term bank-facility rating; and disclosure of the statutory auditor, CFO and any pending litigation from the FY26 annual report.



GOVERNANCE CONCLUSION

Structurally reasonable but incompletely disclosed. Separated Chairman/MD roles and a genuinely diversified independent-director slate are real positives, and nothing found in this research points to misconduct. But an unresolved cross-agency credit-rating discrepancy, an unconfirmed CRISIL long-term rating, and several unverified disclosure items (auditor, CFO, litigation) leave real gaps — none of which drives this report's SELL call, which rests on the operating-margin and working-capital evidence in the Summary above, not on governance concerns.

SWOT analysis

STRENGTHS

- Record order book (~₹40,000cr, mid-2026) with disclosed FY27 revenue-growth guidance of 12-15%
- Separated Chairman/MD roles; substantial, diversified 7-member independent-director slate
- ICRA outlook stabilised (Negative → Stable, Nov 2025); CARE A+/Stable reaffirmed (Dec 2025)
- First named entry into data-centre power transmission (₹1,180cr order batch, Jul 2026)
- Diversified manufacturing base (~4.7 lakh MT/yr towers, conductors, cables) supporting EPC delivery

WEAKNESSES

- Consolidated EBITDA margin fell to 5.8% in Q1 FY27 from 7.0% YoY; standalone closer to 4%
- Q1 FY27 PAT down ~42% YoY to ₹73cr despite flat revenue
- Working capital deteriorating: gross current assets 320-330 days (CRISIL)
- Mixed, unresolved cross-agency ratings (CARE A+ vs. ICRA AA-), both below Thermax's AA+

OPPORTUNITIES

- Further data-centre T&D order wins building on the July 2026 400kV precedent
- Continued repeat orders from the pre-existing DC civil clients (Yotta, Digital Edge, Nxtra)
- Management's guided margin recovery from Q3 FY27 onward, reaching high-single-digits by FY28
- Deleveraging as Afghanistan receivables and inventory normalise

THREATS

- Steel-price volatility directly exposed via the 40-50% fixed-price share of the order book
- Further working-capital deterioration if collections from water/railway/overseas projects stay slow
- Continued geopolitical exposure (West Asia disruption, Afghanistan receivables) given ~37% international revenue
- Market re-rates the stock further down if FY28 margin guidance itself slips

Key developments to watch

- **Whether consolidated margins actually improve from Q3 FY27** as management has guided, or whether the double-digit-by-FY28 timeline itself slips further.
- **Further data-centre T&D order wins** building on the July 2026 400 kV precedent, and whether the end-customer/hyperscaler behind that order is ever named.
- **Resolution (or continued divergence) of the CARE-vs-ICRA rating gap**, and confirmation of CRISIL's current long-term facility rating.
- **Working-capital trend** — whether gross current assets improve from the 320-330-day level CRISIL has flagged, and whether Afghanistan-receivable-driven deleveraging delays persist.
- **Outcome of Vimal Kejriwal's re-appointment vote** at the 21 August 2026 AGM.

Key risks to be aware of

- **Steel-price/fixed-price exposure (primary structural risk).** Roughly 40-50% of the order book is fixed-price and directly exposed to steel-price volatility, unhedged unlike KEC's aluminium and zinc exposure.



- **Working-capital risk (primary structural risk).** Gross current assets of 320-330 days, and continuing deleveraging delays tied to Afghanistan receivables, both signal a business that is not converting revenue to cash as efficiently as its order-book headline suggests.
- **Value-trap risk.** The ~17.9x trailing P/E and ~52.8% one-year decline reflect real, structural problems already confirmed by management's own guidance — not an obvious mispricing.
- **Data-centre-thesis immaturity risk.** The DC T&D angle is genuine but only months old and a small fraction of the ~₹40,000 crore order book; it should not be read as an offset to the core margin story.

Valuation

₹ per share unless stated

CMP of ₹404 (18 September 2026) divided by the disclosed trailing P/E of 17.9x (screener.in) implies trailing EPS of roughly ₹22.6 — broadly consistent with FY26 consolidated PAT of ₹606 crore over an implied ~26.6 crore shares (market cap ÷ CMP), which independently works out to ~₹22.8; this report uses the P/E-implied ₹22.6 as its EPS anchor since it is directly sourced rather than back-derived. Given management's own guidance that double-digit margins will not return before FY28 and that Q1 FY27 PAT was already down ~42% YoY, we assume next-twelve-months EPS stays broadly flat (~₹22.5) rather than growing with the guided 12-15% revenue expansion — the margin drag more than offsets top-line growth in this report's base case. We apply a target multiple band at or below the current 17.9x trailing multiple, reflecting continued structural margin and working-capital risk rather than a re-rating:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	13.0x	22.5	293	(27.5)%
Base	15.5x	22.5	349	(13.6)%
Bull	18.5x	22.5	416	+3.0%

Base case rounded to ₹349. Even our bull-case scenario, applying a target multiple modestly above the current trailing 17.9x, produces only marginal upside from the current price — a sign of how little room this report finds for the stock to work even on a constructive multiple assumption while the margin story remains unresolved. Named brokerage targets found in this research sit well above this report's own range — JM Financial (Buy, ₹580) and ICICI Securities (Buy, ₹550) — alongside a 24-analyst consensus average of ₹582.79 (range ₹411-736); a separate, larger aggregator's claimed consensus of ₹961 is flagged in the underlying research as very likely a stale, pre-decline figure that has not been refreshed for the ~53% one-year share-price fall, and this report explicitly does not use it. This report's own, more conservative base case reflects its weighting of the Q1 FY27 margin collapse and management's FY28 guidance, both dated after most cited brokerage targets.

RECOMMENDATION: SELL, TARGET ₹349 (-13.6% FROM ₹404, 18 SEP 2026)

Upgrade triggers: consolidated EBITDA margin recovering toward high-single-digits ahead of management's own FY28 timeline; a resolved, converged credit rating from CARE and ICRA at the higher end of the current range; working capital improving materially below the current 320-330-day level; or a meaningfully larger, repeat-order-confirmed data-centre T&D pipeline. **Downgrade triggers:** a further margin miss versus the FY28 double-digit guidance itself; a formal downgrade from either CARE or ICRA; further deterioration in working capital or a further increase in net debt; or fresh evidence that the fixed-price order-book share is rising rather than falling.

Financial summary — selected disclosed metrics (₹ crore, consolidated)

	FY24	FY25	FY26
Revenue	19,914	21,847	23,506
EBITDA margin	7% (6.82%)	8% (7.70%)	8%
Net profit (PAT)	347	571	606



Selected metrics	Value
ROE / ROCE	11.4% / 16.5%
Order book, incl. L1 (mid-2026)	~₹40,000 cr
Q1 FY27 EBITDA margin (YoY)	5.8% (from 7.0%)
Q1 FY27 PAT (YoY)	₹73 cr ((42)%)
Gross current assets (working capital)	320-330 days

Source: screener.in (18 Sep 2026 fetch, consolidated basis), cross-checked against CARE Ratings (16 Dec 2025) and CRISIL (7 May 2026) rationales. FY26 "Operating PAT" of ₹650 crore was cited in one results-coverage source, versus screener's ₹606 crore net-profit figure shown above — this report could not fully reconcile which figure excludes exceptional items, and flags rather than resolves the gap. CARE's more precise EBITDA-margin figures (6.82% FY24 → 7.70% FY25) are shown in parentheses alongside screener's rounded 7%/8% bands.

DISCLAIMER

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BUY

Kalpataru Projects International Ltd KPIL

A diversified EPC compounder with margins moving the right way — but the weakest-evidenced data-center linkage of any construction name in this report

Summary

Kalpataru Projects International (KPIL, formerly Kalpataru Power Transmission) is the one name in this report's construction/EPC cluster whose margin is moving in the opposite direction from the pattern seen elsewhere — commodity EPC margin compression is visible at both KEC International and Ahluwalia Contracts (covered elsewhere in this report), but KPIL's blended consolidated EBITDA margin has instead nudged higher: Q4 FY26 margin improved 60bps YoY to 8.2%, and Q1 FY27 margin improved a further 30-40bps YoY to 8.8-8.9%. Management attributes this to mix-shift toward its Transmission & Distribution (T&D), Buildings & Factories (B&F) and Oil & Gas Pipelines segments, which the company states run at double-digit EBITDA margins and are pulling the consolidated blend upward as they grow as a share of revenue. This modest-but-genuine margin-improvement story, not any single project win, is this report's lead reason for rating KPIL a BUY.

The growth underneath that margin trend is substantial: consolidated revenue grew from ₹19,626 crore (FY24) to ₹27,143 crore (FY26), and FY26 PAT of ₹1,031 crore was up 81.7% YoY. The order book has grown steadily to ₹66,607 crore as of 30 June 2026 (Q1 FY27), against FY25 order inflow of ₹25,475 crore and a further ₹7,668 crore booked in the first quarter of FY27 alone; management has also disclosed ~₹3,200 crore of projects where KPIL is L1 (lowest bidder, not yet formally awarded). The credit story has moved in lock-step: CRISIL reaffirmed AA/Stable (long-term) and A1+ (short-term) in October 2024, and India Ratings went further, upgrading KPIL's long-term rating to IND AA+/Stable from IND AA in July 2026 — a genuine, recent, upward rating action rather than a stale reaffirmation. Valuation is reasonable for the growth and margin trajectory on offer: trailing P/E of ~22.2x against a market cap of ₹24,685 crore.

The gap this report must be honest about is data centers specifically. KPIL's own Buildings & Factories marketing copy explicitly lists "Data Centers" as one of the sectors it serves, alongside healthcare, institutional, residential and IT-office work. Despite that, this research could not confirm a single named data-center construction contract, developer client, or hyperscaler counterparty for KPIL — not from company disclosures, not from order-win press coverage across the September 2025-September

TARGET PRICE

12-month target	₹1,647
CMP (18 Sep 2026)	₹1,446
Implied upside	+13.9%
Rating	BUY

KEY STOCK DATA

Market cap	₹24,685 cr
P/E (trailing)	~22.2x
Book value/ share	₹455
52-week range	₹1,500 / ₹1,007
Credit rating	CRISIL AA/Stable; Ind-Ra AA+/ Stable

SHAREHOLDING (JUN 2026)

Promoters	33.58%
DII	44.84%
FII	10.77%
Public	10.81%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	19,626	22,316	27,143
EBITDA margin	9%	9%	9%
PAT	516	567	1,031



2026 window, and not from data-center-specific trade press. This is a materially weaker data-center evidentiary record than either Techno Electric (which has a confirmed, commissioned data-center project elsewhere in this report) or even Ahluwalia Contracts (whose two named data-center contracts are three years stale, but were at least named and confirmed at the time — see the companion Ahluwalia section). One further disambiguation is worth stating plainly: credit ratings in the BBB/BBB- range that surface in searches for "Kalpataru" belong to the separately-listed real-estate entity Kalpataru Limited (and to unlisted Kalpataru Properties Pvt Ltd), not to KPIL — the two trace to the same promoter family (Mofatraj Munot) but are distinct, separately rated legal entities, and this report has been careful not to conflate them.

Net: a BUY, but on the strength of KPIL's overall diversified-EPC quality, order-book momentum and improving margin mix — not on any confirmed data-center thesis. Investors buying this name specifically for data-center capex exposure should understand that exposure remains unproven in the public record, even though the company's own marketing suggests the addressable capability exists.

Investment rationale

- **Margin improving, not compressing — the differentiator versus this report's other commodity-EPC names.** Q4 FY26 EBITDA margin rose 60bps YoY to 8.2%; Q1 FY27 margin rose a further 30-40bps YoY to 8.8-8.9%, driven by mix-shift toward higher-margin T&D, Buildings & Factories and Oil & Gas segments, which management states run at double-digit margins. FY27 guidance calls for ≥15% revenue growth and PBT-margin improvement of >75bps.
- **Strong, broad-based growth.** Consolidated revenue grew from ₹19,626 crore (FY24) to ₹27,143 crore (FY26); FY26 PAT of ₹1,031 crore was up 81.7% YoY, with Q4 FY26 standalone PAT up 93% YoY to ₹434 crore.
- **A large and growing order book with disclosed forward visibility.** Order book of ₹66,607 crore as of 30 June 2026, up from ₹64,495 crore a year earlier; FY27 YTD order inflow of ₹7,668 crore through Q1 alone, plus ~₹3,200 crore of disclosed L1 (lowest-bidder, pending-award) positions, including a ~₹2,000 crore international solar EPC project.
- **An improving, not merely stable, credit trajectory.** CRISIL reaffirmed AA/Stable and A1+ in October 2024 on enhanced rated bank facilities (₹22,720 crore); India Ratings went further, upgrading KPIL to IND AA+/Stable from IND AA in July 2026 — a genuine upgrade, not a reaffirmation, within the report's research window.
- **Genuine diversification across infrastructure verticals** — T&D, Buildings & Factories, Water Supply & Irrigation, Railways, Oil & Gas Pipelines, Urban Mobility/Metro, Highways and Airports — plus new-geography expansion (entry into the West Asia water market, announced ~30 June 2026), reducing single-segment or single-geography concentration risk relative to a pure building contractor.
- **Reasonable valuation for the growth on offer.** ~22.2x trailing P/E, versus a company delivering double-digit revenue growth, expanding margins and an improving credit profile — broad sell-side coverage (17 analysts per one aggregator, materially more than either Netweb or Ahluwalia) is overwhelmingly positive, with a "Strong Buy" consensus and average 12-month target of ₹1,432.

What gives us pause

- **No confirmed data-center contract, client, or counterparty — despite "Data Centers" being an explicitly advertised served sector.** This is the single biggest, most honest gap in this report's coverage of KPIL. Despite targeted searches across company disclosures, order-win press releases (Sep 2025-Sep 2026) and data-center trade press, not one named data-center



project, developer client, or hyperscaler counterparty could be confirmed for KPIL. This report's BUY call rests on KPIL's overall diversified-EPC quality and improving margin mix, not on any demonstrated data-center thesis, and readers specifically seeking data-center capex exposure should weigh this gap accordingly. It is a real absence in the record, not a rounding-error caveat — and it makes KPIL's data-center linkage the weakest-evidenced of any construction/EPC name in this report, weaker than Techno Electric's confirmed commissioned project and weaker even than Ahluwalia's stale-but-at-least-named 2022-23 contracts.

- **Two separate, unreconciled revenue discrepancies sit in the public record.** CRISIL's October 2024 rating rationale cites FY24 operating income of ₹16,760 crore, versus screener.in's FY24 consolidated revenue of ₹19,626 crore — a gap this report states plainly rather than silently reconciling, since the two figures may reflect a standalone-vs-consolidated distinction or a trailing-twelve-month basis at the rating date, and this research could not determine which. A second, smaller discrepancy exists in FY25/FY26 EBITDA and PAT figures across aggregators (see Financial summary note below).
- **Unusually low promoter holding (33.58%) alongside unusually high DII holding (44.84%).** This research found no confirmatory narrative (e.g., no evidence of a recent promoter stake sale) and could not fully explain the pattern — it may simply reflect a historically diffuse shareholding structure carried over from the Kalpataru Power Transmission era, but it is worth flagging as a float characteristic rather than assuming it is benign without further check.
- **Several governance and disclosure items could not be verified** in this research pass, including the statutory auditor's name, any pending litigation, related-party-transaction detail, and CSR spend — an absence-of-evidence gap the writer should treat as an open item rather than a clean bill of health.
- **Receivables and leverage metrics from the most recent rating rationale reviewed (Oct 2024) were not best-in-class:** receivables of ~255 days as of 31 March 2024, gearing of 0.53x, and TOL/TNW of 2.42x — none disqualifying for an AA-rated EPC contractor, but worth noting alongside the margin-improvement narrative.

Corporate governance assessment

1. Which rules actually apply

KPIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. The Chairman (Mofatraj P. Munot, Non-Executive) and Managing Director/CEO (Manish Mohnot) roles are held by separate individuals — i.e., Chairman and MD/CEO are NOT combined — so the heightened ($\geq 50\%$) independent-director threshold that SEBI LODR applies specifically to executive-chaired boards is not triggered by that rule. The board nonetheless already meets a 50% independent-director composition (4 of 8 members) regardless of which threshold technically applies.

2. What the company does well

The board includes four confirmed independent directors — Dhananjay Mungale, Bimal Tanna, Gautam Mehra and Raksha Kothari (the board's sole woman, a corporate/M&A lawyer with 35+ years' experience) — against a total board of eight. Chairman and MD/CEO roles are held separately, avoiding the concentration-of-power structure this report flags as a governance risk factor at some other companies covered elsewhere. The company has also been transparent about its credit profile, with two separate rating agencies (CRISIL and India Ratings) actively covering and, in India Ratings' case, recently upgrading the entity.

3. Grey areas

The unusually low promoter shareholding (33.58%) against unusually high DII holding (44.84%) is a float characteristic this research could not fully explain and did not find a confirmatory narrative for (no evidence of a recent promoter stake sale was found) — worth a dedicated shareholding-history check before drawing conclusions either way. Statutory auditor identity, related-party-transaction disclosures, and CSR spend could not be verified in this research pass and should be checked directly against the FY25/FY26 annual report's governance and auditor's sections.



4. Red flags

None confirmed as adjudicated matters. No SEBI enforcement action, insider-trading finding, or specific pending litigation was found in the sources this research reached — though, as with the ABB India and Netweb sections elsewhere in this report, absence of a finding in this research pass is not proof of a clean record, and the writer should check the Annual Report's litigation disclosures and BSE/NSE announcement history directly.

5. Items to watch

Confirmation of the statutory auditor, litigation status and related-party-transaction disclosures; reconciliation of the FY24 CRISIL-vs-screener revenue discrepancy (₹16,760 crore vs. ₹19,626 crore) and the smaller FY25/FY26 EBITDA/PAT discrepancies against the primary annual report; and a dedicated check into the low-promoter/high-DII shareholding pattern.

GOVERNANCE CONCLUSION

Broadly adequate on the structural fundamentals this report could confirm — separated Chairman/ MD roles, a board that already meets the 50% independent-director composition, and two independently improving credit-rating actions. The unexplained shareholding pattern and several unverified disclosure items (auditor, litigation, related-party transactions) are real gaps, but nothing found in this research points to actual misconduct, and none of these gaps is the basis for this report's BUY call, which rests primarily on the operating and margin trend.

SWOT analysis

STRENGTHS

- Margin improving, not compressing — Q4 FY26 +60bps YoY to 8.2%; Q1 FY27 +30-40bps YoY to 8.8-8.9%
- Strong growth: revenue ₹19,626 → 27,143cr (FY24-26); FY26 PAT +81.7% YoY
- Large, growing order book (₹66,607cr, Jun 2026) with disclosed L1 pipeline (~₹3,200cr)
- India Ratings upgrade to AA+/Stable (Jul 2026); CRISIL AA/Stable reaffirmed
- Diversified across T&D, B&F, water, rail, oil & gas, metro, highways, airports

WEAKNESSES

- No confirmed data-center contract despite "Data Centers" being an advertised served sector
- Unreconciled FY24 revenue figure (CRISIL ₹16,760cr vs. screener ₹19,626cr) and smaller FY25/26 gaps
- Unexplained low promoter (33.58%) / high DII (44.84%) shareholding pattern
- Several governance disclosures (auditor, litigation, RPTs) unverified in this research

OPPORTUNITIES

- Conversion of "Data Centers" served-sector capability into a first named, disclosed DC contract
- New-geography expansion (West Asia water market entry, Jun 2026)
- Continued mix-shift toward higher-margin T&D/B&F/Oil & Gas segments
- Broad, positive sell-side coverage (17 analysts, Strong Buy consensus) supporting capital access

THREATS

- Industry-wide commodity-EPC margin pressure seen at peers (KEC, Ahluwalia) could still reach KPIL
- Receivables/leverage metrics (255 days receivables, 0.53x gearing per Oct 2024 rationale) bear watching
- Execution risk across a large, geographically dispersed 75+-country order book
- Unexplained shareholding pattern could reflect an undisclosed structural issue, though none is confirmed

Key developments to watch

- **Any first named, disclosed data-center contract or client** — the single most important data-center-specific development to watch for a company that advertises the capability but has not yet evidenced it with a named win.
- **Continuation of the margin-improvement trend** against FY27 guidance of ≥15% revenue growth and >75bps PBT-margin improvement.



- **Reconciliation of the FY24 CRISIL-vs-screener revenue discrepancy** and the smaller FY25/FY26 EBITDA/PAT gaps against the primary annual report.
- **Conversion of the ~₹3,200 crore L1 (pending-award) pipeline** into confirmed order-book additions.

Key risks to be aware of

- **Data-center-thesis risk (specific to this report's framing).** Investors buying KPIL specifically for data-center exposure should recognize that exposure remains unconfirmed in the public record.
- **Margin-reversion risk.** The improving-margin trend is only two-to-three quarters deep; a reversion toward the industry-wide compression pattern seen at peers cannot be ruled out.
- **Execution and receivables risk** inherent to a large, multi-geography EPC order book.
- **Governance-disclosure risk** given unverified auditor, litigation and related-party-transaction detail, and the unexplained shareholding pattern.

Valuation

₹ per share unless stated

CMP of ₹1,446 (18 Sep 2026) divided by the disclosed trailing P/E of 22.2x (screener.in) implies trailing EPS of roughly ₹65.1 — broadly consistent with FY26 PAT of ₹1,031 crore over an implied ~17.1 crore shares (market cap ÷ CMP), which independently works out to ~₹60.3; this report uses the P/E-implied ₹65.1 as its EPS anchor since it is directly sourced rather than back-derived. **One unresolved cross-source discrepancy is flagged rather than silently reconciled:** CRISIL's October 2024 rating rationale cites FY24 operating income of ₹16,760 crore, versus screener.in's FY24 consolidated revenue figure of ₹19,626 crore used in the Financial snapshot above — a ~17% gap this report could not attribute definitively to a standalone-vs-consolidated or trailing-twelve-month basis, and states both figures rather than picking one. Applying a moderate ~15% forward-growth assumption (in line with management's own FY27 revenue-growth guidance of ≥15%, and consistent with the disclosed margin-improvement trend) gives a constructed FY27E EPS of ~₹74.9. We apply a target multiple band around the current 22.2x trailing multiple, reflecting the improving-margin evidence as a modest re-rating case rather than a dramatic one:

Scenario	Target P/E (FY27E)	FY27E EPS (₹)	Target price	Upside/(downside)
Bear	18.0x	74.9	1,348	(6.8)%
Base	22.0x	74.9	1,648	+14.0%
Bull	25.0x	74.9	1,873	+29.5%

Base case rounded to ₹1,647. Named brokerage targets found in this research are consistent with a constructive stance: Anand Rathi (Buy, ₹1,408, raised from ₹1,351, ~20 Feb 2026); Axis Securities (Buy, initiated at ₹1,590, exact date unconfirmed — likely early Jan 2026); and an aggregator-level "Strong Buy" consensus across 17 analysts, average target ₹1,432 (high ₹1,566, low ₹1,252). This report's own base case (₹1,647) sits modestly above the named brokerage range, reflecting this report's explicit weighting of the recent India Ratings upgrade and the Q1 FY27 margin print, both dated after most of the cited brokerage targets.

RECOMMENDATION: BUY, TARGET ₹1,647 (+14.0% FROM ₹1,446, 18 SEP 2026)

Upgrade triggers: a first confirmed, named data-center contract or client, converting the advertised-but-unproven capability into demonstrated exposure; continuation of the margin-improvement trend for two or more further quarters; resolution of the FY24 revenue discrepancy in KPIL's favour (i.e., confirming the higher screener figure). **Downgrade triggers:** a reversal of the recent margin-improvement trend back toward the industry-wide compression pattern seen at peers; any adverse rating action from CRISIL or India Ratings; or evidence that the low-promoter/high-DII shareholding pattern reflects an undisclosed structural concern.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	19,626	22,316	27,143
EBITDA margin	9%	9%	9%
Net profit (PAT)	516	567	1,031

Quarterly margin trend	Value
Q4 FY26 EBITDA margin (YoY change)	8.2% (+60bps)
Q1 FY27 EBITDA margin (YoY change)	8.8-8.9% (+30-40bps)
Order book (30 Jun 2026)	₹66,607 cr
FY27 YTD order inflow (through Q1)	₹7,668 cr

Source: screener.in (20 Sep 2026 fetch, consolidated basis), cross-checked against CRISIL's 16 October 2024 rating rationale and Q1/Q4 FY26-27 results coverage (Business Standard, Investing.com/ EquityBulls, Aug 2026). CRISIL's rationale cites a materially different FY24 revenue figure (₹16,760 crore operating income vs. screener's ₹19,626 crore) — both are stated here rather than reconciled to one, per the Valuation section above. A separate FY26 EBITDA figure of ₹2,240 crore/8.3% margin was also found in one aggregator, versus screener's ₹2,432 crore/9% used above; FY26 PAT of ₹1,031 crore (+81.7% YoY) is consistent across sources.

DISCLAIMER

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SELL

Ahluwalia Contracts (India) AHLUCONT

A 35-40% NCR minimum-wage shock has erased the margin story, and CARE's own downgrade trigger already looks breached, unconfirmed

Summary

Ahluwalia Contracts' PBILDT margin has gone from a mid-single-digit, medium-term "normal" of 9.93% in FY24 to 8.21% in FY25, back up to roughly 10% in FY26 on H2 execution catch-up — and then collapsed to just **4.29% in Q1 FY27**, down from 8.59% in the same quarter a year earlier. Revenue still grew 12.03% YoY to ₹1,125.81 crore, but PAT fell 77.65% YoY to only ₹11.42 crore. Management's own explanation is a 35-40% increase in minimum wages across the National Capital Region (Haryana/UP), which affects roughly half of ACIL's order book by value; project delays and higher staff costs added to the hit. Most tellingly, management explicitly **withdrew its prior guidance of double-digit EBITDA margins for FY27** while holding revenue-growth guidance at 12-15% and cutting full-year order-inflow guidance to ₹4,000-5,000 crore from a prior ₹8,000 crore target. This is the single most negative margin story found anywhere in this report, and it is a labour-cost, not a one-off, shock.

The rating-agency angle sharpens the concern rather than softening it. CARE Ratings reaffirmed CARE AA-/Stable (long-term) and CARE A1+ (short-term) on ₹2,515 crore of bank facilities as recently as 30 December 2025 — but that rationale explicitly states its own negative-rating trigger as "contraction in profitability margins below 8% on a sustained basis." The Q1 FY27 print of 4.29% sits well below that threshold. This research could not find any CARE (or other agency) rating action dated after the Q1 FY27 results (disclosed ~August 2026) as of the digest's 20 September 2026 research date — meaning a downgrade risk that, by the rating agency's own stated criteria, already looks live and unresolved. The stock has fallen roughly 45-46% from its 52-week high of ₹1,078 to around ₹585, and a trailing P/E of ~17.4x looks cheap only if the reader ignores exactly why it has de-rated.

ACIL's portfolio explicitly lists data centres as a project type, and this research confirmed two named DC EPC contracts — AdaniConneX Noida (~₹209 crore, FY2022-23) and IFTAS Bhubaneswar (~₹169 crore, announced ~March 2023). Both are 3+ years old. Despite targeted searches for newer wins with Airtel Nxta, STT GDC, Yotta or CtrlS, none were found, and the order-book mix has meanwhile shifted hard toward Gurgaon/NCR residential work (23% to 44% of the order book in one year) and

TARGET PRICE

12-month target	₹476
CMP (18 Sep 2026)	₹585
Implied downside	(18.6)%
Rating	SELL

KEY STOCK DATA

Market cap	₹3,917 cr
P/E (trailing)	~17.4x
Book value/share	₹308
Order book/FY25 TOI	~4.41x
Credit rating	CARE AA-/Stable/A1+*

SHAREHOLDING (JUN 2026)

Promoters (Ahluwalia family)	55.32%
DII	22.32%
FII	14.05%
Public	8.32%

FINANCIAL SNAPSHOT (₹ CR)

	FY24	FY25	FY26
Revenue	3,855	4,099	4,565
PBILDT margin	9.93%	8.21%	~10%
PAT	375	202	266



private-sector contracts generally (52% to 69%). ACIL should be read as a company with historical, not continuing, data-center exposure — not as an active beneficiary of the current AI-driven data-center capex cycle.

Net: a SELL, target ₹476 (-18.6% from ₹585). The margin compression is structural — roughly half the order book carries NCR labour-cost exposure that will not reverse on its own — and the dominant near-term risk is not general execution risk but the real possibility of a confirmed rating-agency downgrade given CARE's own already-breached threshold.

Investment rationale

- **A large, multi-year order book.** ₹20,663.52 crore as of 30 June 2026 (Q1 FY27), to be executed over roughly the next 3.5 years, geographically diversified across 15 Indian states and Nepal.
- **Genuinely low leverage and strong liquidity.** TOL/TNW of 1.06x (FY25); unencumbered cash and bank balances of ₹892.60 crore as of 30 Sep 2025; average fund-based working-capital utilisation of only ~7% over the 12 months to Sep 2025 — the company funds working capital mainly through mobilisation advances and creditors rather than bank debt.
- **An AA- long-term credit rating, reaffirmed as recently as 30 December 2025,** on ₹2,515 crore of bank facilities — though see "What gives us pause" below on why this reaffirmation predates the risk this report flags as live.
- **Board composition meets the applicable SEBI LODR independent-director threshold.** With Chairman and Managing Director roles combined in founder-promoter Bikramjit Ahluwalia, SEBI LODR requires at least half the board to be independent; ACIL's board (4 of 8 directors independent, including one woman, a retired IAS officer) meets this exactly, per CARE Ratings' own governance note.
- **Demonstrated capacity to recover execution momentum:** Q2 FY26 PAT jumped 105% YoY as fixed-cost absorption improved with higher revenue — evidence the business can claw back margin when volumes cooperate, though Q1 FY27 shows that recovery is not guaranteed against a structural cost shock.
- **ISO 14001, ISO 45001 and ISO 27001 certifications,** a formal workplace-safety and anti-harassment policy, and zero whistleblower/anti-corruption grievances reported in FY25.

What gives us pause

- **The PBILDT margin collapse is the central reason for this report's SELL call.** 9.93% (FY24) → 8.21% (FY25) → ~10% (FY26) → 4.29% (Q1 FY27), driven by a 35-40% NCR minimum-wage hike hitting a labour-intensive cost base across roughly half the order book by value. This is a structural, not one-off, exposure.
- **Management explicitly withdrew its prior double-digit EBITDA-margin guidance for FY27** — taken here at face value as a genuine negative signal, not a conservative sandbag. Order-inflow guidance was simultaneously cut to ₹4,000-5,000 crore from a prior ₹8,000 crore target.
- **CARE's own stated negative-rating trigger (margin below 8% on a sustained basis) already looks breached** by the 4.29% Q1 FY27 print, yet the most recent CARE rationale located (30 December 2025) predates the Q1 FY27 results, and no post-results rating action was confirmed as of this research's 20 September 2026 date. This is a live, unresolved downgrade risk, flagged explicitly rather than assumed away.
- **The two named data-center contracts are stale.** AdaniConneX Noida (~₹209 crore) and IFTAS Bhubaneswar (~₹169 crore) both date to FY2022-23; no newer data-center win was found despite targeted searching, and order-book mix has shifted toward NCR/Gurgaon residential work (23% → 44% in one year) — ACIL is not, on current evidence, an active beneficiary of the present data-center capex cycle.



- **Working-capital intensity is rising.** Gross Current Asset days rose from 205 (FY24) to 210 (FY25); collection days extended from 77 days (FY22) to 136 days (FY25); interest coverage fell from 8.01x (FY24) to 5.98x (FY25) and total debt/PBILDT rose from 1.65x to 2.13x over the same period.
- **A SEBI warning letter (9 July 2024)** for a 270-day gap between Risk Management Committee meetings, breaching Regulation 21(3C)'s 180-day limit — characterised by the company as unintentional and remediated, but a confirmed regulatory lapse nonetheless.
- **NCR/NGT construction-ban exposure.** CARE itself flags National Green Tribunal-driven construction bans in NCR as a credit risk given the order book's rising NCR concentration; ICICI Securities separately cited "stricter construction curbs in NCR in Q3" as a near-term risk post-Q1FY27.

Corporate governance assessment

1. Which rules actually apply

ACIL is a mainboard NSE/BSE-listed company subject to the full SEBI LODR regime. With Bikramjit Ahluwalia holding both Chairman and Managing Director titles, SEBI LODR requires at least half the board to be independent directors. ACIL's board of 8 includes 4 independent directors (Ashok Khurana, Sunil Kumar Sachdeva, Rajendra Prashad Gupta, and Dr. Sheela Bhide) — exactly meeting the 50% threshold, per CARE Ratings' own governance note.

2. What the company does well

The independent-director threshold is met precisely rather than merely gestured at. Certifications (ISO 14001, ISO 45001, ISO 27001) are in place alongside a formal workplace-protection policy (POSH training) and CSR programmes under Companies Act Section 135. The company reports zero whistleblower/ anti-corruption grievances in FY25 and states all related-party transactions received prior audit-committee approval — a self-reported compliance statement, not independently verified by this research, but correctly structured on its face.

3. Grey areas

The board carries a heavy founder-family imprint: Bikramjit Ahluwalia (Chairman & MD, ~84 years old) is joined by Vikas Ahluwalia (his son, Whole-time Director) and Deputy MD Shobhit Uppal in executive roles. A secondary aggregator described a "Sanjiv Sharma" as an Independent Director, while ACIL's own board page lists a "Sanjiv Sharma" as Whole-time Director — this research could not confirm whether these are the same individual or a naming collision, and flags it for verification against the latest annual report. Separately, ACIL's statutory auditor could not be identified from the sources reached, and the company's claim of "no share encumbrance" rests on a company self-disclosure via BSE filing rather than an independently sourced SAST filing.

4. Red flags

One confirmed regulatory lapse: SEBI issued a warning letter dated 9 July 2024 for a breach of Regulation 21(3C) of SEBI LODR, after ACIL's Risk Management Committee went 270 days between meetings (13 Feb 2023 to 10 Nov 2023) against the regulation's 180-day limit. The company characterised this as unintentional and committed to future compliance; no further SEBI enforcement action was found. Separately, this research found unreconciled figures across secondary sources for CARE's total rated bank facilities (₹2,515 crore per the primary Dec 2025 rationale vs. ₹2,954-3,140 crore per a separate aggregator) that should be checked against the latest BSE credit-rating intimation before being treated as resolved.

5. Items to watch

Any CARE (or other rating agency) action following the Q1 FY27 results — the single most important item given the already-breached 8% margin trigger. Also: confirmation of the Sanjiv Sharma director-role question; identification of the statutory auditor; independent verification of the promoter no-pledge claim; and reconciliation of the CARE bank-facility total against the latest BSE filing.



GOVERNANCE CONCLUSION

Board structure and process compliance look adequate on paper — the 50% independent-director threshold is met exactly, certifications and policies are in place, and the one confirmed regulatory lapse (the 2024 SEBI warning letter) was procedural and remediated rather than a finding of misconduct. Governance is not the reason for this report's SELL call; the fundamentals are. But several items — the director-name ambiguity, the unverified statutory auditor, the unverified pledge status, and above all the unresolved post-Q1FY27 rating-action question — remain open, and the last of these carries far more weight for the investment case than a typical governance footnote.

SWOT analysis

STRENGTHS

- Large order book (₹20,664cr, Q1 FY27) with ~3.5-year execution visibility, diversified across 15 states and Nepal
- Low leverage (TOL/TNW 1.06x) and strong liquidity (₹892.60cr unencumbered cash, ~7% WC utilisation)
- CARE AA-/Stable, A1+ rating reaffirmed 30 Dec 2025 (₹2,515cr facilities) — though see Threats
- Board meets SEBI LODR's 50% independent-director threshold for an executive-chaired board
- Demonstrated H2/quarter-to-quarter margin-recovery capability (Q2 FY26 PAT +105% YoY)

WEAKNESSES

- PBILDT margin collapsed to 4.29% in Q1 FY27 from 8.59% a year earlier; PAT down 77.65% YoY
- Management withdrew prior double-digit EBITDA-margin guidance for FY27
- Rising working-capital intensity (GCA days, collection days, falling interest coverage)
- Confirmed SEBI warning letter (Jul 2024) for an RMC-meeting-gap breach
- No confirmed data-center win more recent than FY2022-23

OPPORTUNITIES

- Order book already ~4.4x FY25 revenue provides multi-year revenue visibility even absent new wins
- Precedent (Q2 FY26) for margin recovery once volume/fixed-cost absorption normalises
- Data centres remain a named portfolio category — a possible, unconfirmed, future re-entry point
- Diversified geographic footprint could allow mix-shift away from NCR wage exposure over time

THREATS

- **A confirmed CARE (or other agency) rating downgrade following the Q1 FY27 results** — the dominant, near-term risk, given CARE's own 8% margin trigger already looks breached
- Structural NCR minimum-wage inflation across ~50% of the order book, not a one-off cost item
- NGT-driven construction-ban risk in NCR, flagged by both CARE and ICICI Securities
- Order-inflow guidance already cut (₹4,000-5,000cr vs. a prior ₹8,000cr target)
- Rising residential/NCR concentration (23% → 44% of order book in one year) crowding out diversified, higher-visibility institutional/DC-type work

Key developments to watch

- **Any CARE (or other agency) rating action dated after the Q1 FY27 results** — the single most important, live, unresolved item for this stock.
- **H2 FY27 execution and margin trajectory** — whether the fixed-cost-absorption recovery seen in Q2 FY26 repeats, or whether the NCR wage shock proves durable across the full year.
- **NCR/NGT construction-curb developments into Q3**, as separately flagged by ICICI Securities.
- **Whether ACIL wins any new data-center EPC contract** — would be the first such win since FY2022-23 and would materially change the DC-exposure read on this stock.
- **Progress against the reduced FY27 order-inflow guidance** (₹4,000-5,000cr vs. the prior ₹8,000cr target).



Key risks to be aware of

- **Rating-downgrade risk (dominant).** CARE's own stated negative trigger (margin below 8% on a sustained basis) already appears breached by the Q1 FY27 print; no post-results rating action has been confirmed. This, not general execution risk, is this report's primary near-term concern.
- **Structural NCR labour-cost risk** across roughly half the order book — a wage-inflation shock, not a project-specific or one-off item, and one management itself has acknowledged by withdrawing guidance.
- **Working-capital and leverage drift**, with GCA and collection days rising and interest coverage falling even before the Q1 FY27 shock.
- **NGT/construction-ban risk in NCR**, given the order book's rising geographic concentration there.
- **Data-center-thesis risk:** no confirmed recent DC win exists: treating ACIL as a current data-center capex beneficiary would be a misreading of the evidence in this digest.

Valuation

₹ per share unless stated

We derive trailing EPS from the company's own disclosed trailing P/E rather than from FY26 audited PAT, since the FY26 figure predates — and is therefore flattered relative to — the Q1 FY27 margin collapse: CMP ₹585 ÷ disclosed trailing P/E of 17.4x gives trailing EPS of ~₹33.62, a base that already reflects the weak Q1 FY27 quarter within the trailing twelve months. Given management's explicit withdrawal of double-digit- margin guidance and the absence of any confirmed post-Q1FY27 rating action, we do not assume a return to prior margin economics; instead we construct FY27E EPS scenarios anchored to this trailing base, and apply target multiples that reflect — rather than assume away — the live downgrade risk:

Scenario	Target P/E (FY27E)	FY27E EPS (~)	Target price	Upside/(downside)
Bear	11.0x	27.0	297	(49.2)%
Base	14.0x	34.0	476	(18.6)%
Bull	18.0x	40.0	720	+23.1%

Base case rounded to ₹476. The bear case assumes the NCR wage shock persists at close to Q1 FY27 intensity through FY27 and a rating downgrade materialises, compressing the multiple below even the current depressed 17.4x. The bull case assumes an H2-style margin recovery (as seen in Q2 FY26) and no adverse rating action, still only recovering to roughly the pre-shock multiple. Named brokerage coverage found in this research is more constructive: ICICI Securities downgraded ACIL to Hold with a ₹780 target post-Q1FY27 (~Aug/Sep 2026), and Prabhudas Liladhar carries a Buy at ₹930 — but the latter's date could not be confirmed and likely predates the Q1 FY27 results, and a further TipRanks-style aggregator consensus of ~₹988 almost certainly predates the shock as well. This report treats the ICICI Hold/₹780 view as the most current available benchmark, and still arrives at a more cautious base case, on the view that the live, unconfirmed rating-downgrade risk this digest identifies is not yet fully reflected in that or any other external target found.

RECOMMENDATION: SELL, TARGET ₹476 (-18.6% FROM ₹585, 18 SEP 2026)

Upgrade triggers: PBILDT margin recovers above the 8% CARE threshold with no adverse rating action; a confirmed new data-center EPC win, evidencing a return to more diversified, less NCR-concentrated order intake; and resolution of the open governance-verification items (auditor identity, pledge status, director-role ambiguity). **Downgrade triggers:** a confirmed CARE (or other agency) rating downgrade following the Q1 FY27 results; further NCR wage or NGT-related cost/construction-ban escalation; or a further cut to order-inflow or margin guidance.



Financial summary — selected disclosed metrics (₹ crore)

	FY24	FY25	FY26
Revenue	3,855	4,099	4,565
PBILDT margin	9.93%	8.21%	~10%
Net profit (PAT)	375	202	266

Quarterly margin collapse	Q1 FY26	Q1 FY27	YoY change
Revenue (₹ cr)	1,005	1,125.81	+12.03%
PBILDT margin	8.59%	4.29%	(430) bps
PAT (₹ cr)	51.10*	11.42	(77.65)%

*Q1 FY26 PAT of ₹51.10cr is back-calculated from the disclosed 77.65% YoY decline to a Q1 FY27 PAT of ₹11.42cr; not independently sourced as a standalone reported figure in this digest. Source: screener.in (18-20 Sep 2026 fetch, consolidated basis), cross-checked against CARE Ratings' 30 Dec 2025 rationale (standalone basis) and Investing.com/Yahoo Finance/BusinessUpturn Q1 FY27 earnings-call coverage (~Aug 2026). Order book: ₹20,663.52cr as of 30 Jun 2026 (Q1 FY27), per Investing.com/BusinessUpturn.

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