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CIN: U74999DL2020PTC369018

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Engineering and
Capital Goods
Industry

Dated: 27 August
2026

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1. Global Macroeconomic Scenario

1.1 Global GDP Growth Scenario

As per the IMF's World Economic Outlook (WEO) Update published in July 2026, global growth is projected to slow to 3.0% in CY 2026, down from an average of 3.5% in CY 2024–25, before recovering to 3.4% in CY 2027. This is broadly unchanged on a cumulative basis compared with the April 2026 WEO, though it conceals sharp divergence across countries. The moderation reflects the negative supply shock from the conflict in the Middle East and associated disruptions to energy flows through the Strait of Hormuz, which is being partly offset by an accelerating global technology cycle driven by artificial intelligence (AI)-related investment and adoption. Economies well integrated into the AI/technology value chain—including Taiwan, Korea, Thailand and Malaysia—have significantly outperformed expectations, while energy-importing economies with limited exposure to the technology upturn, including many low-income countries, continue to face a more pronounced drag.

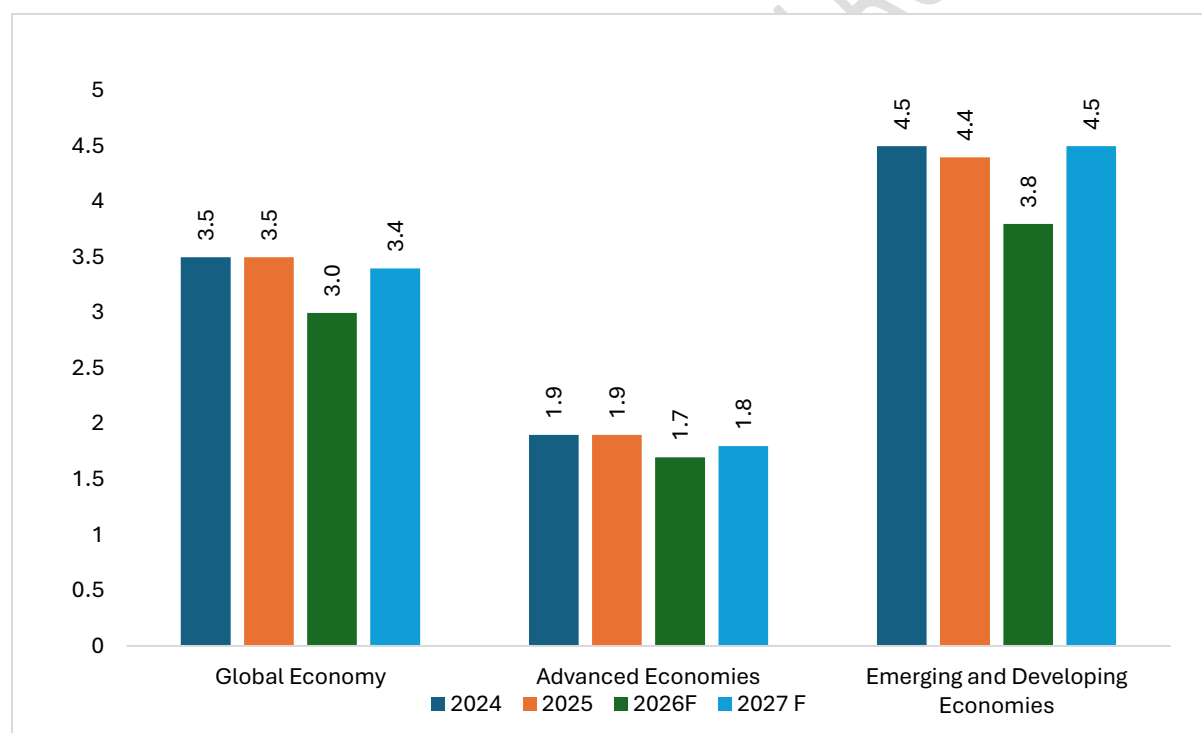
Global headline inflation is projected to rise from 4.1% in CY 2025 to 4.7% in CY 2026, before easing to 3.9% in CY 2027, marking a stalling of the disinflation trend that had been in place since early 2024. The upward revision (0.3 percentage point higher than the April 2026 WEO for 2026) reflects higher energy and food prices, with crude oil prices projected to rise by approximately 32% and natural gas prices by about 22% in 2026 relative to 2025. World trade volume growth is projected to slow sharply from 5.0% in 2025 to 3.5% in 2026, before recovering to 4.3% in 2027, reflecting tariff-related drag and the gradual adjustment of global trade and production linkages.

In China, growth is projected to slow to 4.6% in CY 2026 (down from 5.0% in CY 2025) and further to 4.1% in CY 2027, as elevated global oil prices, structural headwinds and continued property sector weakness weigh on activity, notwithstanding stronger-than-expected exports and high-tech manufacturing. In the Euro Area, growth is projected to slow to 0.9% in CY 2026 before improving to 1.2% in CY 2027, reflecting the drag from higher energy prices, a sizable negative carryover from the first quarter, and weak consumer confidence; Germany's growth is projected at 0.7% in CY 2026, improving to 1.0% in CY 2027, supported by net exports and fiscal measures.

Meanwhile, India is expected to remain among the fastest-growing major economies despite an increasingly uncertain global environment. According to the IMF, India's real GDP growth is projected at 6.4% in FY2026–27 and 6.7% in FY2027–28, supported by resilient private consumption, robust services activity and domestic demand. On a calendar-year basis, the IMF projects India's economy to expand by 7.0% in 2026 and 6.4% in 2027. Consumer price inflation is expected to remain broadly contained, supporting macroeconomic stability even as global inflationary pressures persist.

Overall, while global growth in CY 2025 remained resilient, the outlook for CY 2026 reflects a genuine crosscurrent a war-driven supply shock pulling growth down, countered by an AI/technology-led investment boom pushing growth up in select economies. Risks to the outlook remain tilted to the downside, with renewed Middle East conflict, trade fragmentation, and a potential correction in AI-driven valuations as the key threats, while a swifter energy-market normalisation and stronger technology investment present the main upside. India's relative macroeconomic stability, resilient domestic demand, and continued investment momentum position it favourably amid these global crosscurrents.

1.2 Historical GDP Growth Trends



Note: Advanced Economies and Emerging & Developing Economies are as per the classification of the World Economic Outlook (WEO). This classification is not based on strict criteria, economic or otherwise, and it has evolved over time. It comprises of 40 countries under the Advanced Economies including the G7 (the United States, Japan, Germany, France, Italy, the United Kingdom, and Canada) and selected countries from the Euro Zone (Germany, Italy, France etc.). The group of emerging market and developing economies (156) includes all those that are not classified as Advanced Economies (India, China, Brazil, Malaysia etc.).

F – Forecast, Source – IMF World Economic Outlook July 2026

In CY 2024, global growth remained resilient at 3.5%, supported by easing inflation and improved supply chain conditions. Advanced economies expanded by 1.9%, while emerging and developing economies recorded stronger growth of 4.5%, reflecting continued resilience across developing markets.

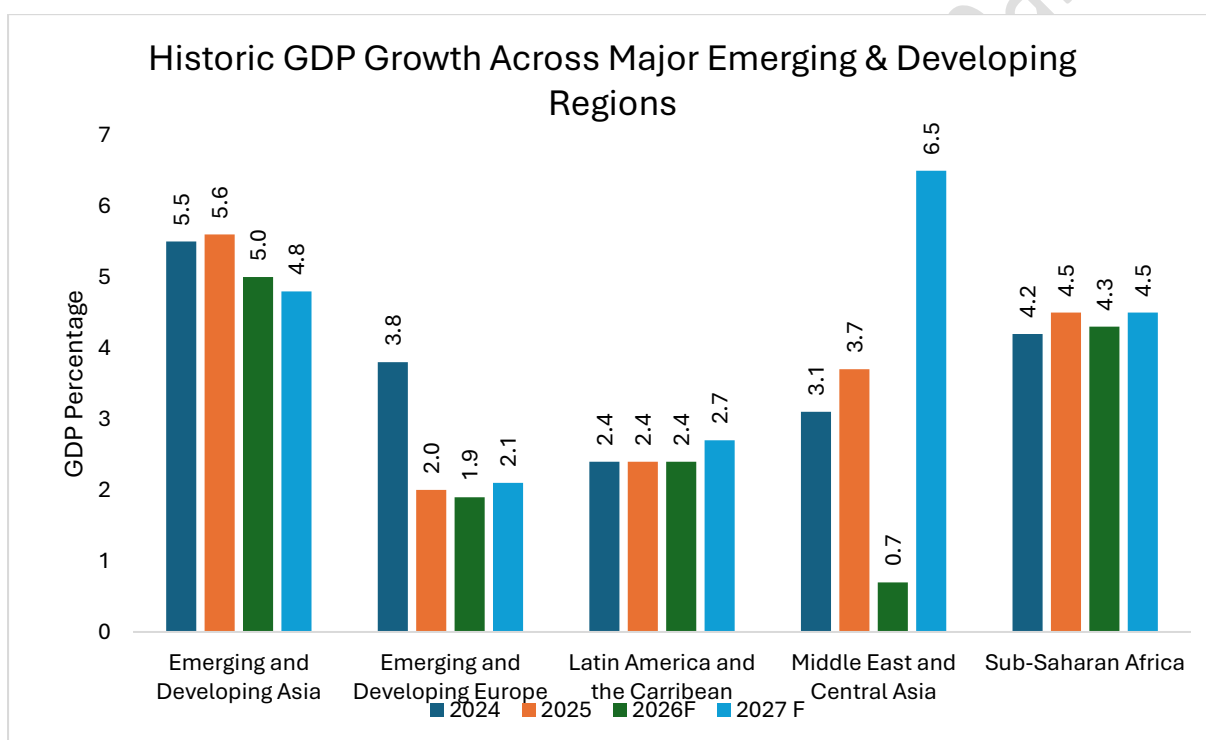
In CY 2025, global GDP growth remained stable at 3.5%, despite ongoing geopolitical tensions and structural challenges. Advanced economies-maintained growth at 1.9%, while emerging and developing economies continued to outperform with growth of 4.5%.

Global growth is projected to moderate to 3.0% in CY 2026, reflecting the impact of higher energy prices, geopolitical tensions, and trade-related headwinds. Advanced economies are expected to grow at 1.7%, while emerging and developing economies are projected to expand by 3.8%.

Growth is expected to recover to 3.4% in CY 2027, supported by improving global trade conditions and continued investment momentum. Advanced economies are forecast to grow at 1.8%, while emerging and developing economies are projected to expand by 4.5%, highlighting their continued resilience relative to advanced economies.

1.3 GDP Growth Across Major Regions

GDP growth across major global regions including Europe, Latin America & the Caribbean, Middle East & Central Asia, and Sub-Saharan Africa continues to display varied trajectories. While some regions are stabilizing post-pandemic, others remain challenged by structural and cyclical issues. The global outlook presents a mixed scenario, with emerging economies continuing to outperform advanced economies.



Source-IMF World Economic Outlook July 2026 update.

In Emerging and Developing Asia, growth stood at 5.5% in CY 2024 and increased to 5.6% in CY 2025. Growth is projected to moderate to 5.0% in CY 2026 and further to 4.8% in CY 2027. The moderation reflects weaker external demand, trade-related uncertainty, and spillovers from slower growth in China, partly offset by resilience in domestic demand across major economies, with India continuing to act as a key growth driver.

Emerging and Developing Europe recorded growth of 3.8% in CY 2024, moderating to 2.0% in CY 2025 and 1.9% in CY 2026, before improving to 2.1% in CY 2027. The region continues to face structural manufacturing weakness, geopolitical spillovers and subdued external demand, although gradual stabilization in trade and domestic demand is expected to support recovery.

For Latin America and the Caribbean, growth stood at 2.4% in CY 2024 and remained unchanged at 2.4% in CY 2025 and CY 2026, before improving to 2.7% in CY 2027. The modest outlook reflects weak productivity trends, fiscal constraints, and subdued external demand, partially supported by improving macroeconomic stability and policy credibility.

In the Middle East and Central Asia, growth stood at 3.1% in CY 2024 and improved to 3.7% in CY 2025, before declining sharply to 0.7% in CY 2026 and rebounding to 6.5% in CY 2027. This volatility reflects geopolitical disruptions, particularly conflicts affecting energy markets, alongside fluctuations in commodity prices and regional uncertainty.

Sub-Saharan Africa recorded growth of 4.2% in CY 2024, improving to 4.5% in CY 2025. Growth is projected to moderate slightly to 4.3% in CY 2026 before improving to 4.5% in CY 2027. Growth is supported by improving domestic demand and supply conditions, although structural constraints, high debt levels and commodity price volatility continue to pose risks.

Overall, while regional growth trajectories remain uneven, emerging and developing economies are expected to continue outperforming advanced economies, supported by relatively stronger domestic demand and favourable demographics. However, disparities persist due to structural challenges, geopolitical tensions, and commodity market volatility.

1.4 Global Economic Outlook

At the current juncture in CY 2026, the global economy continues to exhibit mixed performance, with divergence in outcomes across regions driven by differences in growth dynamics, inflation trends, geopolitical exposure, and policy responses. While the global economy had shown resilience through technology-led investment, accommodative financial conditions, and reduced tariff pressures, the broader outlook has weakened due to the outbreak of conflict in the Middle East, disruptions in energy markets, and elevated geopolitical risks. Structural headwinds, including tighter financial conditions, geoeconomic fragmentation, and subdued productivity growth, continue to keep global growth below historical averages.

The United States continues to demonstrate relative resilience among advanced economies, though growth is moderating as the economy absorbs the lagged effects of prior policy tightening and softer labour market conditions. Across advanced economies, growth is projected at 1.7% in CY 2026, constrained by weak industrial activity, lower productivity growth, and cautious business investment. In Europe, growth conditions remain subdued, with persistent manufacturing weakness, energy-related uncertainties, and weak external demand weighing on activity, although gradual monetary easing and fiscal support may provide some stabilization.

In China, growth prospects remain constrained by continued property sector stress, weak domestic demand, and changing trade dynamics, although export-oriented sectors and technology-linked investment continue to provide support. In contrast, India remains among the strongest-performing major economies, with GDP growth projected at 7.0% (calendar year basis) in CY 2026, supported by resilient domestic demand, sustained infrastructure investment, digitalisation, and structural reforms. Broader Emerging and Developing Asia continues to outperform other regions, although growth is moderating amid weaker global trade momentum.

In Latin America and the Caribbean, growth remains modest amid fiscal constraints, weak productivity trends, and subdued external demand, although improving macroeconomic management in some economies provides support. Sub-Saharan Africa is expected to see gradual strengthening supported by improving supply conditions and domestic demand recovery, while the Middle East and Central Asia face a more volatile outlook due to direct spillovers from conflict-related disruptions and uncertainty in commodity markets. The impact of energy supply risks, including disruptions related to the Strait of Hormuz, has increased downside risks for commodity-importing economies and vulnerable emerging markets.

Globally, inflation dynamics have become more challenging. Global headline inflation is projected to rise to 4.7% in CY 2026 from 4.1% in CY 2025, reflecting the inflationary effects of higher energy prices, supply-side disruptions, and second-round pressures. Central banks

are therefore expected to remain vigilant, with policy responses remaining cautious and data dependent. While monetary easing had been expected to support demand, renewed inflation risks may delay or moderate the pace of policy normalization in several economies.

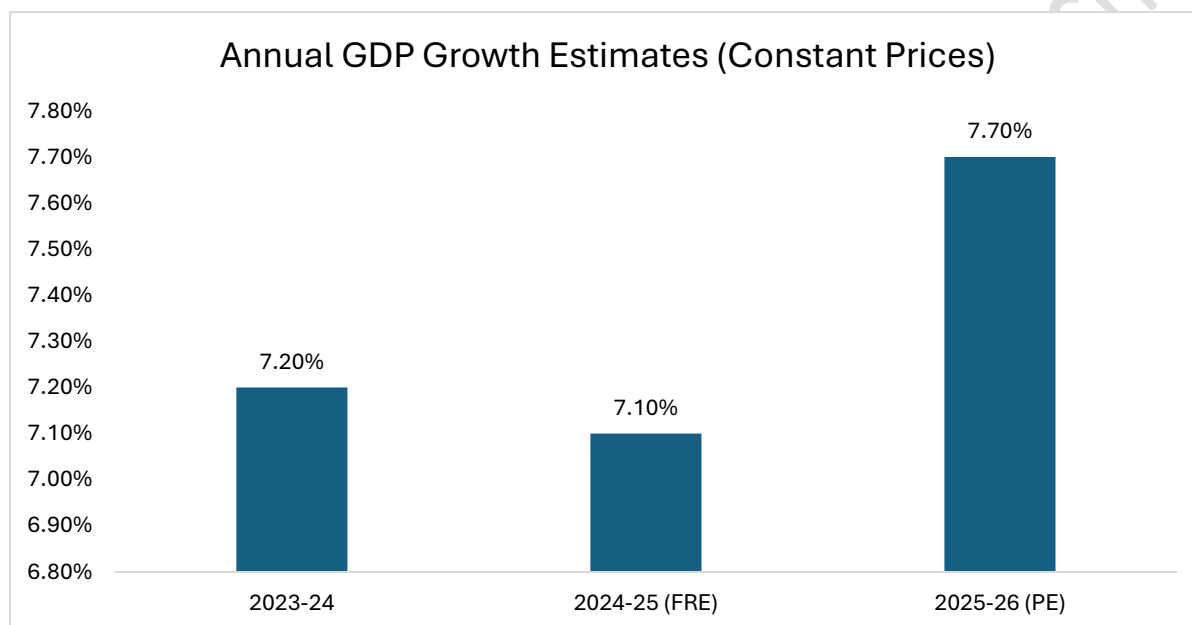
Looking ahead, the medium-term outlook remains one of slower but stable growth, with global GDP projected at 3.4% in CY 2027, following a moderation to 3.0% in CY 2026, below the long-term historical average. Advanced economies are expected to remain on a structurally lower growth path, while emerging and developing economies continue to provide the primary engine of global growth. Future prospects will depend significantly on the evolution of geopolitical tensions, the normalization of energy markets, progress in restoring trade stability, and the extent to which productivity gains from technological innovation, including artificial intelligence, translate into broader economic growth. The IMF also highlights that structural reforms, multilateral coordination, and strengthened macroeconomic resilience will be critical to sustaining growth momentum over the medium term.

Overall, while the global economy remains resilient, the outlook has become more fragile amid elevated downside risks. Growth in CY 2026 and beyond is expected to remain below historical averages, shaped by geopolitical uncertainty, tighter financial conditions, and structural constraints, although emerging economies—particularly India and broader Asia—continue to provide relative support to global growth.

2. INDIA'S MACROECONOMIC SCENARIO

2.1 Gross Domestic Product (GDP)

According to the latest Provisional Estimates by MOSPI, GOI (05 June 26), Real GDP has been estimated to grow by 7.7% in FY 2025-26. Nominal GDP has witnessed a growth of 8.9%. Real GDP or GDP at Constant Prices is estimated to attain a level of INR 323.12 lakh crore in the FY 2025-26, against the First Revised Estimate (FRE) of GDP for the year 2024-25 of INR 299.89 lakh crore.



Note: FRE - First Revised Estimates; PE – Provisional Estimate

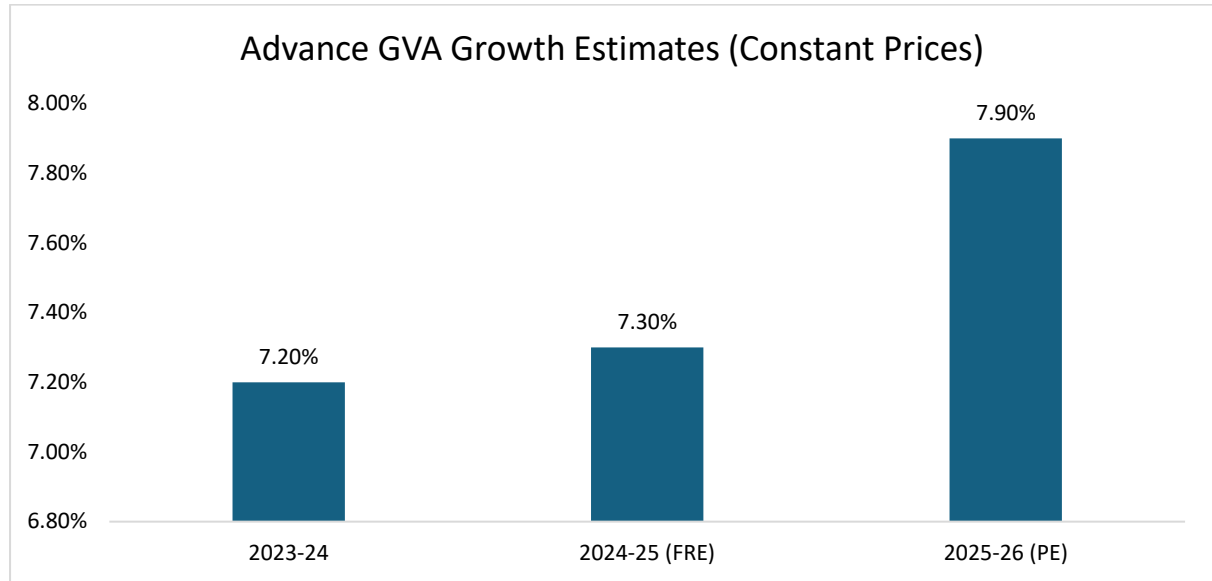
Source: New Series of Gross Domestic Product (GDP) Estimates with Base Year 2022-23 by MOSPI, PIB Press Release dated 05 June 2026).

According to the International Monetary Fund (IMF) World Economic Outlook Database (April 2026), India is estimated to be the sixth-largest economy in the world in 2026, with a Gross Domestic Product (GDP) of approximately USD 4.15 trillion at current prices. India's ranking reflects the latest national accounts data, including the revised GDP series released by the Government of India, which changed the base year from FY 2011-12 to FY 2022-23. India's position in the global ranking is influenced by the revised GDP estimates and the depreciation of the Indian Rupee against the U.S. Dollar.

The economies ranked ahead of India are the United States (USD 32.38 trillion), China (USD 20.85 trillion), Germany (USD 5.45 trillion), Japan (USD 4.38 trillion), and the United Kingdom (USD 4.26 trillion).

2.2 Gross Value Added (GVA)

According to the Provisional Estimate of GDP for 2025-26 by MOSPI, Govt. of India (GoI), Real GVA is estimated at INR 294.91 lakh crore in the year 2025-26, against INR 273.36 lakh crore in FY 2024-25, registering a growth rate of 7.9% as compared to 7.3% growth rate in 2024-25. Nominal GVA is estimated to attain a level of INR 314.87 lakh crore during FY 2025-26, against INR 288.54 lakh crore in 2024-25, showing a growth rate of 9.1%.

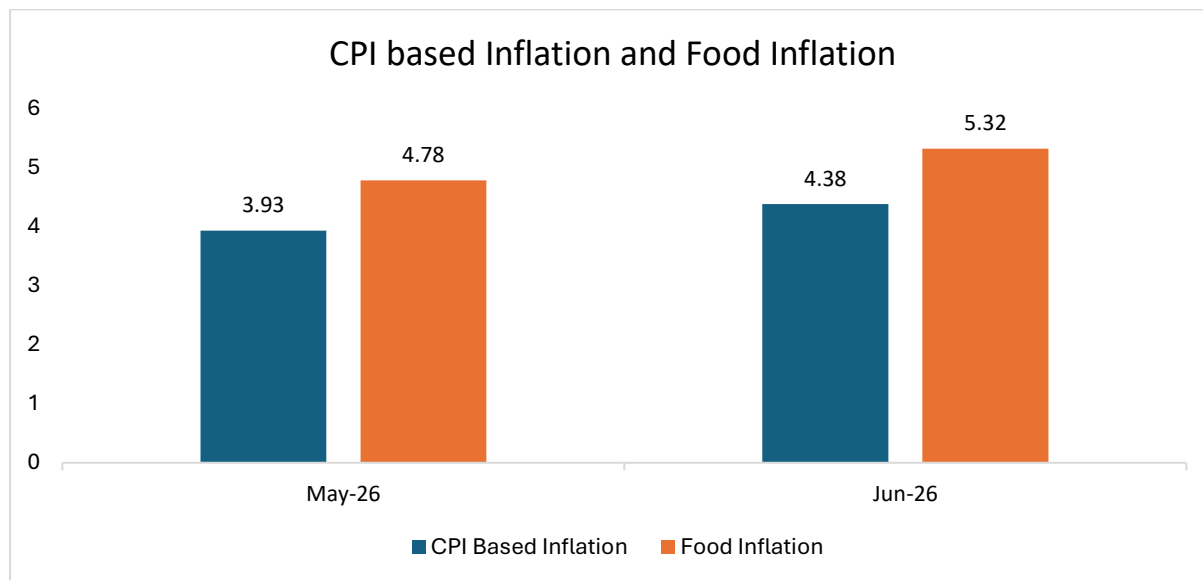


Note: FRE - First Revised Estimates; PE – Provisional Estimate

Source: New Series of Gross Domestic Product (GDP) Estimates with Base Year 2022-23 by MOSPI, PIB Press Release dated 05 June, 2026)

2.3 Consumer Price Index (CPI)

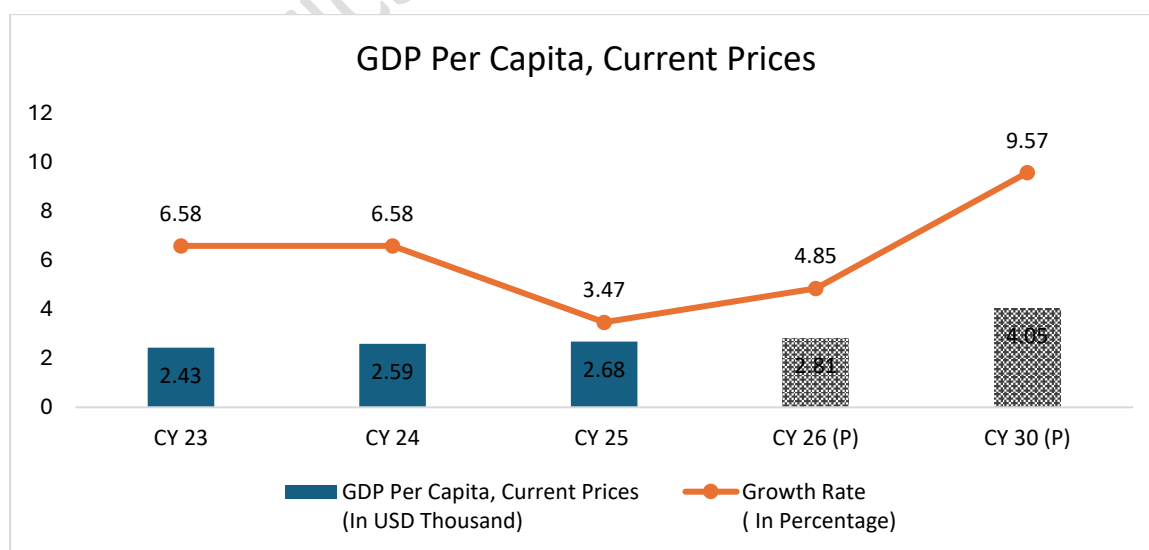
Year-on-year inflation rate based on All India Consumer Price Index (CPI) with base year 2024 for the month of June 2026 over June, 2025 is 4.38%(Provisional). Corresponding inflation rates for rural and urban are 4.74% and 3.92%, respectively.



Source: MOSPI, GOI, 13 July 2026

2.4 India Per Capita GDP Forecast

Per capita GDP growth for India is estimated at 9.57 % CAGR between FY 2026-FY 2030. Increased individual incomes are expected to create additional discretionary spending, which may be beneficial for the sector.



Note: E = Estimated, P = Projected

Source: IMF Data Mapper, World Economic Outlook April 2026, India, GDP Per Capita

2.5 Private Final Consumption Expenditure (PFCE)

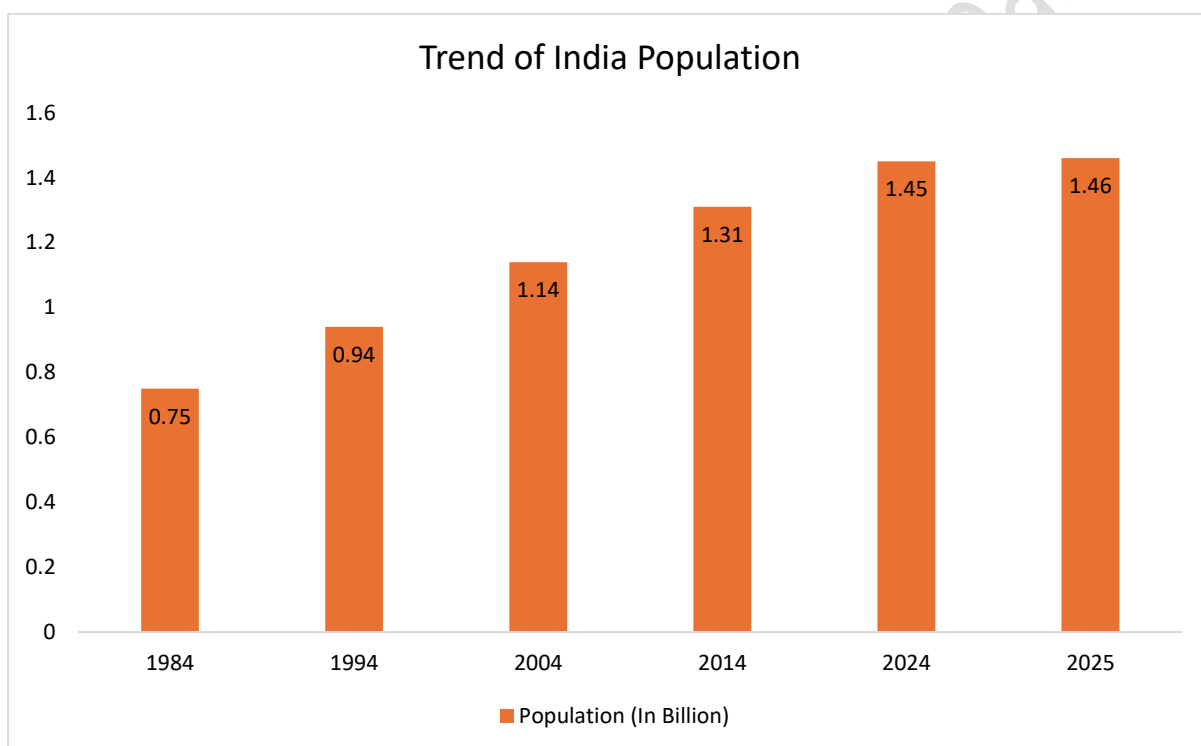
Private Final Consumption Expenditure (PFCE) represents the total spending by resident households on final consumption of goods and services, serving as a key indicator of consumer demand and overall economic well-being. It reflects the extent of household consumption and plays a crucial role in driving GDP growth. PFCE, at constant prices, accounted for 55.7% of GDP in FY2026 (same as FY2025). This marks a gradual moderation from 56.4% in FY2024 and 57.1% in FY2023, indicating a relative shift in the composition of economic growth. The decline is primarily attributable to higher changes in stocks (inventory build-up), which increased the share of investment components in GDP, even as household consumption continues to remain a key driver of the economy.

Source: - MOSPI, Press Note on New Series of GDP Estimates with Base Year 2022-23, Provisional Estimates of Annual Gross Domestic Product For 2025-26 released on June 05th, 2026.

2.6 Overview on Key Demographic Parameters

2.6.1 Population growth

India's economic trajectory and consumption dynamics are closely tied to its demographic shifts. India's population expanded from approximately 0.75 billion in 1984 to 1.45 billion in 2024 and is further reached around 1.47 billion in 2025, consolidating its position as the world's most populous nation. This sustained growth underlines the emergence of a vast labour force and consumer base, which is essential for driving long-term economic growth, supporting rising consumption demand and strengthening the country's overall economic potential.



Source: World Bank Database. Population Data 2025 , Infomerics Analytics & Research

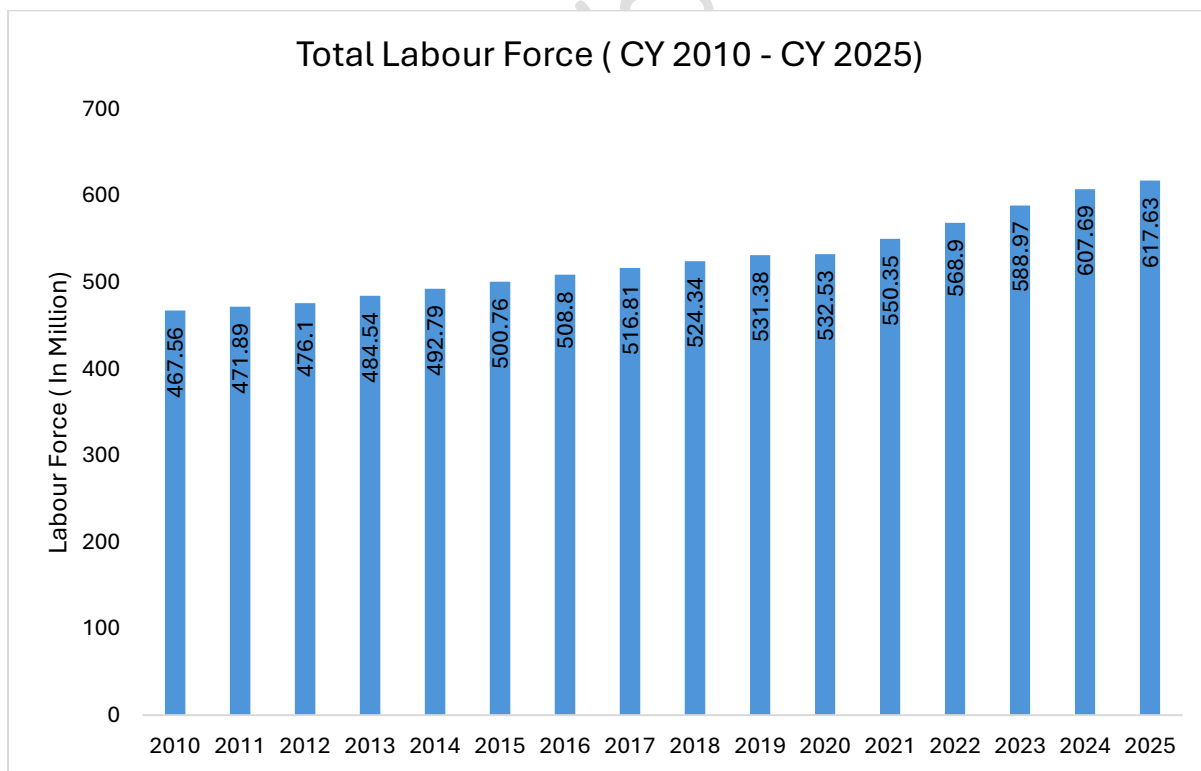
2.6.2 Labour Force in India

India's labour force has experienced steady growth over the past decade. In 2010, the total labour force was approximately 467.56 million. By 2025, this number had increased to 617.63 million.

This upward trend underscores the expanding working-age population, improving labour force participation and gradual recovery in employment post the pandemic period. The sharp increase observed after 2020 highlights the rebound in economic activity and rising workforce engagement across sectors. However, it also emphasizes the need for sustained job creation to effectively absorb the growing labour pool.

The labour force participation rate (LFPR) has also witnessed variations over time due to changing socio-economic conditions, including urbanization, education levels and sectoral employment shifts.

These trends highlight the importance of implementing policies that not only generate employment opportunities but also improve job quality, productivity and inclusivity across key sectors of the economy.



Source: World Bank Database

2.6.3 Labour Laws in India

Labour is a subject under the Concurrent List of the Indian Constitution, enabling both the Central and State Governments to frame relevant legislation. In a major reform initiative, the Government of India has consolidated 29 existing central labour laws into four comprehensive Labour Codes to simplify compliance, reduce multiplicity of definitions, and promote transparency. These include:

- The Code on Wages, 2019
- The Industrial Relations Code, 2020
- The Code on Social Security, 2020
- The Occupational Safety, Health and Working Conditions Code, 2020

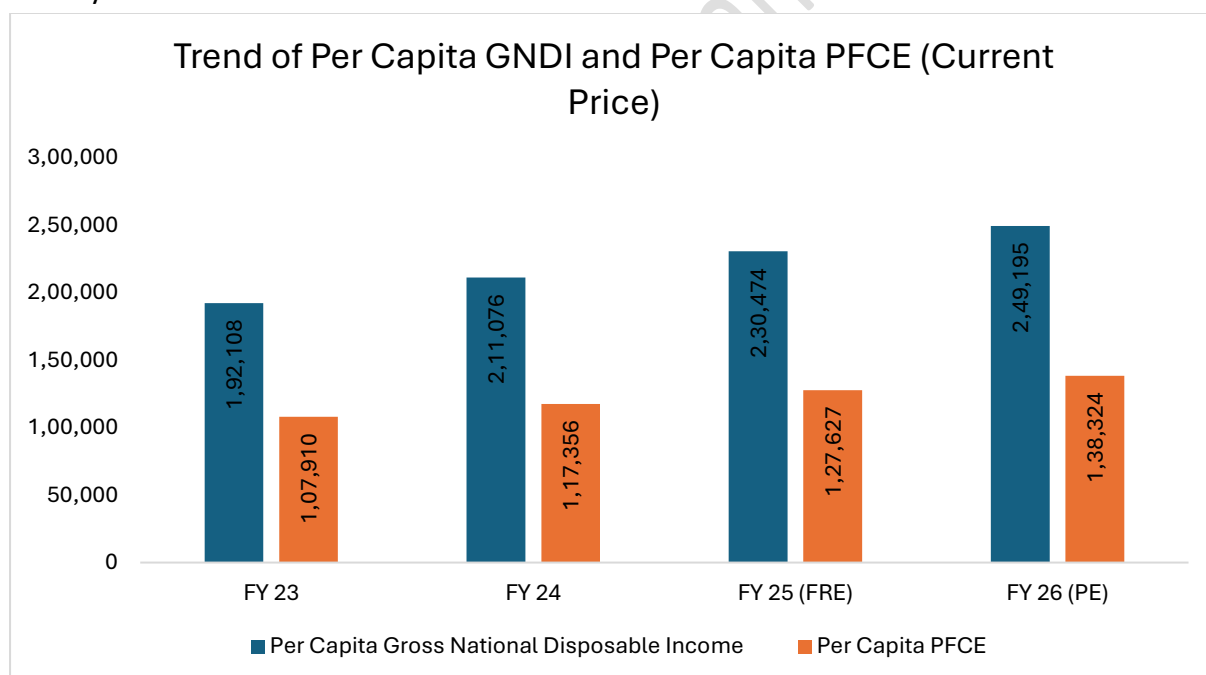
As of 31st December 2024, the Central Government and most States/Union Territories had pre-published draft rules under all four Labour Codes. Regional consultations were held to align state-level rules with the central framework. Once fully implemented, these Codes are expected to harmonize the needs of workers and industry, facilitate ease of doing business, and support employment generation.

Additionally, the Ministry of Labour & Employment is revamping the Shram Suvidha Portal to improve regulatory compliance and has launched the e-Shram Portal to register workers from the unorganised sector. Over 30 crore registrations have been completed, and the portal has been integrated with 12 key social welfare schemes, enabling targeted delivery of benefits.

2.6.4 Disposable Income and Consumer Spending

Gross National Disposable Income (GNDI) represents the total income available to a nation's residents for consumption and saving after accounting for income transfers with the rest of the world. Per Capita GNDI has exhibited a steady upward trend over the recent years, increasing from approximately INR1,92,108 in FY23 to INR 2,11,076 in FY24 and further to INR 2,49,195 in FY26 (PE). It reflects the continued growth in income available to households and businesses, supporting consumption and savings activities within the economy.

The rise in disposable income has been accompanied by higher consumer spending, as reflected in the growth of Private Final Consumption Expenditure (PFCE), which measures the total value of goods and services consumed by households. Per Capita PFCE increased from approximately INR 1,07,910 in FY23 to INR 1,38,324 in FY26 (PE). The growth of approximately 8.0% in FY26 over FY25 indicates sustained consumer demand and continued expansion in household consumption expenditure, supported by rising income levels and economic activity.



Note: Data mentioned is in INR, FRE – First Revised Estimates, PE – Provisional Estimates.

Source: PIB, New Series of Gross Domestic Product (GDP) release date on 5th June 2026. Estimates with Base Year 2022-23

2.7 Union Budget FY26-27 Highlights

The Union Budget FY 2026–27, presented by Finance Minister Nirmala Sitharaman, introduces a comprehensive set of measures aimed at stimulating economic growth, enhancing infrastructure and fostering inclusive development. With a focus on sectors such as agriculture, MSMEs, infrastructure, innovation and exports, the budget seeks to create a conducive environment for sustained economic expansion.

- **Capital Expenditure and Infrastructure Development**

In FY2026-27, the Union Budget has increased the public capex towards to INR 12.2 lakh crore from the previous INR 11.21 lakh crore (3.1% of GDP) which was earmarked in FY 2025–26. To strengthen the confidence of private developers regarding risks during infrastructure development and construction phase, the budget proposed to set up an Infrastructure Risk Guarantee Fund to provide prudently calibrated partial credit guarantees to lenders.

- **Support for MSMEs**

Recognizing the pivotal role of Micro, Small and Medium Enterprises (MSMEs) in India's economic landscape, the budget introduced a three-pronged approach to support the sector. The budget introduced a dedicated INR 10,000 crore SME Growth Fund as well as proposed to top up the Self-Reliant India Fund set up in 2021, with INR 2,000 crore to continue support to micro enterprises and maintain their access to risk capital. With TReDS, more than INR 7 lakh crore has been made available to MSMEs. To leverage its full potential, the budget further proposed four measures: (i) mandate TReDS as the transaction settlement platform for all purchases from MSMEs by CPSEs, serving as a benchmark for other corporates; (ii) introduce a credit guarantee support mechanism through CGTMSE for invoice discounting on TReDS platform; (iii) link GeM with TReDS for sharing information with financiers about government purchases from MSMEs, encouraging cheaper and quicker financing; (iv) introduce TReDS receivables as asset-backed securities, helping develop a secondary market, enhancing liquidity and settlement of transactions. Moreover, Government will facilitate Professional Institutions such as ICAI, ICSI, ICMAI to design short-term, modular courses and practical tools to develop a cadre of 'Corporate Mitras', especially in Tier-II and Tier-III towns, which will help MSMEs meet compliance requirements at affordable costs.

- **Establishment of dedicated Rare Earth Corridors**

A Scheme for Rare Earth Permanent Magnets was launched in November 2025. In line with that, the budget proposed to support the mineral-rich States of Odisha, Kerala andhra Pradesh and Tamil Nadu to establish dedicated Rare Earth Corridors to promote mining, processing, research and manufacturing.

- **Integrated Programme for the Textile Sector**

The following Schemes have been announced:

- (a) The National Fibre Scheme for self-reliance in natural fibres such as silk, wool and jute, man-made fibres and new-age fibres.
- (b) Textile Expansion and Employment Scheme to modernise traditional clusters with capital support for machinery, technology upgradation and common testing and certification centres.
- (c) A National Handloom and Handicraft programme to integrate and strengthen existing schemes and ensure targeted support for weavers and artisans.
- (d) Tex-Eco Initiative to promote globally competitive and sustainable textiles and apparels.
- (e) Samarth 2.0 to modernize and upgrade the textile skilling ecosystem through collaboration with industry and academic institutions.

- **Carbon Capture Utilization and Storage (CCUS)**

Aligning with the roadmap launched in December 2025, CCUS technologies at scale will achieve higher readiness levels in end-use applications across five industrial sectors, including, power, steel, cement, refineries and chemicals. An outlay of INR 20,000 crore is proposed over the next 5 years.

- **Municipal Bonds**

To encourage the issuance of municipal bonds of higher value by large cities, the budget proposed an incentive of INR 100 crore for a single bond issuance of more than INR 1000 crore. The current scheme under AMRUT which incentivises issuances up to INR 200 crore, will also continue to support smaller and medium towns.

- **Ease of Doing Business**

Individual Persons Resident Outside India (PROI) will be permitted to invest in equity instruments of listed Indian companies through the Portfolio Investment Scheme. It is also proposed to increase the investment limit for an individual PROI under this scheme from 5% to 10%, with an overall investment limit for all individual PROIs to 24%, from the current 10%.

- **Hubs for Medical Value Tourism**

To promote India as a hub for medical tourism services, the budget proposed to launch a Scheme to support States in establishing five Regional Medical Hubs, in partnership with the private sector. These Hubs will serve as integrated healthcare complexes that combine medical, educational and research facilities. They will have AYUSH Centres, Medical Value Tourism Facilitation Centres and infrastructure for diagnostics, post-care and rehabilitation. These Hubs will provide diverse job opportunities for health professionals including doctors and AHPs.

- **Agriculture Related Schemes**

To diversify farm outputs, increase productivity, enhance farmers' incomes and create new employment opportunities, the budget announced support schemes related to high value crops such as coconut, sandalwood, cocoa and cashew in coastal areas. Agar trees in Northeast and nuts such as, almonds, walnuts and pine nuts in hilly regions will also be supported. India is the world's largest producer of coconuts.

About 30 million people, including nearly 10 million farmers, depend on coconuts for their livelihood. To further enhance competitiveness in coconut production, the Budget proposed a Coconut Promotion Scheme to increase production and enhance productivity through various interventions including replacing old and non-productive trees with new saplings/plants/varieties in major coconut growing States. A dedicated programme is proposed for Indian cashew and cocoa to make India self-reliant in raw cashew and cocoa production and processing, enhance export competitiveness and transform Indian Cashew and Indian Cocoa into premium global brands by 2030.

Further, the Central Government will partner with State Governments to promote focused cultivation and post-harvest processing to restore the glory of the Indian Sandalwood ecosystem. To rejuvenate old, low-yielding orchards and expand high-density cultivation of walnuts, almonds and pine nuts, the budget announced to support a dedicated programme to enhance farmer incomes and in bringing value addition by engaging youth.

The Union Budget FY 2026–27 presents a balanced approach to economic growth by addressing immediate consumption needs and laying the foundation for long-term sustainability. Through targeted investments in infrastructure, support for MSMEs and sector-specific initiatives, the budget aims to foster an inclusive and resilient economy. These measures are expected to create new opportunities for financial institutions, as the growing demand for investment products will provide avenues for expansion and innovation in the financial services sector.

2.8 Concluding Remarks about Macroeconomic Scenario

The major headwinds to global economic growth remain significant, including escalating geopolitical tensions, volatility in global energy and commodity markets, persistent inflationary pressures, tighter financial conditions, geoeconomic fragmentation, rising public debt, climate-related disruptions, and uncertainty surrounding the pace and impact of technological transformation. In particular, the ongoing Middle East conflict and associated risks to energy supply chains have heightened downside risks to the global outlook, while weaker trade momentum and structural productivity challenges continue to weigh on medium-term growth prospects.

Despite these challenges, India's economy remains relatively well-positioned compared to other major emerging markets. According to the IMF's April 2026 WEO, India's GDP growth is projected at 6.5% in CY 2026, maintaining its position as one of the fastest-growing major economies globally and significantly above the global growth projection of 3.1%. Key positive factors supporting India's growth include resilient domestic demand, sustained public infrastructure spending, a strengthening investment cycle, expanding digital infrastructure, and continued progress in structural reforms. Inflation, as measured by the Consumer Price Index (CPI), remained contained at 3.4% in March 2026 under the revised base year, supporting household purchasing power, although rising global oil prices and supply disruptions may pose upside risks.

India's strategic position as a manufacturing and investment destination continues to strengthen, supported by government initiatives, supply chain diversification trends, a skilled labour force, and a dynamic innovation ecosystem. Public investment is expected to remain a critical growth driver, with the Union Budget FY 2026–27 increasing capital expenditure to INR 12.21 lakh crore from INR 11.21 lakh crore in the previous year, reinforcing the government's investment-led growth strategy. In addition, the proposed Infrastructure Risk Guarantee Fund is aimed at improving private sector participation in infrastructure by mitigating project-related risks, which is expected to crowd in private investment, enhance infrastructure capacity, and support long-term productivity growth.

Private sector investment intentions are also expected to strengthen alongside public capex, while rising disposable incomes, improving rural demand, and continued policy support are likely to reinforce consumption momentum. Strengthening supply chains, expanding infrastructure capacity, and sustaining inflation stability will be critical in supporting resilience against external shocks. These factors are expected to support India's medium-term growth momentum and strengthen its ability to navigate global uncertainties.

3. Industry Overview – Engineering and Capital Goods Industry

3.1 Introduction

The Engineering and Capital Goods Industry encompasses enterprises engaged in the design, engineering, fabrication, manufacture and supply of machinery, equipment, tools, components and engineered systems deployed across the production of goods and services throughout the economy. The industry integrates two closely linked dimensions: a broad engineering goods base spanning general and heavy engineering products, structural fabrication, industrial components and precision-engineered parts and a capital goods segment comprising machinery and equipment that function as productive assets rather than items of direct end consumption. Products and outputs of this industry are deployed by other industries to manufacture, process, construct, or deliver services, making the sector foundational rather than terminal within the broader industrial value chain.

The industry spans a wide range of product categories, including machine tools, dies, moulds and press tools, textile and printing machinery, earthmoving and mining equipment, plastic and food processing machinery, process plant equipment, heavy electrical and industrial machinery, and related engineered components and sub-assemblies. Enterprises operating within this industry may participate across multiple stages of the value chain encompassing engineering and design, fabrication, machining, assembly, testing, and after-sales services such as installation, commissioning, maintenance and supply of spare parts. Several entities also undertake turnkey and engineering, procurement and construction (EPC) projects, delivering complete industrial systems or facilities on an end-to-end basis, alongside export-oriented engineering goods manufacturing that links the sector to global supply chains.

Products of the Engineering and Capital Goods Industry are typically capital-intensive, precision-driven and characterised by relatively long operational lifecycles, reflecting their role as durable productive assets rather than consumables. Given their critical function in enabling industrial operations, these products are generally subject to defined quality, safety and performance standards, and, in regulated applications, require statutory approvals and certifications prior to deployment. As a foundational and enabling sector, the Engineering and Capital Goods Industry underpins production capacity, technological capability and infrastructure development across downstream industries such as manufacturing, automotive, energy, transportation, defence and construction, while also contributing meaningfully to the country's industrial exports and self-reliance objectives.

3.2 Market Segmentation

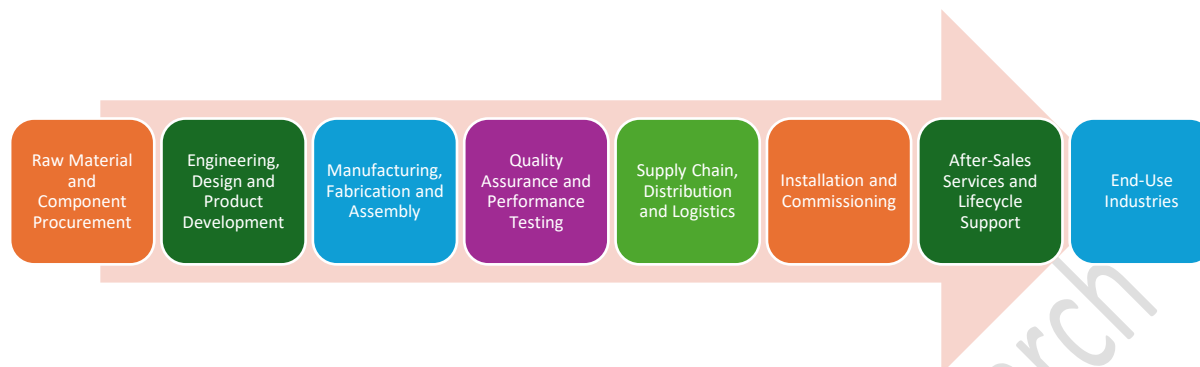
Segmentation Type	Segments	Description
By Product Category	Machine Tools	Includes CNC machines, machining centres, turning centres, milling machines, drilling machines, grinding machines, press brakes, shearing machines, laser cutting machines and other precision metalworking equipment used across automotive, aerospace, defence, railways and general manufacturing industries. This segment is driven by increasing industrial automation, precision manufacturing and adoption of advanced machining technologies.
	Industrial Machinery & Manufacturing Equipment	Comprises production machinery, assembly equipment, material handling systems, industrial robots and factory automation solutions used in manufacturing facilities. Growth is supported by increasing investments in industrial automation, smart manufacturing and capacity expansion across industries.
	Process Plant Equipment	Includes reactors, pressure vessels, heat exchangers, boilers, storage tanks, filtration systems and other industrial process equipment used in chemicals, pharmaceuticals, oil & gas, food processing, power generation and petrochemical industries. Demand is driven by industrial expansion and process plant modernisation.
	Earthmoving, Construction & Mining Equipment	Covers excavators, loaders, bulldozers, dump trucks, drilling equipment, crushers and other heavy machinery used in construction, mining and infrastructure development. This segment represents one of the largest contributors to the capital goods industry, supported by public infrastructure spending and mining activities.
	Dies, Moulds & Press Tools	Includes dies, moulds, jigs, fixtures, press tools and precision tooling solutions used in metal forming, plastic moulding, automotive components, consumer durables and engineering industries. Growth is supported by increasing demand for precision manufacturing and component production.
	Plastic Processing Machinery	Comprises injection moulding machines, extrusion machinery, blow moulding machines and ancillary equipment used in the plastics, packaging,

		automotive and consumer goods industries. Demand is driven by increasing production of plastic products and packaging materials.
	Food Processing Machinery	Includes machinery used for food processing, packaging, preservation, sorting, grading and material handling across the food & beverage industry. Growth is supported by expansion of the organised food processing sector and increasing investments in food manufacturing.
	Printing & Packaging Machinery	Covers offset printing machines, digital printing systems, packaging machinery, labelling equipment and converting machines used in commercial printing and packaging industries. Demand is driven by growth in packaging, FMCG and e-commerce sectors.
By Technology	Conventional Machinery	Includes manually operated and semi-automatic industrial machinery widely used by MSMEs and small manufacturing units due to lower capital investment and operational simplicity.
	CNC & Precision Machinery	Comprises Computer Numerical Control (CNC) machines, automated machining centres and digitally controlled fabrication equipment offering high precision, productivity and repeatability. Demand is increasing with the adoption of Industry 4.0 and advanced manufacturing practices.
	Smart & Automated Equipment	Includes robotics, IoT-enabled machinery, AI-assisted manufacturing systems, automated production lines and predictive maintenance solutions. This segment is witnessing rapid growth owing to digital transformation and smart factory adoption.
By End Use Industry	Automotive & Auto Components	Includes demand for machine tools, fabrication equipment, presses, tooling and automation systems used in vehicle and auto component manufacturing. This represents one of the largest end-user segments for engineering and capital goods.
	Construction & Infrastructure	Covers demand for construction machinery, earthmoving equipment, material handling systems and heavy engineering products used in roads, railways, airports, ports and urban infrastructure projects.
	Aerospace & Defence	Includes precision machine tools, fabrication equipment, CNC machining systems and specialised engineering equipment used in aerospace manufacturing and defence production. Growth is

		supported by increasing domestic defence manufacturing and indigenisation initiatives.
	Railways & Metro Infrastructure	Comprises engineering equipment, fabrication machinery and industrial systems used in railway rolling stock, track infrastructure, signalling and metro rail projects.
	Oil, Gas & Process Industries	Covers process plant equipment, industrial pumps, compressors, pressure vessels and engineering systems used in refineries, petrochemicals, chemicals and energy projects.
	Food Processing & Packaging	Includes machinery used in food processing, packaging, material handling and quality inspection across organised food manufacturing industries.
	General Manufacturing	Comprises engineering equipment supplied to fabricated metal products, electrical equipment, renewable energy, consumer durables and other industrial manufacturing sectors.
By Distribution Channel	Direct Sales (B2B)	Includes direct supply of engineering equipment to industrial enterprises, EPC contractors, OEMs and manufacturing companies through long-term commercial contracts. This segment dominates the market owing to project-based procurement and customised equipment requirements.
	Authorised Dealers & Distributors	Covers dealer networks and regional distributors supplying machinery, spare parts and industrial equipment to MSMEs and regional manufacturing units. Growth is supported by extensive distribution networks and local service capabilities.
	Exports & International Sales	Comprises exports of engineering goods, industrial machinery and capital equipment to North America, Europe, Asia-Pacific, the Middle East, Africa and Latin America. Growth is supported by India's competitive manufacturing capabilities and increasing global demand for engineering products.
By End User	Large Manufacturing Enterprises	Includes automotive manufacturers, steel producers, EPC companies, defence manufacturers, railways, heavy engineering companies and large industrial enterprises requiring advanced engineering equipment and capital goods.
	Micro, Small & Medium Enterprises (MSMEs)	Covers MSMEs engaged in fabrication, machining, metalworking, plastics processing and component manufacturing that utilise engineering machinery for production and value addition.
	Government & Public Sector Undertakings	Includes procurement by government departments, public sector enterprises, railways, defence organisations and infrastructure agencies for industrial and public development projects.

By Geography	Domestic Market	Includes sales across India's industrial clusters serving automotive, engineering, infrastructure, railways, defence, renewable energy, food processing and general manufacturing industries. Growth is supported by industrialisation, infrastructure development and government initiatives promoting domestic manufacturing.
	Export Market	Comprises exports of engineering goods, machine tools, industrial machinery and capital equipment to developed and emerging markets. Export demand is supported by India's growing manufacturing capabilities, competitive production costs and increasing participation in global value chains.

3.3 Value Chain Analysis



The value chain of the Engineering & Capital Goods Industry comprises a series of integrated stages encompassing procurement of raw materials and precision components, product engineering and design, manufacturing and assembly, quality assurance, distribution, installation and after-sales support, enabling the delivery of technologically advanced engineering equipment and machinery to a diverse range of industrial end-use sectors.

1. Raw Material and Component Procurement

Sourcing of primary raw materials such as steel, alloy steel, castings, forgings, aluminium, hydraulic components, electrical and electronic systems, CNC controllers, servo motors, bearings and other precision-engineered components from domestic and international suppliers based on technical specifications, quality standards and production requirements.

2. Engineering, Design and Product Development

Includes product conceptualisation, engineering design, computer-aided design (CAD), structural analysis, prototype development, process engineering and product customisation to develop application-specific engineering equipment in accordance with customer requirements and industry standards.

3. Manufacturing, Fabrication and Assembly

Includes precision machining, laser cutting, fabrication, welding, bending, heat treatment, surface finishing, assembly of mechanical, hydraulic, pneumatic and electrical systems, and integration of CNC and automation technologies to manufacture finished engineering equipment and industrial machinery.

4. Quality Assurance and Performance Testing

Includes dimensional inspection, calibration, functional testing, load testing, performance validation, non-destructive testing, safety verification and final quality inspection to ensure compliance with technical specifications, regulatory requirements and customer-defined performance standards.

5. Supply Chain, Distribution and Logistics

Includes packaging, warehousing, inventory management, transportation and delivery of engineering equipment through direct sales channels, authorised dealers, distributors and export networks, ensuring timely execution of customer orders and project requirements.

6. Installation and Commissioning

On-site installation, machine alignment, commissioning, operator training, process optimisation and performance verification to ensure seamless integration of equipment into customers' manufacturing facilities and achievement of desired operational performance.

7. After-Sales Services and Lifecycle Support

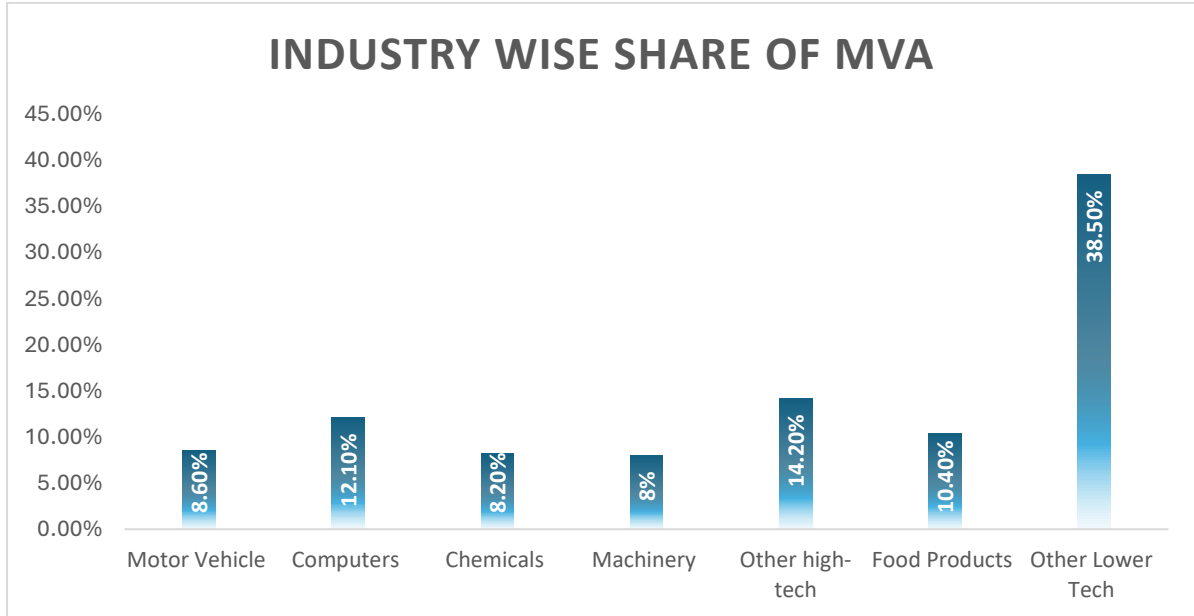
Preventive maintenance, breakdown assistance, refurbishment, retrofitting, supply of spare parts, technical support, equipment upgrades and annual maintenance services throughout the operational lifecycle of engineering equipment, enhancing machine reliability, customer satisfaction and long-term operational efficiency.

8. End-Use Industries

Engineering and capital goods products are supplied to a wide range of industries, including automotive and auto components, aerospace, defence, railways, construction and infrastructure, electrical equipment, heavy engineering, fabricated metal products, renewable energy, oil & gas, shipbuilding and general manufacturing industries, where demand is supported by industrialisation, infrastructure development, manufacturing expansion and increasing adoption of automation technologies.

3.4 Global Engineering and Capital Goods Industry

A. Manufacturing Value Added of various industries



Source: United Nations Industrial Development Organisation, Industrial Statistics – 2025, Infomerics Analytics and Research.

The global distribution of Manufacturing Value Added (MVA) indicates that lower technology industries accounted for the largest share at 38.5%, reflecting the continued importance of labour-intensive and traditional manufacturing activities in the global industrial landscape. Among the medium- and high-technology manufacturing sectors, Other High-Tech Industries represented the largest share at 14.2%, followed by Computers, Electronic & Optical Products (12.1%), highlighting the increasing contribution of technology-driven manufacturing to global industrial output.

The Engineering & Capital Goods Industry, the Machinery & Equipment segment contributed approximately 8.0% of global manufacturing value added. Although its share is relatively modest compared to certain technology-intensive industries, the segment plays a strategic role as an enabling industry, supplying machinery, industrial equipment and production systems that support manufacturing activities across automotive, aerospace, defence, construction, mining, energy and process industries.

Further, Motor Vehicles accounted for 8.6% of global MVA, while Chemicals and Food Products contributed 8.2% and 10.4%, respectively. These industries represent key end-user sectors for engineering and capital goods, generating sustained demand for machine tools, industrial automation systems, process equipment and specialised manufacturing machinery.

Overall, the industry-wise composition of global manufacturing value added highlights the strategic importance of the Engineering & Capital Goods Industry as a foundational sector that supports industrial production, technological advancement and manufacturing competitiveness across a broad range of downstream industries.

B. Global Regional Insights - Engineering and Capital Goods Industry

The global Engineering & Capital Goods Industry is characterised by region-specific manufacturing strengths, technological capabilities and industrial specialisation. Developed economies continue to lead in high-value engineering, advanced manufacturing and industrial automation, while emerging economies are strengthening their manufacturing ecosystems through industrialisation, infrastructure development and increasing investments in production capacity.

Asia-Pacific

The Asia-Pacific region represents the largest manufacturing hub for engineering and capital goods, supported by strong industrial production, expanding manufacturing capacity and well-established supply chains. Countries such as China, Japan, South Korea and India play a significant role in the production of machinery, machine tools, industrial equipment, electrical machinery and precision-engineered products. The region continues to benefit from rapid industrialisation, increasing automation and rising investments in infrastructure and manufacturing.

Europe

Europe is recognised for its leadership in high-precision engineering, machine tools, industrial automation and advanced manufacturing technologies. Countries including Germany, Italy, Switzerland and France are major producers of specialised machinery, precision equipment and Industry 4.0 solutions. The region's competitive advantage is driven by continuous technological innovation, research & development and a strong focus on sustainable and energy-efficient manufacturing.

North America

North America, led by the United States and Canada, is characterised by advanced manufacturing capabilities, industrial automation and high-value capital equipment production. Demand is supported by investments in aerospace, defence, automotive, energy, semiconductor manufacturing and digital manufacturing technologies. Increasing adoption of smart factories and automation continues to strengthen the region's engineering sector.

Latin America

The Latin American engineering and capital goods market is primarily driven by demand from mining, agriculture, construction and energy sectors. Countries such as Brazil and Mexico serve as key manufacturing and assembly centres, supported by automotive production and industrial development, although the region continues to rely on imports for several high-end engineering products.

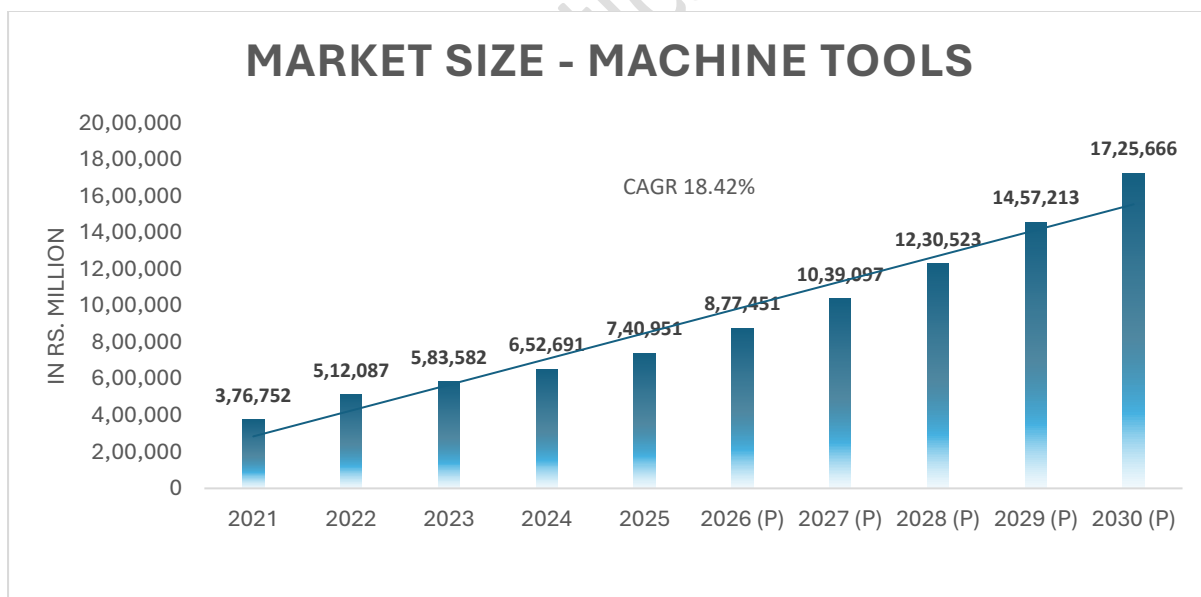
Middle East & Africa

The Middle East & Africa region is witnessing gradual growth in demand for engineering and capital goods, supported by investments in infrastructure, energy, mining, water management and industrial diversification. Large-scale construction projects, expansion of manufacturing capacity and government-led industrial development initiatives continue to create opportunities for engineering equipment manufacturers.

4. Indian Engineering and Capital Goods Industry

The Engineering & Capital Goods Industry constitutes a critical pillar of the manufacturing sector, providing machinery, equipment and technological solutions that support industrial production across a wide range of end-use industries. The industry encompasses the design, manufacture and supply of machine tools, industrial machinery, process equipment, material handling systems and precision engineering solutions, which serve as essential capital assets for sectors such as automotive, aerospace, defence, railways, infrastructure, construction, power, oil & gas and general engineering. Machine tools, including CNC press brakes, shearing machines, laser cutting systems and other sheet metal forming equipment, form an important segment of the capital goods industry by enabling precision fabrication and efficient metal processing across manufacturing industries. In India, the Engineering & Capital Goods Industry falls under the administrative purview of the Department of Heavy Industry, Ministry of Heavy Industries, while industrial policy, investment facilitation and manufacturing promotion are overseen by the Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce & Industry.

4.1 Market Size & Production Trends



Source: CMIE Industry Outlook, Infomerics Analytics & Research.

Note: P – Projected

The Indian Machine Tools segment has exhibited a strong growth trajectory over the period under review, with the market size increasing from INR 3,76,752 million in FY2020-21 to INR 7,40,951 million in FY2024-25. The Machine Tools segment constitutes an important

component of the broader Engineering & Capital Goods Industry and includes various categories of manufacturing equipment, including CNC machines, presses, press brakes, pipe bending, rolling and bending machines. Accordingly, growth in the overall Machine Tools market provides a favourable operating environment for manufacturers of CNC Press Brakes and Rolling Machines.

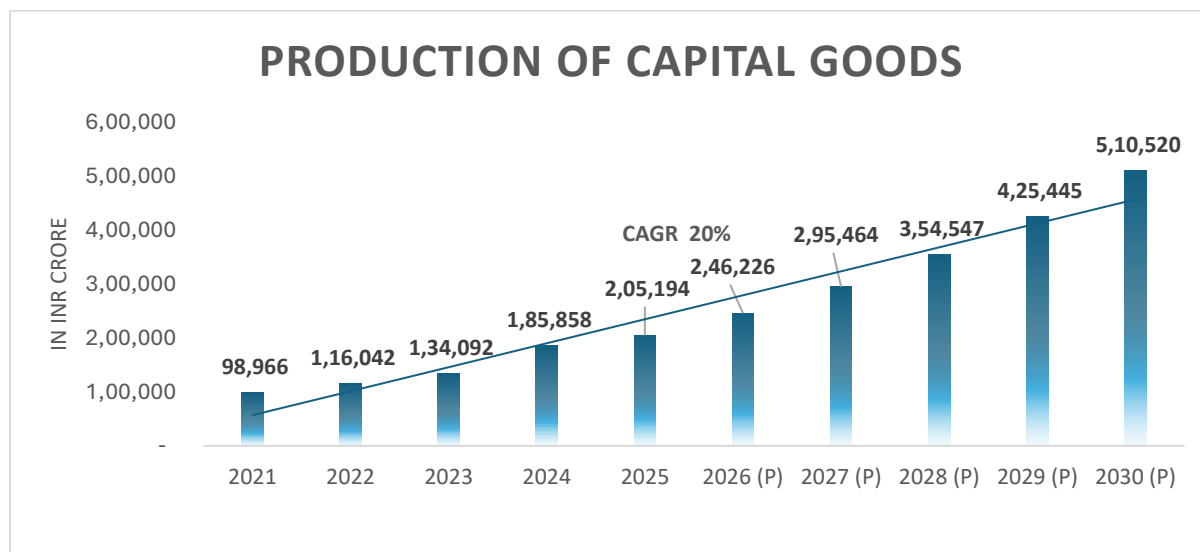
The market size increased from INR 3,76,752 million in FY2020-21 to INR 5,12,087 million in FY2021-22 and further to INR 5,83,582 million in FY2022-23, reflecting increasing industrial activity and rising investments in manufacturing and production capabilities. The market subsequently expanded to INR 6,52,691 million in FY2023-24 and INR 7,40,951 million in FY2024-25, supported by increasing demand for precision machinery, automation and technologically advanced manufacturing equipment.

The growth momentum is expected to continue over the medium term, with the Machine Tools market projected to increase to INR 8,77,451 million in FY2025-26, INR 10,39,097 million in FY2026-27, INR 12,30,523 million in FY2027-28, INR 14,57,213 million in FY2028-29 and INR 17,25,666 million in FY2029-30. Based on the estimates presented, the market is projected to grow at a CAGR of approximately 18.42% over the period.

The projected expansion of the Machine Tools market is expected to support demand for CNC Press Brakes and Rolling Machines, which are used in sheet metal forming, bending and fabrication applications across automotive and auto components, general engineering, infrastructure, electrical equipment, fabrication and other manufacturing industries. Increasing adoption of CNC-based machinery, automation and precision manufacturing is expected to further support the replacement and upgradation of conventional machinery with technologically advanced equipment.

Overall, the sustained expansion of the broader Machine Tools market indicates a favourable growth environment for specialised machine-tool categories such as CNC Press Brakes and Rolling Machines. The projected 18.42% CAGR in the Machine Tools market reflects increasing industrial investment, manufacturing capacity expansion and adoption of advanced production technologies, which are expected to support long-term demand for CNC-based sheet metal processing and forming equipment.

Production of Capital Goods



Source: Ministry of Heavy Industries Annual Report 2025-26, Infomerics Analytics & Research
Note: P – Projected

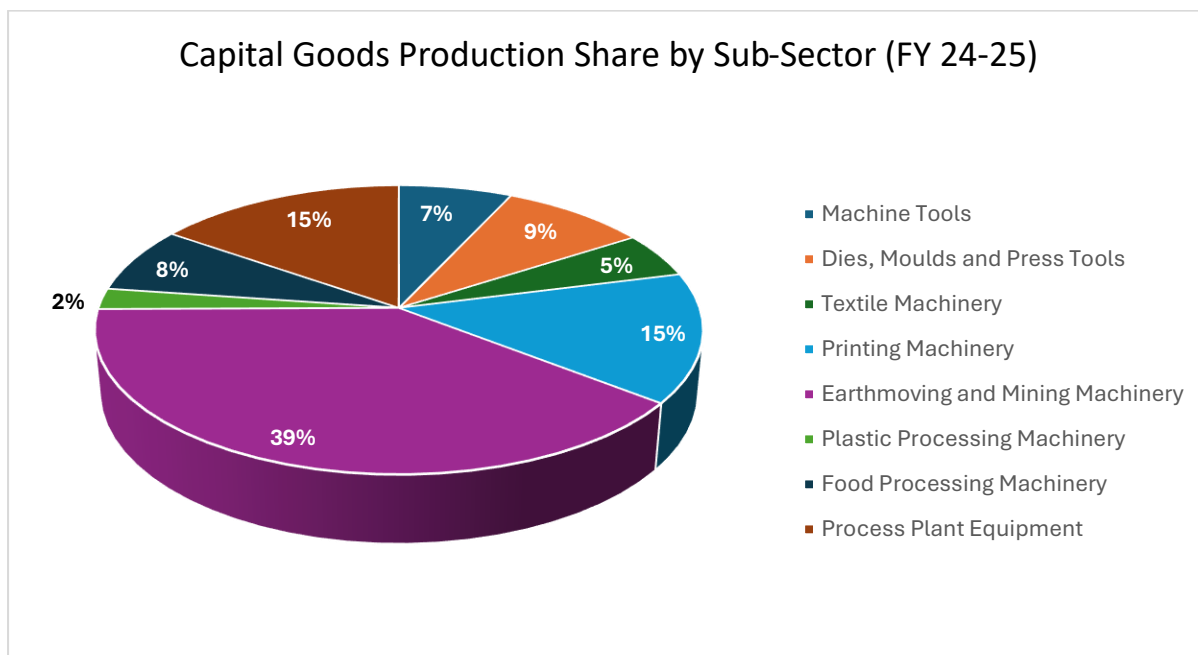
The production of capital goods has exhibited a consistent upward trend over the period under review. Total production stood at INR 98,966 crore in FY 2020-21 and increased to INR 1,16,042 crore in FY 2021-22, reflecting improving industrial activity and strengthening demand for capital equipment across key sectors.

The growth momentum continued in FY 2022-23, with production rising to INR 1,34,092 crore, supported by increasing demand for industrial machinery, manufacturing equipment and infrastructure-related capital goods. This was followed by a significant increase in FY 2023-24, with total production reaching INR 1,85,858 crore, indicating higher capital expenditure and expansion in manufacturing and infrastructure activities.

The upward trajectory continued in FY 2024-25, with production reaching INR 2,05,194 crore. Going forward, production is projected to increase to INR 2,46,226 crore in FY 2025-26, INR 2,95,464 crore in FY 2026-27, INR 3,54,547 crore in FY 2027-28, INR 4,25,445 crore in FY 2028-29 and INR 5,10,520 crore in FY 2029-30. The projected growth reflects expectations of continued investments in manufacturing capacity, infrastructure development and industrial modernisation.

Overall, capital goods production is projected to increase at a CAGR of approximately 20% between FY 2024-25 and FY 2029-30, indicating strong expected expansion in the domestic engineering and manufacturing ecosystem. The sustained increase in production is expected to be supported by rising industrial investments, capacity expansion, increasing adoption of advanced manufacturing technologies and growing demand for capital equipment, providing a favourable outlook for the Engineering & Capital Goods Industry.

Production of Capital Goods by Sub Sector

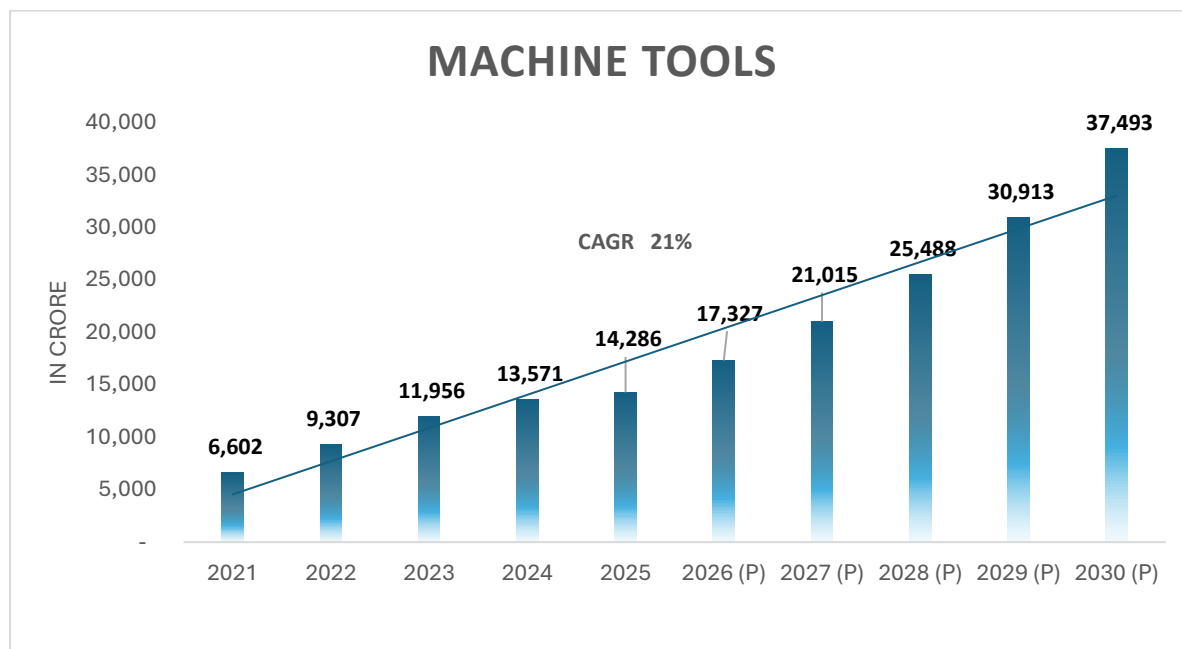


Source: Ministry of Heavy Industries Annual Report 24-25, Infomerics Analytics & Research.

The distribution of production across the capital goods sub-sectors during FY2024-25 indicates that manufacturing activity remained concentrated in a few key segments, while maintaining a diversified industrial base. Earthmoving & Mining Machinery accounted for the largest share of production at approximately 39%, reflecting strong demand from infrastructure development, mining and construction activities. Printing Machinery and Process Plant Equipment each contributed around 15%, together accounting for nearly one-third of the total production, supported by demand from manufacturing, packaging and process industries.

The remaining production was distributed across Dies, Moulds & Press Tools (9%), Food Processing Machinery (8%), Machine Tools (7%), Textile Machinery (5%) and Plastic Processing Machinery (2%), highlighting the presence of specialised manufacturing capabilities serving a broad range of end-use industries. Overall, the production mix reflects a balanced capital goods ecosystem, characterised by the dominance of a few large sub-sectors alongside a diversified portfolio of specialised engineering industries.

Production of Machine Tools



Source: Ministry of Heavy Industries Annual Report 2025-26, Infomerics Analytics & Research

Note: P – Projected

The production of machine tools in India has exhibited a steady upward trend over the period under review. Production stood at INR 6,602 crore in FY 2020-21 and increased to INR 9,307 crore in FY 2021-22, indicating a recovery in manufacturing activity and increasing investment in production and machining capabilities.

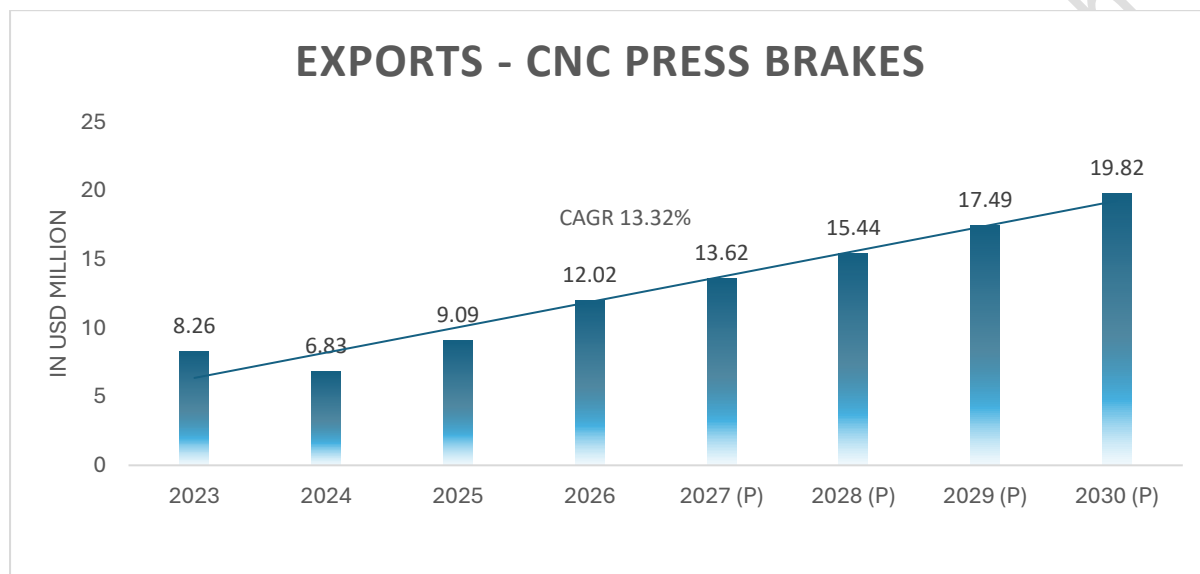
The growth momentum continued in FY 2022-23, with production rising to INR 11,956 crore, reflecting increasing demand for machine tools across manufacturing and engineering applications. This was followed by a further increase to INR 13,571 crore in FY 2023-24, supported by continued expansion in manufacturing capacity, industrial activity and adoption of advanced machining technologies.

The upward trajectory continued in FY 2024-25, with estimated production reaching INR 14,286 crore, representing the highest level during the historical period. Going forward, production is projected to increase to INR 17,327 crore in FY 2025-26, INR 21,015 crore in FY 2026-27, INR 25,488 crore in FY 2027-28, INR 30,913 crore in FY 2028-29 and INR 37,493 crore in FY 2029-30. The projected growth reflects expectations of sustained investments in manufacturing capacity, automation, precision engineering and industrial modernisation.

Overall, machine tools production is projected to grow at a CAGR of approximately 21% over the projected period, highlighting strong growth potential for the segment. The sustained

increase in production is expected to be supported by rising industrial investments, increasing adoption of CNC and automated machining technologies and growing demand for technologically advanced manufacturing equipment. The positive production outlook reinforces the importance of the Machine Tools segment as a key component of the Engineering & Capital Goods Industry and is expected to support its long-term growth trajectory.

Growth of CNC Press Brakes segment in terms of exports



Source: MEIDB, Infomerics Analytics & Research

The exports of CNC Press Brakes have demonstrated a positive long-term outlook, despite a temporary moderation during FY2024. Based on the data provided, export value stood at USD 8.26 million in 2023, declined to USD 6.83 million in 2024, and subsequently increased to USD 9.09 million in 2025, indicating a recovery in export demand for Indian-made CNC Press Brakes.

Going forward, exports are projected to increase to USD 12.02 million in 2026, USD 13.62 million in 2027, USD 15.44 million in 2028, USD 17.49 million in 2029 and USD 19.82 million in 2030. The projected export trajectory represents a CAGR of approximately 13.32% between 2023 and 2030, indicating favourable growth prospects for Indian manufacturers of CNC Press Brakes.

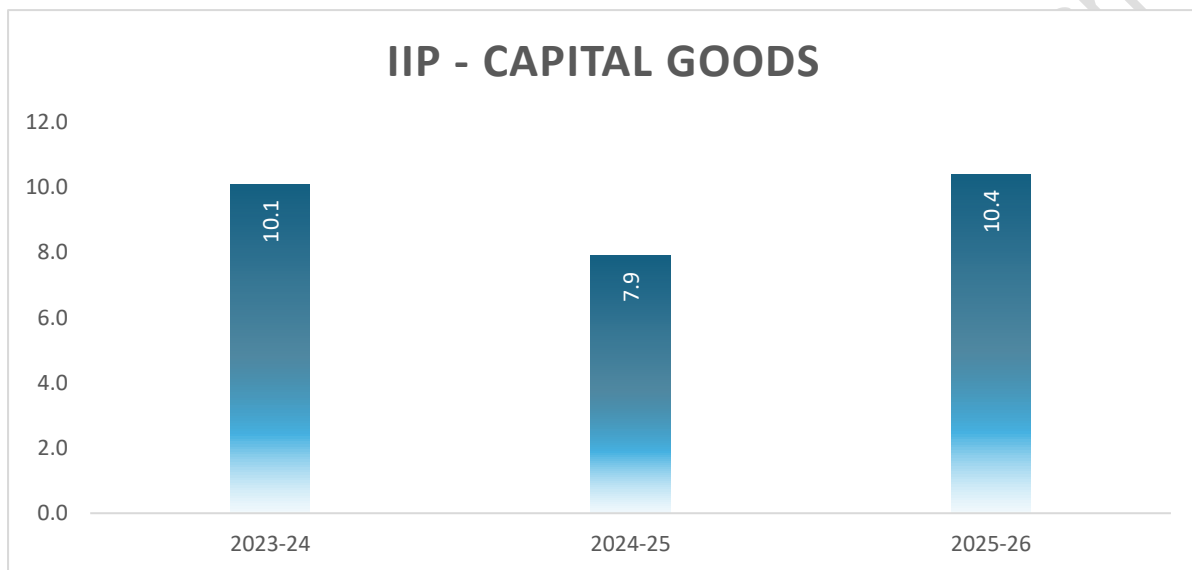
The increase in exports is expected to be supported by the expansion of domestic manufacturing capabilities and production capacity, along with increasing acceptance of Indian machine tools in international markets.

The projected increase in CNC Press Brake exports indicates growing opportunities for Indian manufacturers to expand their international presence and benefit from increasing global demand for precision, automated and cost-efficient sheet metal processing equipment. Overall, the sustained increase in export potential, supported by strengthening domestic

manufacturing capabilities, technological advancement and increasing global acceptance of Indian machine tools, is expected to provide favourable growth prospects for the CNC Press Brake segment over the medium to long term.

4.3 Index of Industrial Production (IIP)

The Index of Industrial Production (IIP) is a key economic indicator published by the Ministry of Statistics and Programme Implementation (MOSPI) that measures the short-term changes in the volume of industrial production across major sectors of the economy, including mining, manufacturing and electricity. Within manufacturing, the Capital Goods Index serves as an important indicator of investment activity and industrial capacity creation, reflecting demand for machinery, equipment and industrial infrastructure.



Source: MOSPI, Infomerics Analytics and Research.

The Capital Goods Index exhibited a fluctuating yet resilient growth trend during the review period. The sector registered a growth of 10.1% in FY2023-24, reflecting healthy industrial activity and sustained investments in manufacturing and infrastructure development. However, the growth moderated to 7.9% in FY2024-25, indicating a temporary slowdown in production momentum amid normalisation of the high growth witnessed in the previous year and moderation in capital expenditure across certain industries.

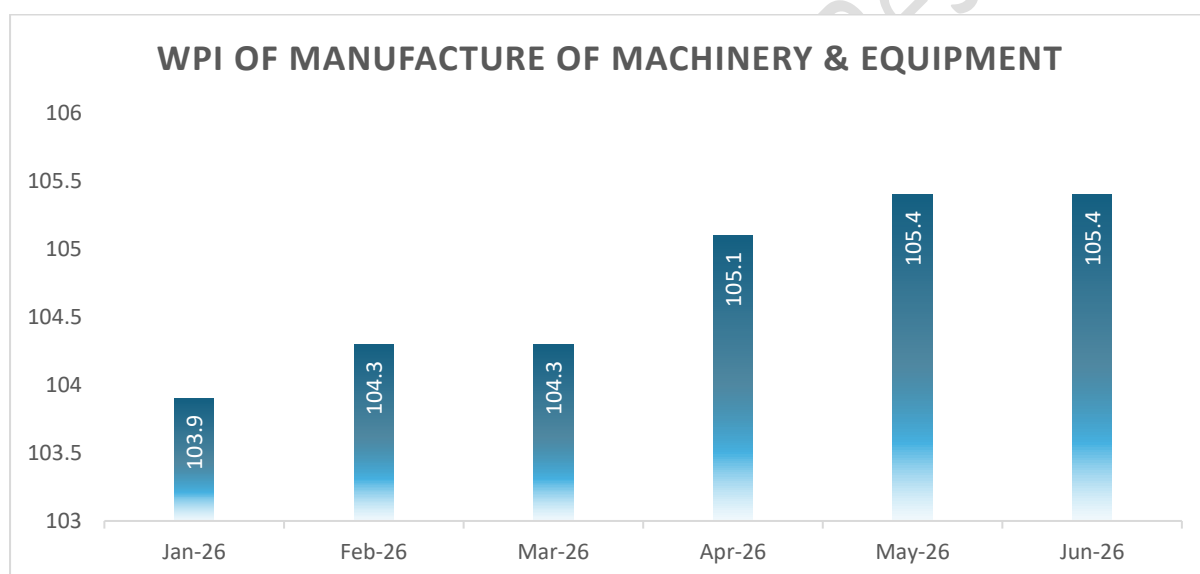
The sector regained momentum in FY2025-26, with the Capital Goods Index increasing by 10.4%, surpassing the growth recorded in FY2023-24. The recovery was supported by increased government capital expenditure, continued infrastructure development, rising investments in manufacturing capacity, growing adoption of automation technologies and sustained demand from key end-user industries such as automotive, railways, defence, construction and renewable energy.

Overall, the performance of the Capital Goods Index highlights the resilience of the Engineering & Capital Goods Industry and reflects sustained investment activity, expanding industrial capacity and improving manufacturing momentum.

4.4 Wholesale Price Index

The Wholesale Price Index (WPI) measures the average change in the wholesale prices of goods over time and serves as an important indicator of inflationary trends and pricing movements across various industries. As there is no separate WPI published specifically for the Capital Goods Industry, the WPI of Machinery and Equipment has been considered as a relevant proxy. The Machinery and Equipment segment constitutes a significant component of the capital goods sector, encompassing a wide range of industrial machinery, manufacturing equipment and production systems. Accordingly, price movements in the Machinery and Equipment category provide a reasonable indication of cost trends, demand conditions and pricing dynamics prevailing within the broader Equipment and Capital Goods Industry.

Manufacture Machinery & Equipment



Source: Office of Economic Advisor, Press Release on New Series of Wholesale Price Index and Producer Price Indices with Base Year 2022-23

During the period from January 2026 to June 2026, the Wholesale Price Index (WPI) for the Manufacture of Machinery & Equipment exhibited a gradual upward trend, increasing from 103.9 in January 2026 to 105.4 in June 2026, representing a cumulative increase of approximately 1.4%. The index increased from 103.9 in January 2026 to 104.3 in February 2026, remained stable during March 2026, and thereafter witnessed a steady rise to 105.1 in April 2026, before reaching 105.4 in May 2026, where it remained unchanged in June 2026. The sustained increase in the index reflects stable manufacturing activity, healthy industrial demand and moderate inflation in the machinery and equipment segment, which forms a key component of the broader Equipment and Capital Goods Industry.

As machinery and equipment constitute the core of the capital goods sector, the upward movement in the WPI indicates favourable demand from key end-user industries such as manufacturing, infrastructure, construction, power, mining, automotive, engineering and industrial processing. The gradual increase in wholesale prices also reflects continued investments in industrial capacity expansion, technology upgradation and capital expenditure across various sectors of the economy, thereby supporting demand for industrial machinery, production equipment and engineering solutions.

At the same time, the rise in the WPI also signifies inflationary pressures arising from higher prices of key raw materials such as steel, aluminium and other non-ferrous metals, along with increased costs of components, energy, transportation and logistics. These factors may lead to higher manufacturing costs for machinery and equipment manufacturers and could influence the pricing of capital goods across the value chain. However, the relatively moderate pace of increase in the index suggests that inflationary pressures remained largely manageable during the period.

Overall, the continued increase in the WPI for the Manufacture of Machinery & Equipment reflects a favourable operating environment for the Equipment and Capital Goods Industry, characterised by sustained industrial activity, improving investment demand and stable pricing conditions.

4.5 Indian Regional Insights

The Engineering & Capital Goods Industry in India is geographically concentrated around major industrial and manufacturing clusters that benefit from well-developed infrastructure, availability of skilled manpower, strong vendor ecosystems and proximity to key end-user industries. The regional distribution of manufacturing facilities is largely influenced by the presence of automotive, aerospace, defence, heavy engineering, railways and general manufacturing industries.

Western India – Leading Manufacturing Hub

Western India, comprising Maharashtra, Gujarat and Goa, represents one of the largest engineering and capital goods manufacturing regions in the country. The region benefits from a strong industrial base, extensive port infrastructure, well-developed engineering clusters and a robust presence of automotive, electrical equipment, heavy engineering and process industries. Major industrial centres such as Pune, Mumbai, Nashik, Aurangabad, Vadodara, Ahmedabad, Rajkot and Surat serve as important manufacturing hubs for machine tools, industrial machinery, fabrication equipment and engineering products.

Southern India – Centre for Precision Engineering and Machine Tools

Southern India, particularly Karnataka, Tamil Nadu, Telangana and Andhra Pradesh, has emerged as a major hub for precision engineering, machine tools, industrial automation and advanced manufacturing. Cities such as Bengaluru, Chennai, Coimbatore, Hosur, Hyderabad and Visakhapatnam host a large concentration of engineering companies serving the automotive, aerospace, defence, electronics and renewable energy sectors. The region also benefits from a strong ecosystem of research institutions, skilled workforce and advanced manufacturing capabilities.

Northern India – Infrastructure and Industrial Manufacturing Base

Northern India, comprising Haryana, Punjab, Rajasthan, Uttar Pradesh, Uttarakhand and the National Capital Region (NCR), is a significant manufacturing base supported by automotive production, railways, construction equipment and industrial machinery manufacturing. Industrial clusters in Gurugram, Faridabad, Noida, Ghaziabad, Ludhiana, Jaipur and Bhiwadi contribute substantially to the production of engineering equipment, fabricated metal products and capital goods.

Eastern India – Heavy Engineering and Metals Cluster

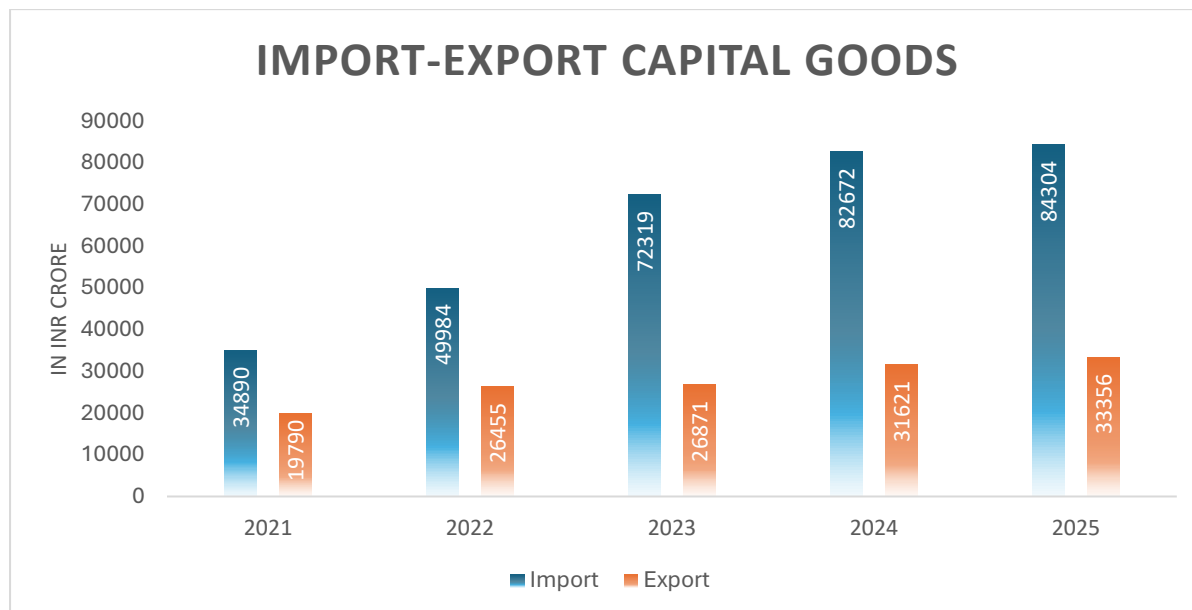
Eastern India, including West Bengal, Odisha and Jharkhand, has traditionally been recognised for heavy engineering, steel production, mining equipment and metallurgical industries. The availability of iron ore, coal and steel manufacturing facilities has supported the development of engineering industries in cities such as Kolkata, Jamshedpur, Rourkela, Durgapur and

Bokaro, which continue to play an important role in supplying heavy engineering products and industrial machinery.

Central India – Emerging Industrial Region

States such as Madhya Pradesh and Chhattisgarh are witnessing gradual growth in engineering and capital goods manufacturing, supported by expanding industrial infrastructure, industrial corridors, automobile manufacturing and government initiatives promoting manufacturing investments. The region is increasingly attracting investments in fabrication, heavy engineering and industrial equipment manufacturing.

4.6 Trade Dynamics of Capital Goods in India



Source: Ministry of Heavy Industries Annual Report 25-26, Infomerics Analytics and Research

The Indian trade profile of the Capital Goods Industry over the period from FY 2021 to FY 2025 reflects a steady expansion in both imports and exports, driven by increasing industrialisation, infrastructure development and rising investments in manufacturing. However, imports continued to exceed exports throughout the period, indicating India's continued dependence on technologically advanced and specialised capital goods to meet domestic industrial requirements.

On the import front, total imports increased significantly from INR 34,890 crore in FY 2021 to INR 84,304 crore in FY 2025, reflecting robust demand for advanced machinery, industrial equipment, precision engineering products and production technologies across sectors such as manufacturing, power, infrastructure, transportation and heavy engineering. The sustained increase in imports highlights ongoing capacity expansion and technology upgradation by Indian industries, while also indicating opportunities for further localisation of high-value capital goods manufacturing.

Similarly, exports of capital goods registered consistent growth over the review period, increasing from INR 19,799 crore in FY 2021 to INR 33,356 crore in FY 2025. The steady rise in exports reflects improving manufacturing capabilities, enhanced product quality and increasing global acceptance of Indian engineering products and industrial machinery. The growth in exports also indicates the industry's expanding participation in international markets and strengthening competitiveness across various capital goods segments.

Overall, India's Capital Goods Industry exhibited sustained growth in international trade during the period under review, supported by rising domestic investment and expanding manufacturing activity. While the industry continued to record a trade deficit due to higher imports of technology-intensive machinery and specialised equipment, the consistent growth in exports reflects the gradual strengthening of India's engineering and manufacturing capabilities. Going forward, continued policy support for domestic manufacturing, localisation of advanced technologies, import substitution and export promotion is expected to enhance the global competitiveness of the Equipment and Capital Goods Industry while reducing dependence on imported capital goods over the medium to long term.

5. Market Dynamics

5.1 Growth Drivers

The industry continues to expand in response to evolving consumption patterns and broader economic developments. The key growth aspects are as follows:

Market Drivers and Impact Assessment

(All values represent directional impact based on industry estimates and qualitative analysis)

Growth Driver	(1–2 yrs)	(3–4 yrs)	(5–7 yrs)
1. Increasing investments in infrastructure development across transportation, power, urban infrastructure and industrial corridors	High	High	High
2. Expansion of manufacturing activities under Make in India and Atmanirbhar Bharat initiatives	High	High	High
3. Rising capital expenditure by private industries for capacity expansion and modernisation	Moderate	High	High
4. Growing adoption of automation, CNC technologies and smart manufacturing solutions	Moderate	High	High
5. Increasing demand from automotive, aerospace, defence, railways and renewable energy sectors	High	High	High
6. Growth in renewable energy, electric mobility and emerging industrial sectors	Moderate	High	High
7. Increasing investments in industrial parks, manufacturing clusters and logistics infrastructure	Moderate	High	High

Source: Infomerics Analytics & Research

Detailed Driver Commentary

1. Increasing investments in infrastructure development

Rising investments in transportation, power, urban infrastructure, industrial corridors and logistics projects are expected to drive sustained demand for engineering equipment, heavy machinery and capital goods.

2. Expansion of manufacturing activities under Make in India and Atmanirbhar Bharat initiatives

Continued expansion of manufacturing capacities across automotive, aerospace, defence, electronics, renewable energy and general engineering sectors is expected to support demand for industrial machinery and machine tools.

3. Rising capital expenditure by private industries for capacity expansion and modernisation

Increasing investments by private enterprises towards capacity expansion, plant modernisation and technology upgradation are expected to boost procurement of engineering equipment and capital goods.

4. Growing adoption of automation, CNC technologies and smart manufacturing solutions

Rising adoption of automation, CNC technologies, robotics and digital manufacturing solutions is increasing demand for technologically advanced engineering equipment.

5. Increasing demand from automotive, aerospace, defence, railways and renewable energy sectors

Government initiatives promoting domestic manufacturing and localisation of capital goods are expected to reduce import dependence and create opportunities for domestic manufacturers.

6. Growth in renewable energy, electric mobility and emerging industrial sectors

Expanding investments in renewable energy, electric mobility, battery energy storage systems and hydrogen projects are expected to increase demand for specialised engineering equipment.

7. Increasing investments in industrial parks, manufacturing clusters and logistics infrastructure

Expansion of industrial parks, manufacturing clusters and integrated logistics infrastructure is expected to support industrial production and increase demand for capital goods.

5.2 Market Restraints

The industry operates within an environment that presents several structural and operational constraints. The key restraints are:

Market Challenges and Impact Assessment

(All values represent directional impact based on industry estimates and qualitative analysis)

Challenge	(1–2 yrs)	(3–4 yrs)	(5–7 yrs)
1. Volatility in raw material prices, particularly steel, aluminium and other industrial metals	High	Moderate	Moderate
2. Cyclical nature of capital expenditure and infrastructure investments	High	High	Moderate
3. Intense competition from domestic and global manufacturers, leading to pricing pressure	High	High	High
4. Dependence on imported high-precision components, electronics and advanced control systems	Moderate	Moderate	Low
5. Long project execution cycles and delayed order finalisation in large industrial and infrastructure projects	High	Moderate	Moderate

Source: Infomerics Analytics & Research

Detailed Overview

1. Volatility in raw material prices, particularly steel, aluminium and other industrial metals

Fluctuations in the prices of steel, aluminium, copper and other industrial metals can increase input costs, affect profit margins and influence product pricing.

2. Cyclical nature of capital expenditure and infrastructure investments

Demand for engineering equipment is closely linked to industrial investments and infrastructure spending. Any slowdown in capital expenditure may adversely impact order inflows.

3. Intense competition from domestic and global manufacturers, leading to pricing pressure

Presence of established domestic and international players intensifies competition, resulting in pricing pressure, shorter product life cycles and continuous technology upgradation.

4. Dependence on imported high-precision components, electronics and advanced control systems

Reliance on imported CNC controllers, servo motors, drives, electronic components and specialised equipment exposes manufacturers to supply chain disruptions, currency fluctuations and procurement risks.

5. Long project execution cycles and delayed order finalisation in large industrial and infrastructure projects

Industrial machinery procurement often involves extensive technical evaluations, customer approvals and project execution timelines, resulting in delayed order conversion and revenue recognition.

Infomerics Analytics and Research

6. Government Initiatives and Policy Support

The Engineering & Capital Goods Industry in India has received sustained policy support from the Government of India. The following initiatives are intended to accelerate industrial growth, promote advanced manufacturing, enhance export competitiveness and position India as a global manufacturing hub.

1. Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector (Phase II)

The Government is implementing the Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector (Phase II) to strengthen the competitiveness of the domestic capital goods industry through technology development, skill enhancement, testing infrastructure and common engineering facilities. The scheme focuses on promoting innovation, improving manufacturing capabilities and enhancing the global competitiveness of Indian capital goods manufacturers.

2. Technology Innovation Portals

Technology Innovation Portals have been established to facilitate the identification of emerging technologies, encourage industry-academia collaboration and accelerate the development and commercialisation of advanced manufacturing technologies across the capital goods sector.

3. Centres of Excellence (CoEs)

The Government is supporting the establishment and expansion of Centres of Excellence (CoEs) to promote research & development, advanced manufacturing technologies and product innovation in sectors such as machine tools, textile machinery, earth-moving machinery and metallurgical equipment, thereby strengthening indigenous technology capabilities.

4. Common Engineering Facility Centres (CEFCs)

Common Engineering Facility Centres have been established to provide shared access to advanced manufacturing infrastructure, testing, calibration, tooling, certification and technical support services, particularly for industrial clusters and MSMEs, thereby improving manufacturing competitiveness and technology adoption.

5. Testing & Certification Infrastructure

The Government is augmenting testing and certification facilities to strengthen product validation, quality assurance and compliance with domestic and international standards, enabling manufacturers to enhance product reliability and expand export opportunities.

6. Industry Accelerators for Technology Development

Industry Accelerators are being established to facilitate technology commercialisation, accelerate product development and promote collaboration between industry, research institutions and academia for advanced engineering solutions.

7. Skill Development in the Capital Goods Sector

Dedicated initiatives for developing qualification packs and advanced technical training programmes are strengthening the availability of skilled manpower required for precision engineering, advanced manufacturing and industrial automation. Advanced welding training programmes have also been undertaken to enhance workforce capabilities.

8. Technology Absorption & Industry Academia Collaboration

Government-supported technology absorption programmes encourage collaborative research between industry and leading academic and research institutions to bridge technology gaps, promote indigenous innovation and develop advanced engineering solutions for the capital goods industry.

9. Machine Tool Park Development

A world-class Machine Tool Park has been established at Tumakuru, Karnataka, to strengthen the machine tools ecosystem, attract investments, improve manufacturing infrastructure and enhance the global competitiveness of India's machine tool industry.

7. PESTEL Analysis

The PESTEL framework provides a structured assessment of the external macro environmental factors that influence the industry's operating landscape. It examines the political, economic, social, technological, environmental and legal dimensions that collectively shape industry performance, regulatory evolution and strategic direction. This analysis enables a comprehensive understanding of the opportunities and challenges impacting market stability, investment potential and long-term sectoral growth.

Factor	Key Insights and Implications
Political	- The Government of India continues to promote domestic manufacturing through initiatives such as Make in India, Atmanirbhar Bharat, PM Gati Shakti National Master Plan and the National Infrastructure Pipeline (NIP), creating long-term demand for engineering and capital goods. - The Department of Heavy Industry (DHI) has undertaken various initiatives, including the Scheme for Enhancement of Competitiveness in the Indian Capital Goods Sector (Phase II), to strengthen domestic manufacturing capabilities, technology development and skill enhancement. - Continued public investment in sectors such as railways, defence, power, renewable energy, urban infrastructure and industrial corridors is expected to support demand for industrial machinery, machine tools and engineering equipment. - Government emphasis on import substitution, localisation of manufacturing and promotion of indigenous capital goods manufacturing is expected to enhance the competitiveness of domestic engineering companies.
Economic	- Growth of the Engineering & Capital Goods Industry is closely linked to industrial production, manufacturing activity, capital expenditure (CapEx) and infrastructure development across the economy. - Increasing investments across automotive, aerospace, defence, railways, power, renewable energy, oil & gas and process industries are driving demand for machine tools, fabrication equipment and industrial machinery. - Rising private sector investments, increasing FDI inflows into manufacturing and expansion of industrial production are expected to support sustained growth in the capital goods sector. - India's emergence as a global manufacturing hub under various production-linked initiatives is expected to create additional

	opportunities for domestic engineering equipment manufacturers.
Social	• Rapid urbanisation, rising income levels and increasing demand for manufactured products are encouraging expansion of manufacturing capacities across multiple industries. • Growing focus on technical education, vocational training and skill development is strengthening the availability of skilled manpower required for precision engineering, CNC machining and industrial manufacturing. • Increasing customer preference for higher-quality manufactured products is driving adoption of technologically advanced machinery and automation solutions.
Technological	• Increasing adoption of Industry 4.0, Industrial Internet of Things (IIoT), Artificial Intelligence (AI), robotics and digital manufacturing technologies is transforming the engineering and capital goods industry. • Growing demand for CNC-based machine tools, servo-driven equipment, automation systems, smart manufacturing solutions and predictive maintenance technologies is improving operational efficiency and manufacturing precision. • Continuous investments in research & development, product innovation and digital integration are enabling manufacturers to enhance productivity, reduce operating costs and improve product quality. • Increasing adoption of energy-efficient machinery and advanced control systems is supporting sustainable manufacturing practices.
Environmental	• Growing emphasis on sustainable industrial development is encouraging the adoption of energy-efficient machinery, low-emission manufacturing processes and resource-efficient production technologies. • Increasing environmental regulations are promoting investments in cleaner manufacturing processes, waste reduction, recycling and efficient utilisation of raw materials. • Rising investments in renewable energy, electric mobility and green infrastructure projects are creating new opportunities for manufacturers of engineering equipment and capital goods.
Legal	• The industry operates under regulations relating to industrial safety, labour laws, environmental protection, product quality standards and occupational health and safety. • Compliance with applicable Bureau of Indian Standards (BIS) specifications, environmental regulations, factory safety norms and quality certification requirements remains essential for manufacturers.

	• Export-oriented manufacturers are also required to comply with international technical standards, certification requirements and trade regulations to access global markets. • Strengthening intellectual property protection and standardisation initiatives support technological innovation and enhance the competitiveness of the domestic engineering and capital goods industry.
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8. Technology and the Digital Transformation

The Indian Engineering & Capital Goods Industry is undergoing continuous technological transformation. The industry is witnessing ongoing advancements in CNC technologies, digital manufacturing systems, intelligent automation, product engineering and advanced testing capabilities, supported by multiple factors which are as follows:

- 1. Industry 4.0 Integration:** Growing adoption of Industry 4.0 technologies, including Industrial Internet of Things (IIoT), Artificial Intelligence (AI) and data analytics, is enabling smart manufacturing and predictive decision-making.
- 2. Remote Monitoring & Diagnostics:** Integration of remote monitoring and predictive diagnostics is improving equipment reliability, reducing downtime and supporting proactive maintenance.
- 3. Advanced CNC Technologies:** Increasing deployment of advanced CNC systems, multi-axis machining and intelligent control solutions is enhancing precision, productivity and manufacturing flexibility.
- 4. Digital Design & Simulation:** Growing use of CAD, CAM, CAE and simulation-based engineering is reducing product development time while improving design accuracy and manufacturing efficiency.
- 5. Smart Control Systems:** Increasing use of digital CNC controllers, advanced sensors, motion control systems and intelligent software is improving machine performance and process automation.
- 6. Advanced Testing Infrastructure:** Expansion of specialised testing facilities and engineering centres is strengthening product validation, quality assurance and technology development capabilities.
- 7. Skill Development & Engineering Facilities:** Development of Common Engineering Facility Centres (CEFCs) and specialised technical training programmes is enhancing manufacturing capabilities and supporting technology adoption.
- 8. Emerging Technology Applications:** Engineering companies are expanding capabilities to serve high-growth sectors such as renewable energy, electric mobility, battery energy storage, hydrogen, aerospace, defence and railways.
- 9. Connected & Smart Machinery:** Integration of cloud connectivity, digital diagnostics and cybersecurity features is enabling smart, connected and digitally integrated industrial equipment.
- 10. Sustainable Manufacturing Technologies:** Growing emphasis on resource-efficient manufacturing, low-emission technologies and environmentally sustainable production processes is supporting long-term industrial competitiveness.

9.Competitive Landscape

The Engineering and Capital Goods Industry in India operates in a competitive market structure, comprising a mix of large integrated manufacturers, regional organised processors.

9.1 Key factor Shaping Competition

Competition in the Engineering and Capital Goods Industry in India is influenced by multiple factors. Key factors shaping competition in the industry include:

- 1. Technological Capabilities:** Competition is driven by manufacturers' ability to develop technologically advanced, high-precision and energy-efficient machinery through continuous product innovation and engineering excellence.
- 2. Product Quality & Reliability:** Consistent product performance, durability, compliance with quality standards and operational reliability remain key differentiators in winning customer confidence and repeat business.
- 3. Manufacturing Capabilities:** Companies with advanced manufacturing facilities, modern production technologies and efficient production processes are better positioned to meet diverse customer requirements and improve operational efficiency.
- 4. Product Portfolio & Customisation:** A broad product portfolio and the ability to provide customised engineering solutions for specific industrial applications enhance competitiveness across multiple end-user industries.
- 5. Automation & Digital Integration:** Adoption of CNC technologies, automation, digital manufacturing and smart control systems enhances production precision, productivity and operational efficiency, strengthening competitive positioning.
- 6. Lifecycle Value Proposition:** Customers increasingly evaluate machinery based on total lifecycle cost, including energy efficiency, maintenance requirements, machine uptime and long-term operating costs rather than initial purchase price alone.
- 7. Installed Machine Base:** A large installed base strengthens brand credibility, facilitates repeat orders, generates aftermarket revenue and enhances customer confidence through proven operational performance.
- 8. Precision Manufacturing Expertise:** Manufacturers capable of consistently achieving high dimensional accuracy, tight tolerances and superior product reliability are better positioned to compete in quality-sensitive industries.

9.2 Key Competitive Strategies

Companies operating in the Engineering and Capital Goods Industry in India adopt various competitive strategies to strengthen market positioning, enhance customer acquisition. Key competitive strategies adopted by industry participants include:

- 1. Supply Chain Optimisation:** Developing resilient procurement networks, strengthening supplier relationships and improving inventory management to ensure timely availability of critical components and minimise supply disruptions.
- 2. Market Expansion:** Strengthening domestic distribution networks while expanding export presence through strategic partnerships, dealer networks and participation in international markets.
- 3. Strategic Collaborations:** Entering into technology partnerships, joint ventures and collaborations with domestic and international companies to access advanced technologies and expand product offerings.
- 4. Cost Leadership:** Improving cost efficiency through process optimisation, localisation of components, backward integration where feasible and efficient procurement strategies while maintaining product quality.
- 5. Brand Building & Customer Relationships:** Strengthening brand recognition through consistent product performance, reliable customer support, successful project execution and long-term relationships with OEMs, industrial customers and EPC contractors.
- 6. Sustainability & Energy Efficiency:** Developing energy-efficient, environmentally sustainable and resource-efficient engineering solutions to address evolving customer preferences and regulatory requirements.
- 7. Product Diversification:** Broadening product portfolios by introducing application-specific machinery, customised engineering solutions and value-added industrial equipment to cater to diverse end-user industries.
- 8. Customer-Centric Customisation:** Offering customised products and engineering solutions tailored to customers' operational requirements, industry specifications and production processes.
- 9. Operational Excellence:** Optimising manufacturing processes through lean manufacturing, process automation, digital production planning and efficient resource utilisation to improve productivity and cost competitiveness.

9.3 Barriers to Entry

The Engineering and Capital Goods Industry in India is characterized by several entry barriers arising from multiple factors which are discussed as follows:

- 1. Global Competition:** Domestic manufacturers compete with established international engineering equipment manufacturers possessing advanced technologies, strong brands and extensive global distribution networks.
- 2. Skilled Workforce Availability:** The industry requires experienced engineers, designers, CNC programmers, technicians and skilled manufacturing personnel, making talent acquisition and retention an important entry barrier.
- 3. High Capital Investment:** Establishing manufacturing facilities, procuring advanced machinery, setting up testing infrastructure and developing production capabilities require significant capital investment.
- 4. Research & Development Requirements:** Continuous investment in research & development is essential to develop technologically advanced products, improve manufacturing processes and meet evolving customer requirements.
- 5. Stringent Quality & Certification Standards:** Compliance with applicable quality standards, industry certifications, customer specifications and safety regulations is critical to compete in domestic and international markets.
- 6. Product Customisation Capabilities:** Industrial customers increasingly demand customised engineering solutions tailored to specific applications, requiring strong engineering capabilities and flexible manufacturing systems.
- 7. Distribution & Market Access:** Developing dealer networks, channel partners and export distribution capabilities requires considerable time, investment and industry relationships.
- 8. High Switching Costs for Customers:** Industrial customers often integrate machinery into their production lines for long operating lifecycles. Replacing existing equipment involves production downtime, operator retraining and process requalification, limiting customer willingness to switch suppliers.

9.4 About the Company

Weldor CNC Machines Limited is engaged in the manufacturing of CNC sheet metal processing and fabrication machinery, catering to the precision engineering and capital goods industry. The Company was incorporated on December 13, 2024, and manufactures a diversified portfolio of industrial machinery, including CNC Press Brakes, CNC Panel Benders, Shearing Machines, Plate Rolling Machines, V-Grooving Machines along with a range of tooling systems, back-gauge solutions, crowning systems and CNC controller options.



The Company's manufacturing facility is located in Rajkot, Gujarat, and is equipped with modern manufacturing infrastructure and skilled technical personnel to manufacture precision-engineered machinery. Its products incorporate advanced CNC technologies, multi-axis control systems, Industry 4.0-ready features, automated bending solutions and customised configurations designed to improve productivity, precision and operational efficiency across various industrial applications.

It primarily serves customers operating in industries such as automotive and auto components, fabricated metal products, heavy engineering, electrical equipment, construction equipment, infrastructure and general manufacturing.

The Company focuses on delivering technologically advanced, precision-engineered and customised sheet metal fabrication solutions, supported by continuous product development, quality manufacturing practices and customer-centric engineering capabilities, enabling it to strengthen its position within the Indian Engineering & Capital Goods Industry.

9.5 Key Industry Players

Energy Mission Machineries (India) Limited

Energy Mission Machineries (India) Limited is engaged in the manufacturing of sheet metal processing and fabrication machinery, catering to the Engineering & Capital Goods Industry. Established in 1999, the Company has over 25 years of manufacturing experience and operates a state-of-the-art manufacturing facility spread across approximately 260,000 sq. ft. in Sanand, Gujarat.

The Company's product portfolio comprises a wide range of sheet metal machinery, including CNC Servo Hybrid & Synchro Press Brakes, NC and Conventional Hydraulic Press Brakes, CNC/NC/Hydraulic Shearing Machines, Three-Roll and Four-Roll Plate Rolling Machines, Hydraulic Iron Workers, Hydraulic and NC Busbar Machines, Single, Double and Triple Action Hydraulic Presses, CNC Servo H & C Type Presses, CNC V-Grooving Machines, Hydraulic Deep Drawing Presses and Hydraulic Servo Presses. Energy Mission Machineries serves customers across a wide range of industries, including automotive, electrical equipment, general fabrication, infrastructure and heavy engineering.

Macpower CNC Machines Limited

Macpower CNC Machines Limited is engaged in the manufacturing of CNC (Computer Numerical Control) machine tools, catering to the precision engineering and metal cutting requirements of the broader Engineering & Capital Goods Industry. Established in 2003, the Company has over two decades of manufacturing experience and operates two state-of-the-art manufacturing units situated at Metoda G.I.D.C., Rajkot, Gujarat, comprising an integrated machine shop, assembly shops, sheet metal fabrication unit and powder coating facility, with an aggregate capacity of approximately 2,000 machines per annum.

The Company's product portfolio comprises a wide range of CNC machine tools, including Turning Centres, Twin Spindle Turning Centres, Vertical Machining Centres (VMCs), Twin Spindle VMCs, TurnMill Centres, Horizontal Machining Centres (HMCs), Vertical Turret Lathes (VTLs), Double Column Machines (DCM), Double Turret Centres (DTC), 5-Axis Machining Centres, and automation and robotic-enabled machining solutions, offered across 375+ variants and models under brand series such as GX, MX, VX, MONO, LX, VIBRANT, JUMBO, PRO, HMC and NEXA, among others. Macpower CNC Machines serves customers across 27 industry segments, including automotive, general engineering, aerospace, defence, dies & moulds and heavy fabrication, with a cumulative installed base of over 12,040 machines.

Jyoti CNC Automation Limited

Jyoti CNC Automation Limited is one of India's leading manufacturers of Computer Numerical Control (CNC) metal-cutting machine tools, catering to the Engineering & Capital Goods Industry. Established in 1991, the Company is engaged in the design, development, manufacture and supply of a comprehensive range of CNC machine tools used in precision engineering and advanced manufacturing applications. Its product portfolio comprises over 200 product variants across 44 series, including CNC Turning Centres, Turn Mill Centres, Vertical Machining Centres (VMCs), Horizontal Machining Centres (HMCs), 5-Axis Machining Centres and Multi-Tasking Machines, catering to a wide range of machining requirements.

Jyoti CNC operates a vertically integrated manufacturing model, with in-house foundry, machining, sheet metal fabrication, painting, sub-assembly and assembly facilities. The Company operates manufacturing plants in Rajkot, India, and Strasbourg, France through its wholly owned subsidiary Huron Graffenstaden SAS, a globally recognised manufacturer of high-end 5-axis machining centres.

9.6 Financial Performance Analysis

The financial performance analysis of Weldor CNC Machines Limited is based on its financial results for FY 2025, the company is incorporated on 13 December 2024. The assessment provides an overview of key financial indicators, including total income, EBITDA, profitability margins and other relevant parameters, reflecting the company's initial operational performance and financial position during its first year of operations.

Figures are in INR lakhs (Except for ratios and Percentages)

Key Indicators (in INR Lakhs)	Weldor CNC Machines Limited	
	FY 2025	
Total Operating Income		357.47
Total Income		357.54
EBITDA		96.09
EBITDA Margin (%)		26.88
PAT		65.89
PAT Margin (%)		18.43
Current Ratio (Times)		1.25
Tangible Net worth		364.66
Total Debt		239.55
Debt Equity Ratio (Times)		0.66
ROCE (%)		15.74
Return on Net worth (%)		30.36

Source: Audited Financials as provided by the company

Formula Used:

- EBITDA: Total Operating Income - Operating Expenses (excluding Depreciation & Amortisation, Interest, and Taxes)
- EBITDA Margin: $(\text{EBITDA} / \text{Total Operating Income}) \times 100$
- PAT Margin: $(\text{Profit after Tax} / \text{Total Income}) \times 100$
- Current Ratio: Current Assets / Current Liabilities
- Tangible Net Worth: Share Capital + Reserve & Surplus – Intangible Assets -Deferred Tax Assets – Misc. Expenditure not written off – Revaluation Reserves
- Return on Net Worth (RONW): $(\text{Profit After Tax} / \text{Average Tangible Net Worth}) \times 100$
- Total Capital Employed: Fixed Assets + Intangible Assets + Net Working Capital
- Return on Capital Employed (ROCE): $(\text{Earnings before Interest \& Taxes} / \text{Average Capital Employed}) \times 100$

The financial performance of Weldor CNC Machines Limited for FY2025 reflects stable business operations, healthy profitability and a balanced capital structure, supported by its diversified product portfolio and manufacturing capabilities in the Engineering & Capital Goods Industry. The Company maintained positive operating performance while continuing to generate healthy returns on capital and shareholders' funds.

Total Operating Income stood at INR 357.47 lakh during FY2025, while Total Income amounted to INR 357.54 lakh, indicating that the Company's revenues were primarily generated from its core manufacturing operations, with negligible contribution from non-operating income.

The Company reported an EBITDA of INR 96.09 lakh, translating into an EBITDA Margin of 26.88% during FY2025. The healthy operating margin reflects efficient manufacturing operations, disciplined cost management and the Company's ability to generate strong operating profitability during its first year of business.

Profit After Tax (PAT) stood at INR 65.89 lakh during FY2025, resulting in a PAT Margin of 18.43%. The healthy net profit margin demonstrates the Company's ability to generate robust earnings from its core operations while maintaining effective control over operating and financing costs.

The liquidity position remained comfortable, with a Current Ratio of 1.25 times indicating that current assets exceeded current liabilities and reflecting an adequate working capital position to support day-to-day business operations and meet its short-term financial obligations.

The Company reported a Tangible Net Worth of INR 364.66 lakh, reflecting a healthy shareholders' fund base supporting its manufacturing operations and future business expansion. The net worth provides a sound capital foundation to support investments in production capacity, technology upgradation and operational growth.

In terms of leverage, the Company had Total Debt of INR 239.55 lakh, resulting in a Debt-Equity Ratio of 0.66 times. The leverage level indicates a prudent capital structure, with borrowings maintained at a moderate level relative to shareholders' funds, thereby providing financial flexibility to support future expansion while maintaining financial stability.

The Company generated a Return on Capital Employed (ROCE) of 15.74%, reflecting efficient utilisation of capital invested in the business and its ability to generate satisfactory operating returns. Further, the Return on Net Worth (RoNW) stood at 30.36%, indicating healthy returns generated for shareholders and demonstrating effective utilisation of equity capital.

Overall, Weldor CNC Machines Limited demonstrated healthy operational performance, robust profitability, comfortable liquidity and a prudent financial position during FY2025. As

the Company's first financial year following its incorporation, the healthy operating and net profit margins, balanced capital structure and strong return ratios provide a solid foundation to support its future expansion plans, strengthen its manufacturing capabilities and enhance its competitive position in the Engineering & Capital Goods Industry.

9.7 Peer Benchmarking – Financial performance analysis FY 2025

The following table presents a comparison of key financial indicators of Weldor CNC Machines Limited with Energy Mission Machineries Limited for FY 2025. The peers have been considered based on product portfolio, market presence and operational scale.

Figures are in INR lakhs (Except for Margins and Percentages)

Key Indicators	Weldor CNC Machines Limited	Energy Mission Machineries Limited
Total Operating Income	357.47	15049.37
Total Income	357.54	15095.43
EBITDA	96.09	2126.71
EBITDA Margin (%)	26.88	14.13
PAT	65.89	1256.69
PAT Margin (%)	18.43	8.32
Current Ratio (Times)	1.25	2.18
Tangible Net worth	364.66	8435.79
Total Debt	239.55	2470.14
Debt Equity Ratio (Times)	0.66	0.29
ROCE (%)	15.74	20.71
Return on Net worth (%)	30.36	21.17

Source: Audited Financials as provided by the company and publicly available financial data

Weldor CNC Machines Limited operates at a comparatively smaller scale than Energy Mission Machineries Limited within the Engineering & Capital Goods Industry. However, the Company demonstrates stronger operating and net profitability margins, higher Return on Net Worth and a manageable leverage position, indicating efficient utilisation of its relatively smaller operating base.

In terms of scale, Weldor CNC Machines Limited reported Total Operating Income of INR 357.47 lakhs and Total Income of INR 357.54 lakhs during FY2025. In comparison, Energy Mission Machineries Limited reported Total Operating Income of INR 15,049.37 lakhs and Total Income of INR 15,095.43 lakhs. The substantial difference in revenue scale reflects the larger operating scale, established manufacturing capabilities, broader product portfolio and longer operating history of Energy Mission Machineries Limited. Nevertheless, Weldor CNC

Machines Limited has established a focused position in the sheet metal fabrication machinery segment through its specialised product offerings and precision engineering capabilities.

At the operating level, Weldor CNC Machines Limited reported EBITDA of INR 96.09 lakhs, translating into an EBITDA Margin of 26.88%, significantly higher than Energy Mission Machineries Limited's EBITDA Margin of 14.13%. The Company's higher operating margin indicates stronger operating profitability relative to its revenue base and reflects its ability to maintain cost efficiency and favourable earnings generation from its focused business operations.

At the net profit level, Weldor CNC Machines Limited reported PAT of INR 65.89 lakhs with a PAT Margin of 18.43%, compared with Energy Mission Machineries Limited's PAT of INR 1,256.69 lakhs and PAT Margin of 8.32%. While Energy Mission Machineries Limited generated substantially higher absolute PAT owing to its significantly larger scale of operations, Weldor CNC Machines Limited reported a considerably higher PAT Margin, indicating stronger earnings conversion and net profitability efficiency relative to its revenue base.

From a liquidity perspective, Weldor CNC Machines Limited reported a Current Ratio of 1.25 times, compared with 2.18 times for Energy Mission Machineries Limited. The lower current ratio indicates a comparatively tighter liquidity position; however, the Company's ratio remained above 1.0 times, indicating that current assets exceeded current liabilities and providing an adequate base to meet its short-term financial obligations and working capital requirements.

In terms of Tangible Net Worth, Weldor CNC Machines Limited reported INR 364.66 lakhs, compared with INR 8,435.79 lakhs reported by Energy Mission Machineries Limited. The substantial difference primarily reflects the significantly larger scale and established capital base of Energy Mission Machineries Limited. Weldor CNC Machines Limited, being a relatively newly incorporated company, operates with a comparatively smaller equity base. Nevertheless, its positive Tangible Net Worth provides a capital foundation to support its existing operations and future business expansion.

In terms of leverage, Weldor CNC Machines Limited reported Total Debt of INR 239.55 lakhs with a Debt-Equity Ratio of 0.66 times, compared with Total Debt of INR 2,470.14 lakhs and a Debt-Equity Ratio of 0.29 times for Energy Mission Machineries Limited. Although Weldor CNC Machines Limited has a higher debt-equity ratio, its absolute debt remains significantly lower due to its smaller operating scale. The Company's leverage remains at a manageable level relative to its net worth and provides a reasonable capital structure to support its business operations.

With respect to capital efficiency, Weldor CNC Machines Limited reported a Return on Capital Employed (ROCE) of 15.74%, compared with 20.71% for Energy Mission Machineries Limited.

Although Energy Mission Machineries Limited generated a higher return on capital employed, Weldor CNC Machines Limited reported a Return on Net Worth (RoNW) of 30.36%, substantially higher than 21.17% reported by Energy Mission Machineries Limited. The higher RoNW indicates that Weldor CNC Machines Limited generated comparatively stronger returns on shareholders' funds despite operating with a significantly smaller capital base.

Overall, Weldor CNC Machines Limited operates at a significantly smaller scale than Energy Mission Machineries Limited but demonstrates stronger profitability margins and higher returns on shareholders' funds. Its higher EBITDA Margin, PAT Margin and RoNW indicate efficient earnings generation, while its positive Tangible Net Worth, adequate liquidity and manageable leverage provide a reasonable financial foundation for future growth. The Company's comparatively lower ROCE and smaller capital base reflect its early stage of operations, while its strong profitability metrics provide a positive basis for scaling its manufacturing capabilities and strengthening its position within the Engineering & Capital Goods Industry.

9.8 Company Positioning

Weldor CNC Machines Limited is positioned as a specialised manufacturer of CNC sheet metal processing and fabrication machinery within the Engineering & Capital Goods Industry. Unlike manufacturers offering a broad range of industrial equipment across multiple engineering segments, the Company focuses on precision sheet metal fabrication solutions comprising CNC Press Brakes, CNC Panel Benders, Shearing Machines, Plate Rolling Machines, V-Grooving Machines along with a range of tooling systems, CNC controllers and automation-enabled accessories. This focused product portfolio enables the Company to cater to the evolving requirements of fabrication, metalworking and precision manufacturing industries.

The Company differentiates itself through its technology-driven manufacturing approach, integrating advanced CNC control systems, multi-axis machining capabilities, servo-driven technologies, hydraulic crowning systems and Industry 4.0-ready features into its products. Its ability to provide customised machine configurations, tooling solutions and automation features enables customers to enhance productivity, improve precision and optimise manufacturing efficiency across a wide range of fabrication applications.

Operating within the Engineering & Capital Goods Industry, the Company serves a diversified customer base across industries including automotive and auto components, fabricated metal products, heavy engineering, electrical equipment, construction equipment, infrastructure and general manufacturing. Its presence across multiple industrial sectors reduces dependence on any single end-user industry while enabling it to participate in the growing demand for advanced manufacturing equipment and precision engineering solutions.

The Company's manufacturing facility, located in Rajkot, Gujarat, benefits from the region's well-established engineering ecosystem, availability of skilled technical manpower, robust vendor network and proximity to key industrial clusters. These advantages support efficient manufacturing operations, timely procurement of components and effective distribution across domestic and international markets.

The Company's positioning is further strengthened by its emphasis on precision engineering, product quality, technological innovation and customer-specific solutions. By offering technologically advanced and customisable machinery supported by reliable after-sales service and continuous product development.

9.9 Swot Analysis

Strengths (Internal / Competitive Advantages)	Weaknesses (Internal / Limitations)
✓ Specialised Product Portfolio: The Company manufactures a comprehensive range of sheet metal fabrication machinery, including CNC Press Brakes, Panel Benders, Shearing Machines, Plate Rolling Machines, V-Grooving Machines and Pipe Punching Machines, enabling it to cater to diverse industrial applications. ✓ Technology-Driven Product Offerings: The Company's machines incorporate advanced CNC controllers, multi-axis control systems, 2D/3D programming, automatic bend sequencing and Industry 4.0-ready features, enhancing productivity, precision and operational efficiency. ✓ Customisation Capabilities: The Company offers multiple controller configurations, back-gauge systems, tooling options and crowning systems, enabling customised machine solutions based on customer-specific production requirements. ✓ Focus on Precision Engineering: Advanced features such as servo-driven back-gauges, hydraulic crowning systems, automatic tool alignment and high-precision bending technologies enhance product accuracy, repeatability and reliability. ✓ Growing International Presence: The Company has established a presence in domestic as well as international markets through a network of sales and service partners across countries including the USA, Mexico, South Africa, Bangladesh, Nepal and the Middle East, supporting business diversification.	✗ Limited Operating History: Incorporated in December 2024, the Company has a limited operating and financial track record, which may constrain its ability to establish long-term customer confidence compared to established industry players. ✗ Concentration in Sheet Metal Machinery: The Company's business is primarily focused on sheet metal fabrication equipment, limiting product diversification compared to larger engineering companies offering a wider range of industrial machinery. ✗ Relatively Small Scale of Operations: Compared with established domestic and global machine tool manufacturers, the Company currently operates at a relatively smaller scale, which may limit economies of scale and market penetration. ✗ Dependence on Industrial Capital Expenditure: Demand for the Company's products is closely linked to capital investment cycles in manufacturing and infrastructure sectors, making revenue susceptible to fluctuations in industrial investment.

Opportunities (External / Market Realities)	Threats (External / Sector Challenges)
🌱 Expansion of India's Manufacturing Sector: Government initiatives promoting domestic manufacturing, industrialisation and infrastructure development are expected to increase demand for machine tools and sheet metal fabrication equipment. 🌱 Growing Adoption of Automation and Industry 4.0: Increasing adoption of CNC machinery, smart manufacturing, robotics and digital manufacturing technologies presents opportunities for higher-value product offerings. 🌱 Import Substitution Opportunities: Rising emphasis on indigenous manufacturing under initiatives such as Make in India provides opportunities for domestic manufacturers to replace imported machine tools. 🌱 Export Market Expansion: Increasing global demand for cost-competitive engineering equipment offers opportunities to strengthen exports and expand presence in international markets. 🌱 Rising Demand from High-Growth Industries: Expanding investments in automotive, defence, railways, aerospace, renewable energy and general engineering sectors are expected to support long-term demand for precision fabrication machinery.	⚠️ Intense competition from established domestic and international players The CNC press brake segment within the engineering and capital goods industry is characterized by the presence of well-established international manufacturers from China, Taiwan, South Korea, Germany and Italy, who benefit from economies of scale, advanced automation capabilities and, in certain cases, government-subsidized manufacturing costs. Increased competitive intensity, including from low-cost Chinese imports, may result in pricing pressure, margin compression and loss of market share. ⚠️ Dependence on capital expenditure cycles of end-user industries Demand for CNC press brakes is closely linked to capital expenditure decisions of end-user sectors such as automotive, general engineering, railways, defence, white goods and infrastructure. Any economic slowdown, moderation in industrial output, or deferral of capex plans by such user industries could adversely affect order inflows and revenue for manufacturers of CNC press brakes. ⚠️ Volatility in prices of key raw materials CNC press brakes require substantial quantities of mild steel, alloy steel, castings and forgings, in addition to CNC controllers, servo motors, hydraulic components and precision ballscrews. Any significant increase in the prices of steel or such critical components, many of which are import-dependent, could adversely affect the cost of production and profitability. ⚠️ Dependence on imported critical components CNC controllers, drives and certain precision components continue to be predominantly imported from Japan, Germany, Taiwan and China. Any disruption in global supply chains, export restrictions, or adverse fluctuation in foreign exchange rates may increase input costs and impact delivery timelines. ⚠️ Shortage of skilled manpower Manufacturing and servicing of CNC press brakes require specialized technical skills in CNC programming, hydraulics, electronics and precision

engineering. Any shortage of adequately trained engineers and technicians, particularly in Tier-II/III manufacturing clusters, may affect production efficiency and customer service capability.

⚠️ High capital intensity and long gestation periods

Manufacturing of CNC press brakes involves significant upfront investment in machine shops, assembly infrastructure, testing facilities and skilled workforce, with relatively long gestation periods for capacity augmentation. This may limit the ability of industry participants to scale production rapidly in response to sudden demand upswings, resulting in lost order opportunities.

⚠️ Threat of substitution

A significant portion of the Indian sheet-metal fabrication industry, particularly small and medium enterprises, continues to rely on conventional mechanical or NC hydraulic press brakes due to lower capital cost. Slow migration of such users towards CNC technology may restrain the pace of industry growth.

⚠️ Customer concentration and project-based, non-recurring order patterns

Orders for CNC press brakes are often need-based and non-recurring in nature, driven by specific capacity expansion or replacement decisions of end-users. High dependence on a limited number of large customers or sectors may result in significant quarter-on-quarter and year-on-year volatility in order inflows and revenues.

10.Future Outlook

The Indian Engineering & Capital Goods Industry is expected to witness rapid long-term growth, with capital goods production projected to grow at a CAGR of 20% over the medium term, reflecting sustained industrial expansion and increasing investments across manufacturing, infrastructure and core sectors of the economy. Growth is expected to be supported by continued public and private capital expenditure, rising industrial automation, expanding manufacturing capacities and increasing demand for advanced engineering equipment across automotive, railways, defence, aerospace, renewable energy and general engineering industries. Within this industry, the CNC Press Brake and Rolling Machine segment is expected to benefit from increasing demand for precision sheet metal fabrication, forming and bending equipment across diverse manufacturing applications.

The industry is expected to benefit from the increasing adoption of Industry 4.0 technologies, including CNC automation, robotics, artificial intelligence (AI), Industrial Internet of Things (IIoT) and smart manufacturing solutions, which are expected to improve productivity, precision and operational efficiency. Growing emphasis on indigenous manufacturing, localisation of supply chains and import substitution, supported by initiatives such as Make in India, the Production Linked Incentive (PLI) Scheme and the National Manufacturing Mission, is expected to further strengthen domestic manufacturing capabilities and enhance India's position as a global engineering manufacturing hub. Increasing adoption of automated and technologically advanced sheet metal processing equipment is expected to support demand for CNC Press Brakes and Rolling Machines.

With focus on CNC Press Brakes and Rolling Machines, catering to the growing requirements of sheet metal fabrication and precision manufacturing applications. The business proposes to introduce Panel Benders as a new product line, enabling it to broaden its product portfolio and address additional requirements within the sheet metal processing and fabrication segment. The addition of Panel Benders is expected to provide opportunities for product diversification and enable the Company to cater to customers seeking automated and efficient bending solutions.

While the industry may face challenges such as fluctuations in raw material prices, technological obsolescence, global supply chain disruptions and competitive pressures from international manufacturers, these factors are not expected to materially impact its long-term growth trajectory. The strategic importance of the Engineering & Capital Goods Industry in supporting industrialisation, infrastructure development and manufacturing competitiveness, coupled with continuous technological advancements and expanding demand for precision machinery, is expected to provide a strong foundation for sustained growth.

Overall, the Engineering & Capital Goods Industry is well positioned to remain a key pillar of India's industrial economy, supported by favourable policy initiatives, increasing capital investment and a projected CAGR of approximately 20% in capital goods production over the medium term with continued focus on CNC Press Brakes and Rolling Machines, complemented by the planned introduction of Panel Benders, is expected to support product diversification, expand its addressable market and strengthen its competitive positioning over the medium to long term.

Yours Faithfully,



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