

May 13, 2025

Q4FY25 Result Update

Change in Estimates | Target | Reco

Change in Estimates

	Current		Previous	
	FY26E	FY27E	FY26E	FY27E
Rating	ACCUMULATE		ACCUMULATE	
Target Price	3,629		3,456	
Sales (Rs. m)	1,17,053	1,30,753	1,23,410	1,37,784
% Chng.	(5.2)	(5.1)		
EBITDA (Rs. m)	10,535	12,422	11,107	13,089
% Chng.	(5.2)	(5.1)		
EPS (Rs.)	66.2	74.5	67.7	76.8
% Chng.	(2.2)	(3.0)		

Key Financials - Consolidated

Y/e Mar	FY24	FY25	FY26E	FY27E
Sales (Rs. m)	93,235	1,03,887	1,17,053	1,30,753
EBITDA (Rs. m)	7,974	9,078	10,535	12,422
Margin (%)	8.6	8.7	9.0	9.5
PAT (Rs. m)	5,894	6,345	7,894	8,874
EPS (Rs.)	49.5	53.2	66.2	74.5
Gr. (%)	30.8	7.6	24.4	12.4
DPS (Rs.)	12.0	12.0	19.9	22.3
Yield (%)	0.4	0.4	0.6	0.7
RoE (%)	14.2	13.5	15.0	15.0
RoCE (%)	12.5	12.1	11.8	11.3
EV/Sales (x)	4.1	3.7	3.3	3.0
EV/EBITDA (x)	47.9	42.1	36.9	31.9
PE (x)	66.7	61.9	49.8	44.3
P/BV (x)	8.8	8.0	7.0	6.3

Key Data

THMX.BO | TMX IN

52-W High / Low	Rs.5,840 / Rs.2,930
Sensex / Nifty	82,430 / 24,925
Market Cap	Rs.393bn / \$ 4,601m
Shares Outstanding	119m
3M Avg. Daily Value	Rs.452.21m

Shareholding Pattern (%)

Promoter's	61.99
Foreign	15.86
Domestic Institution	12.25
Public & Others	9.90
Promoter Pledge (Rs bn)	-

Stock Performance (%)

	1M	6M	12M
Absolute	6.9	(35.5)	(28.0)
Relative	(2.6)	(38.4)	(36.6)

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Decent quarter signals gradual recovery

Quick Pointers:

- The quarterly results were impacted from technological intervention costs of Rs660mn in Bio-CNG.
- Order book mix stands at Industrial Products/Industrial Infra/Green Solutions/Chemicals of 39/51/8/2%, and a domestic/export mix of 77/23%.

We revise our FY26/FY27 EPS estimates by -2.2%/-3.0% factoring in probable execution delays in Industrial Infra. Thermax (TMX) delivered a decent performance in Q4, reporting 11.6% YoY revenue growth, while EBITDA margin saw a marginal decline of 17 bps YoY to 9.7%. Management remains optimistic about FY26 revenue growth with better margins, supported by robust momentum in the Industrial Products segment. The Chemicals business is poised to contribute meaningfully in the medium term through continued product innovation and market expansion. Execution challenges in the Industrial Infrastructure segment, particularly in Bio-CNG and FGD, have largely been addressed, while the order prospects remain robust in refinery & petrochemicals, steel, cement, and waste-to-energy projects. In the Green Solutions segment, losses from FEPL are expected to reduce significantly, while TOESL is anticipated to maintain its steady growth trajectory.

We believe TMX is well placed to gain from increasing thrust on energy transition & de-carbonization led by its 1) sustainable green industrial solutions in bio-energy, heating & cooling, chemicals, and water, 2) technical expertise, and 3) prudent working capital management. The stock is currently trading at a PE of 49.8x/44.3x on FY26/27E. We roll forward to Mar'27E and maintain 'Accumulate' rating valuing the core business (ex. Green Solutions) at a PE of 40x Mar'27E (40x Sep'26E earlier) with a revised SoTP derived TP of Rs3,629 (Rs3,456 earlier).

Lower gross margin and higher employee costs drag down profitability: Consol. revenue rose 11.6% YoY to Rs30.8bn (PlE: Rs30.8bn) driven by healthy growth in Chemicals and Industrial Products. Industrial Products revenue grew 18.5% YoY to Rs14.3bn; Industrial Infra grew 4.3% YoY to Rs14.2bn; Green Solutions rose 4.1% YoY to Rs1.5bn; and Chemicals jumped 36.3% YoY to Rs2.1bn. Gross margin increased by 38bps YoY to 43.4% (PlE: 44.2%). EBITDA grew 9.7% YoY to Rs3.0bn (PlE: Rs3.1bn). EBITDA margin largely remained flat at 8.2% (PlE: 10.2%) led by gross margin expansion partially offset by higher other expenses (up 123bps YoY % of sales). Industrial Products margin came in at 14.4% (vs 11.7% in Q4FY24); Industrial Infra margin fell to 2.8% (vs 6.1% in Q4FY24); Green Solutions margin fell to -5.3% (vs -2.9% in Q4FY24); Chemicals margin declined to 16.6% (vs 19.2% in Q4FY24). PAT increased by 9.7% YoY to Rs2.1bn (PlE: Rs2.2bn), driven by better operating performance and higher other income (+39.1% YoY to Rs769mn).

Order book stands strong at Rs106.9bn (1.0x TTM revenue): Order inflow declined 8.2% YoY to Rs21.2bn, due to no large order booking during the quarter. Industrial product order intake declined 4.8% YoY to Rs10.1 bn while Industrial Infra order inflow declined by 15.8% YoY to Rs9.0bn. Chemical order intake grew by 6.4% YoY to Rs1.8bn and Green solutions order intake came in at Rs210mn (vs Rs30mn in Q4FY24). Order book stands at Rs106.9bn (1.0x TTM revenue), with an Industrial Products/Industrial Infra/Green Solutions/Chemicals mix of 39/51/8/2%, and a domestic/export mix of 77/23%.

Exhibit 1: Higher other income (+39.1% YoY to Rs769mn) aids PAT growth of 9.7% YoY to Rs2.1bn

Y/e March (Rs mn)	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Revenue	30,849	27,637	11.6%	30,755	0.3%	25,078	23.0%	103,887	93,235	11.4%
Gross Profit	13,401	11,901	12.6%	13,584	-1.3%	11,083	20.9%	45,752	41,039	11.5%
Margin (%)	43.4	43.1	38	44.2	(73)	44.2	(75)	44.0	44.0	2
Employee Cost	3,320	3,162	5.0%	3,316	0.1%	3,227	2.9%	12,689	11,483	10.5%
as % of sales	10.8	11.4	(68)	10.8	(2)	12.9	(210)	12.2	12.3	(10)
Other expenditure	7,084	6,007	17.9%	7,130	-0.6%	5,966	18.7%	23,985	21,582	11.1%
as % of sales	23.0	21.7	123	23.2	(22)	23.8	(83)	23.1	23.1	(6)
EBITDA	2,997	2,732	9.7%	3,139	-4.5%	1,890	58.6%	9,078	7,974	13.8%
Margin (%)	9.7	9.9	(17)	10.2	(49)	7.5	218	8.7	8.6	19
Depreciation	453	499	-9.1%	529	-14.3%	351	29.3%	1,585	1,481	7.0%
EBIT	2,543	2,233	13.9%	2,610	-2.5%	1,539	65.2%	7,493	6,493	15.4%
Margin (%)	8.2	8.1	17	8.5	(24)	6.1	211	7.2	7.0	25
Other Income	769	553	39.1%	701	9.7%	315	143.9%	2,522	2,326	8.4%
Interest Costs (other than fin serv.)	313	278	12.4%	302	3.4%	287	9.0%	1,168	876	33.3%
PBT (ex. Extra-ordinaries)	2,999	2,507	19.6%	3,009	-0.3%	1,568	91.3%	8,847	7,943	11.4%
Margin (%)	9.7	9.1	65	9.8	(6)	6.3	347	8.5	8.5	(0)
Extraordinary Items	-	-	#DIV/0!	-	#DIV/0!	-	#DIV/0!	-	755	-100.0%
PBT	2,999	2,507	19.6%	3,009	-0.3%	1,568	91.3%	8,847	8,698	1.7%
Total Tax	951	633	50.3%	756	25.8%	425	123.5%	2,578	2,258	14.2%
Effective Tax Rate (%)	31.7	25.2	646	25.1	659	27.1	457	29.1	26.0	318
PAT before JVs/MI	2,048	1,874	9.3%	2,253	-9.1%	1,142	79.3%	6,269	6,440	-2.6%
Share of JVs/MI	9	2	493.3%	(71)	-112.5%	17	-46.7%	75	13	492.9%
Reported PAT	2,057	1,876	9.7%	2,182	-5.7%	1,159	77.5%	6,345	6,453	-1.7%
Adj. PAT	2,057	1,876	9.7%	2,182	-5.7%	1,159	77.5%	6,345	5,894	7.7%
Adj. EPS	17.3	15.7	9.7%	18.3	-5.7%	9.7	77.5%	53.2	49.5	7.7%

Source: Company, PL

Exhibit 2: Industrial Infra margins declined by 333bps YoY to 2.8%; Industrial products margins improved 277bps YoY to 14.4%

Segment Performance	Q4FY25	Q4FY24	YoY gr.	Q4FY25E	% Var.	Q3FY25	QoQ gr.	FY25	FY24	YoY gr.
Revenue (Rs mn)										
Industrial Products	14,304	12,074	18.5%	14,319	-0.1%	10,801	32.4%	45,290	40,552	11.7%
Industrial Infrastructure	14,152	13,565	4.3%	13,565	4.3%	11,317	25.1%	47,146	44,552	5.8%
Green Solutions	1,519	1,458	4.1%	1,917	-20.8%	1,892	-19.7%	6,899	5,071	36.1%
Chemicals	2,101	1,541	36.3%	2,294	-8.4%	1,916	9.7%	7,628	6,634	15.0%
EBIT (Rs mn)										
Industrial Products	2,063	1,407	46.6%	1,756	17.5%	1,215	69.7%	5,290	3,970	33.3%
Industrial Infrastructure	389	825	-52.8%	866	-55.1%	13	2805.2%	1,101	2,089	-47.3%
Green Solutions	(81)	(43)	89.9%	228	-135.5%	(19)	330.3%	(9)	(72)	-88.0%
Chemicals	349	296	17.8%	495	-29.5%	264	32.2%	1,223	1,238	-1.2%
EBIT Margin (%)										
			YoY bps		Var. bps		QoQ bps			YoY bps
Industrial Products	14.4	11.7	277	12.3	216	11.3	317	11.7	9.8	189
Industrial Infrastructure	2.8	6.1	-333	6.4	-364	0.1	263	2.3	4.7	-235
Green Solutions	-5.3	-2.9	-241	11.9	-1,721	-1.0	-433	-0.1	-1.4	129
Chemicals	16.6	19.2	-261	21.6	-497	13.8	284	16.0	18.7	-263

Source: Company, PL

Exhibit 3: Green Solutions include TOESL & FEPL subsidiaries

	Mar'27E (Rs mn)	Valuation basis	Target multiple (X)	Targeted Value (Rs mn)	Value/Share
Core Business PAT	10,070	P/E	40	402,789	3,380
Green Solutions BV	5,937	P/B	5	29,685	249
Total Target (Rs. Mn)				432,474	3,629

Source: Company, PL

Conference Call Highlights

- Management remains reasonably bullish for FY26 growth** with comfortably maintaining double digit margins. The capex for the FY26 will relatively be lower with some debottlenecking initiatives for the heating plant and capex related to new product development in Chemicals.
- Ordering Pipeline:** Ordering pipeline continues to remain robust with strong enquiries from Power, F&B and metals. Internationally, the biggest order intake pipeline is in Middle East, followed by South East Asia for projects and products while good traction is seen from Africa and Latin America for products. Despite the strong order pipeline, the intake was lower during the quarter due to one big order not being converted with few push outs.
- Industrial Products:** Q4FY25 order intake faced some macro-driven slowdown which is expected to recover in Q1FY26. The international pipeline, particularly in ethanol, continues to grow. Fastest growth is seen in Water and Enviro (clean air solutions), though they yield lower margins, whereas small boilers and heaters remain most profitable but grow slower due to high market share. Cooling is poised for strong growth, driven by innovation, alongside ongoing capability enhancements across product lines.
- Industrial Infra:** The quarterly results were affected on account of ~Rs660mn technological intervention costs in Bio-CNG. This segment has face cyclicality in projects which is expected to continue while the new projects booked are expected to yield better margins. The segment is expected to do better in terms of order intake in FY26 driven by decent pipeline in refinery & petrochemicals and cement which are expected to materialize in H2FY26 along with strong traction in power, steel, international business and waste-to-energy.
- Bio-CNG to break even in FY26:** On the back of a horrid year for the Bio-CNG, company expects it to break even in FY26 as all the technological interventions are done and company to start booking orders, although, selective. Despite this, the economics of the Bio-CNG space are still margin and requires government policy support to grow. Bio-CNG has an order backlog of Rs3.4bn, executable throughout FY26 with some spillover expected to FY27.
- Potential profitability improvement for FGD:** After the first set of FGD projects were executed, there was a case made for increased compensation to the regulator. If approved, it will improve the financial viability of the FGD space in India. Thermax has an FGD backlog of Rs4.5bn with Rs3.5bn expected to be executed in FY26.

- **Chemicals:** Chemicals is the most profitable business for Thermax. However, the profitability was lower in Q4FY25 due to higher input costs and change in product mix. Thermax is continuously working towards introducing new products while trying to improve market penetration in existing markets and developing new markets. Company will continue to invest for growth of its Chemical business for near future resulting in higher investment related costs and higher depreciation of the new plant.
- **Green Solutions:** Management expects steady ordering activity for Green Solutions in FY26. Thermax will invest more into the new age growth segments such as Hydrogen, Carbon Capture etc. Meanwhile, losses from FEPL are expected to come down significantly in FY26 and TOESL is expected to continue on its steady growth path.

Financials

Income Statement (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Net Revenues	93,235	1,03,887	1,17,053	1,30,753
YoY gr. (%)	15.2	11.4	12.7	11.7
Cost of Goods Sold	52,196	58,135	65,082	72,045
Gross Profit	41,039	45,752	51,972	58,708
Margin (%)	44.0	44.0	44.4	44.9
Employee Cost	11,483	12,689	14,163	15,821
Other Expenses	7,704	23,985	10,418	11,637
EBITDA	7,974	9,078	10,535	12,422
YoY gr. (%)	33.4	13.8	16.0	17.9
Margin (%)	8.6	8.7	9.0	9.5
Depreciation and Amortization	1,481	1,585	1,807	2,346
EBIT	6,493	7,493	8,728	10,076
Margin (%)	7.0	7.2	7.5	7.7
Net Interest	876	1,168	1,234	1,695
Other Income	2,326	2,522	3,102	3,530
Profit Before Tax	8,698	8,847	10,596	11,911
Margin (%)	9.3	8.5	9.1	9.1
Total Tax	2,258	2,578	2,702	3,037
Effective tax rate (%)	26.0	29.1	25.5	25.5
Profit after tax	6,440	6,269	7,894	8,874
Minority interest	(21)	(78)	-	-
Share Profit from Associate	(8)	(2)	-	-
Adjusted PAT	5,894	6,345	7,894	8,874
YoY gr. (%)	30.8	7.6	24.4	12.4
Margin (%)	6.3	6.1	6.7	6.8
Extra Ord. Income / (Exp)	559	-	-	-
Reported PAT	6,453	6,345	7,894	8,874
YoY gr. (%)	43.2	(1.7)	24.4	12.4
Margin (%)	6.9	6.1	6.7	6.8
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	6,453	6,345	7,894	8,874
Equity Shares O/s (m)	119	119	119	119
EPS (Rs)	49.5	53.2	66.2	74.5

Source: Company Data, PL Research

Balance Sheet Abstract (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
Non-Current Assets				
Gross Block	28,885	37,877	47,047	58,794
Tangibles	28,885	37,877	47,047	58,794
Intangibles	-	-	-	-
Acc: Dep / Amortization	10,140	11,725	13,532	15,878
Tangibles	10,140	11,725	13,532	15,878
Intangibles	-	-	-	-
Net fixed assets	18,745	26,152	33,516	42,916
Tangibles	18,745	26,152	33,516	42,916
Intangibles	-	-	-	-
Capital Work In Progress	5,564	7,533	8,362	9,116
Goodwill	-	-	-	-
Non-Current Investments	6,409	6,794	6,205	9,191
Net Deferred tax assets	963	1,243	1,243	1,243
Other Non-Current Assets	3,740	3,660	4,097	4,576
Current Assets				
Investments	13,635	15,679	16,679	17,679
Inventories	7,649	7,203	9,300	10,389
Trade receivables	22,671	25,654	28,221	32,240
Cash & Bank Balance	9,753	12,085	13,190	13,809
Other Current Assets	6,641	6,476	7,843	8,499
Total Assets	1,00,445	1,19,376	1,34,236	1,56,038
Equity				
Equity Share Capital	225	225	225	225
Other Equity	44,173	49,144	55,608	62,113
Total Network	44,398	49,369	55,833	62,338
Non-Current Liabilities				
Long Term borrowings	8,059	11,804	19,123	26,211
Provisions	-	-	-	-
Other non current liabilities	-	-	-	-
Current Liabilities				
ST Debt / Current of LT Debt	4,715	5,373	6,553	8,466
Trade payables	15,810	17,510	18,921	20,777
Other current liabilities	28,425	36,508	35,049	39,489
Total Equity & Liabilities	1,00,445	1,19,376	1,34,236	1,56,038

Source: Company Data, PL Research

Cash Flow (Rs m)

Y/e Mar	FY24	FY25	FY26E	FY27E
PBT	8,698	8,847	10,596	11,911
Add. Depreciation	1,481	1,585	1,807	2,346
Add. Interest	837	1,411	1,234	1,695
Less Financial Other Income	2,326	2,522	3,102	3,530
Add. Other	(1,919)	(1,000)	(3,102)	(3,530)
Op. profit before WC changes	9,096	10,844	10,535	12,422
Net Changes-WC	(4,760)	1,289	(2,697)	(1,096)
Direct tax	1,863	1,861	2,702	3,037
Net cash from Op. activities	2,473	10,272	5,136	8,288
Capital expenditures	(7,220)	(9,002)	(10,000)	(12,500)
Interest / Dividend Income	872	638	3,102	3,530
Others	1,257	(4,042)	(2,913)	(3,637)
Net Cash from Invt. activities	(5,092)	(12,406)	(9,811)	(12,606)
Issue of share cap. / premium	-	-	-	-
Debt changes	4,306	4,336	8,500	9,000
Dividend paid	(1,128)	(1,352)	(1,430)	(2,368)
Interest paid	(821)	(1,758)	(1,234)	(1,695)
Others	496	9	-	-
Net cash from Fin. activities	2,854	1,236	5,836	4,937
Net change in cash	235	(898)	1,161	619
Free Cash Flow	(5,966)	1,245	(4,864)	(4,212)

Source: Company Data, PL Research

Key Financial Metrics

Y/e Mar	FY24	FY25	FY26E	FY27E
Per Share(Rs)				
EPS	49.5	53.2	66.2	74.5
CEPS	61.9	66.5	81.4	94.2
BVPS	372.6	414.3	468.6	523.2
FCF	(50.1)	10.4	(40.8)	(35.3)
DPS	12.0	12.0	19.9	22.3
Return Ratio(%)				
RoCE	12.5	12.1	11.8	11.3
ROIC	16.8	15.6	14.7	13.0
RoE	14.2	13.5	15.0	15.0
Balance Sheet				
Net Debt : Equity (x)	(0.2)	(0.2)	(0.1)	0.1
Net Working Capital (Days)	57	54	58	61
Valuation(x)				
PER	66.7	61.9	49.8	44.3
P/B	8.8	8.0	7.0	6.3
P/CEPS	53.3	49.5	40.5	35.0
EV/EBITDA	47.9	42.1	36.9	31.9
EV/Sales	4.1	3.7	3.3	3.0
Dividend Yield (%)	0.4	0.4	0.6	0.7

Source: Company Data, PL Research

Quarterly Financials (Rs m)

Y/e Mar	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Net Revenue	21,844	25,456	25,078	30,849
YoY gr. (%)	13.0	10.6	7.9	11.6
Raw Material Expenses	12,288	14,405	13,995	17,448
Gross Profit	9,556	11,051	11,083	13,401
Margin (%)	43.7	43.4	44.2	43.4
EBITDA	1,412	2,120	1,890	2,997
YoY gr. (%)	6.8	3.6	0.8	9.7
Margin (%)	6.5	8.3	7.5	9.7
Depreciation / Depletion	360	421	351	453
EBIT	1,051	1,699	1,539	2,543
Margin (%)	4.8	6.7	6.1	8.2
Net Interest	275	294	287	313
Other Income	841	598	315	769
Profit before Tax	1,617	2,663	1,568	2,999
Margin (%)	7.4	10.5	6.3	9.7
Total Tax	519	683	425	951
Effective tax rate (%)	32.1	25.6	27.1	31.7
Profit after Tax	1,098	1,980	1,142	2,048
Minority interest	(64)	10	(22)	(2)
Share Profit from Associates	(4)	-	(5)	7
Adjusted PAT	1,158	1,503	1,159	2,057
YoY gr. (%)	20.2	(4.7)	(19.3)	9.7
Margin (%)	5.3	5.9	4.6	6.7
Extra Ord. Income / (Exp)	-	468	-	-
Reported PAT	1,158	1,970	1,159	2,057
YoY gr. (%)	96.7	24.9	(51.1)	9.7
Margin (%)	5.3	7.7	4.6	6.7
Other Comprehensive Income	-	-	-	-
Total Comprehensive Income	1,158	1,970	1,159	2,057
Avg. Shares O/s (m)	119	119	119	119
EPS (Rs)	9.7	12.6	9.7	17.3

Source: Company Data, PL Research

Price Chart



Recommendation History

No.	Date	Rating	TP (Rs.)	Share Price (Rs.)
1	09-Apr-25	Accumulate	3,456	3,222
2	07-Feb-25	Accumulate	3,857	3,385
3	09-Jan-25	Reduce	4,275	3,982
4	15-Nov-24	Reduce	4,275	5,004
5	07-Oct-24	Reduce	4,186	5,193
6	05-Aug-24	Reduce	4,237	4,984
7	08-Jul-24	Reduce	3,923	5,605

Analyst Coverage Universe

Sr. No.	Company Name	Rating	TP (Rs)	Share Price (Rs)
1	ABB India	BUY	6,955	5,064
2	Apar Industries	Accumulate	6,287	4,944
3	BEML	Accumulate	3,561	2,875
4	Bharat Electronics	BUY	340	281
5	BHEL	Accumulate	226	211
6	Carborundum Universal	Accumulate	1,052	950
7	Cummins India	BUY	3,309	2,746
8	Elgi Equipments	BUY	517	418
9	Engineers India	BUY	242	164
10	GE Vernova T&D India	Accumulate	1,950	1,304
11	Grindwell Norton	Accumulate	1,716	1,612
12	Harsha Engineers International	Accumulate	398	374
13	Hindustan Aeronautics	Accumulate	4,134	4,042
14	Ingersoll-Rand (India)	BUY	4,540	3,376
15	Kalpataru Projects International	BUY	1,105	876
16	KEC International	Accumulate	801	665
17	Kirloskar Pneumatic Company	BUY	1,636	1,230
18	Larsen & Toubro	BUY	4,004	3,324
19	Praj Industries	BUY	545	461
20	Siemens	Accumulate	3,233	2,763
21	Thermax	Accumulate	3,456	3,222
22	Triveni Turbine	BUY	744	488
23	Voltamp Transformers	BUY	10,285	8,195

PL's Recommendation Nomenclature (Absolute Performance)

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

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(Indian Clients)

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