

# Thermax

Estimate changes



TP change



Rating change



Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	450.3 / 5.1
52-Week Range (INR)	5721 / 2930
1, 6, 12 Rel. Per (%)	16/-7/-25
12M Avg Val (INR M)	585

## Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	115.2	127.1	142.4
EBITDA	11.7	13.7	15.9
PAT	7.7	9.0	10.7
EPS (INR)	68.0	79.8	94.6
GR. (%)	20.5	17.5	18.5
BV/Sh (INR)	491.4	556.2	635.9

## Ratios

ROE (%)	14.6	15.2	15.9
RoCE (%)	12.4	12.9	13.6

## Valuations

P/E (X)	55.6	47.3	39.9
P/BV (X)	7.7	6.8	5.9
EV/EBITDA (X)	36.5	31.0	26.4
Div Yield (%)	0.4	0.4	0.4

## Shareholding pattern (%)

As On	Jun-25	Mar-25	Jun-24
Promoter	62.0	62.0	62.0
DII	11.8	12.3	12.9
FII	21.5	21.3	20.6
Others	4.8	4.4	4.5

FII Includes depository receipts

**CMP: INR3,779**

**TP: INR3,450 (-9%)**

**Sell**

## Core performance remains weak

Thermax's (TMX) 1QFY26 results came in ahead of our estimates owing to incentives received by the company during the quarter. Revenue growth remained weak across all segments, while order inflow improved in single digits. Order prospect pipeline remained strong, particularly from thermal IPP, steel, cement and oil and gas. While we do see positives from the possibility of conversion of enquiry pipeline into large-sized inflows, we remain concerned about the low-margin legacy order book of INR7b, which can continue to weigh on margins. Along with this, exposure of exports to the US market pose an overhang on margins of chemical segment. We bake in order inflow and revenue growth of 11%/16% and a PAT CAGR of 17% over FY25-28. With an increase of 3% each in our FY26/27 estimates, we arrive at a revised TP of INR3,450, based on core business valuation at 40x Sep'27E EPS and the addition of subsidiary valuations. Maintain Sell.

## Results beat our estimates on income from incentive schemes

EBITDA/PAT were ahead of our estimates mainly due to income from the package scheme of incentives (PSI) from the Maharashtra government. After adjusting this incentive, results were below our estimates. Revenue declined 2% YoY as revenue growth was broadly flat across segments and was impacted by delayed customer clearance and offtake. EBITDA/PAT grew 60.0%/38% YoY mainly due to incentive scheme payout and higher other income. Gross margin expanded ~730bp QoQ and ~700bp YoY to 50.7% and EBITDA margin stood at 10.5%. Order inflow for the quarter stood at INR27.5b, up 7% YoY, and the overall order book stood at INR114b, up 7% YoY.

## Segment-wise performance remains weak

Revenue growth was weak across all segments. Industrial Product segment EBIT margin fell 90bp YoY to 8.1% due to lower revenue and fixed cost component. The Industrial Infra segment's EBIT margin remained strong, expanding 600bp YoY to 8.0% due to income from the PSI (vs. -2.0% in 1QFY25 when TMX had to take a hit of INR450m for a bio-CNG project). The Chemical segment's EBIT margin was weak at 9.3% due to increased costs on the commissioning of a new plant in Jhagadia and a one-off expense of INR40-50m related to worker settlement and gratuity reversal effects. On the PBT level, Green Solutions' PBT margin expanded to 5.1% in 1QFY26 vs. 3.3% in 1QFY25.

## Industrial Products: Strong outlook

During 1Q, the division witnessed inflow growth of 2% YoY. The key segments of the division, such as water and enviro, are seeing good demand. Cooling segment is also witnessing healthy demand in domestic and exports. Heating is currently a bit soft and will revive over time. With improved demand across key sub-segments, we expect revenue growth and margin trajectory to improve going forward. We bake in 16% revenue CAGR over FY25-28 and 11.5% EBIT margin each for FY26/27/28.

Teena Virmani - Research Analyst (Teena.Virmani@MotilalOswal.com)

Prerit Jain - Research Analyst (Prerit.Jain@MotilalOswal.com)

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### Industrial Infra: Selective approach continues

Revenue declined 4% YoY for the quarter. Margin was high at 8% as it included income from the PSI from the Maharashtra government (vs. -2.0% in 1QFY25 when TMX had to take a hit of INR450m for a bio-CNG project). TMX remains selective in industrial infra projects and execution of current FGD projects would not be impacted by recent government directives on FGD projects. However, it will have to see the claim settlement process from CEA. Overall, TMX is eyeing opportunities from independent power producer (IPP) projects, waste-to-energy, and advanced biofuels. We expect 5% revenue CAGR over FY25-28 and 5.0%/5.5%/6.0% EBIT margin for FY26/27/28.

### Green Solutions: To benefit from claim settlement

TMX aims to exceed 300 MW of operational capacity in FY26, with another 300-400 MW under construction in FEPL, and even the performance of TOESL is stabilizing. The company expects to benefit from the claim settlement in 2QFY26. We bake in improved revenue and margins for green solutions in our estimates, while PAT will remain impacted by higher interest and depreciation particularly from FEPL.

### Chemicals: US tariff risk may weigh on chemicals outlook

The recently imposed US tariffs on select chemical imports could be an overhang on TMX's chemicals business. The company has an estimated USD15m in planned exports to the US for FY26, with broader exposure including cooling products at around USD30m. The impact on 2Q is expected to be minimal, as goods shipped before 7th Aug'25 are exempt from these tariffs. However, if tariffs continue beyond that, it may impact the future shipments and competitiveness of TMX, particularly in specialty chemicals where Chinese players are already engaging in aggressive pricing. Management maintains a cautious stance, noting that while the US remains an important market, a significant portion of TMX's chemicals growth is expected to come from other geographies such as Southeast Asia and Latin America, where it has recently added capacities. With management guiding for 12-13% margins in 2Q, the trajectory toward its medium-term target of 16-17% appears dependent on the resolution to tariff-related headwinds and execution in new markets. We expect chemicals segment revenue to clock a CAGR of 9% over FY25-28E, with EBIT margin of 11.5% each for FY26/27/28E.

### Strong pipeline yet to reflect in order book

TMX reported 7% YoY growth in order inflows, below expectations due to delays in financial closures, particularly in the ethanol and sugar segments. The inquiry pipeline remains strong across sectors like steel, cement, oil & gas, and thermal power, with management maintaining double-digit growth in inflows for FY26. Industrial Infra is expected to benefit from rising domestic and international IPP activity, while Industrial Products should see recovery in heating and steady traction in water and cooling. Green Solutions is scaling up with 300-400 MW under execution, though Tamil Nadu delays impacted 1QFY26. Risks persist in Chemicals due to weak exports and tariff concerns. While refining and petrochemical orders are cyclical in nature and are expected to finalize only in 4QFY26, global client qualification efforts are progressing well for TMX, supporting a pickup in inflows from 2QFY26. We bake in order inflows to post a CAGR of 16% over FY25-28.

### Selective bidding and legacy projects to decide margins

TMX still has low-margin legacy projects worth INR7b in its current order book, which will have an impact on its margins particularly in industrial infra and bio-CNG projects as these projects (INR5b) will get over in FY26 and the remaining to be completed in FY27. For new projects, TMX is now following a selective approach and trying to maintain better margins than low-margin legacy projects.

### Financial outlook

We expect a CAGR of 11%/21%/19% in revenue/EBITDA/PAT over FY25-28. We build in 1) 16% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the Industrial Infra and Green Solutions divisions to 6.0% and 11.5%, respectively, by FY28E, and 3) control over working capital and NWC (at 10 days).

### Valuation and view

The stock is currently trading at 55.6x/47.3x/39.9x on FY26E/FY27E/FY28E EPS. **We reiterate our Sell rating with a revised TP of INR3,450 based on 40x Sep'27E EPS.** With the value of investments in subsidiaries, we believe that stock is currently factoring in a possible revival in order inflows as well as margin improvement.

### Key risks and concerns

A slowdown in order inflows, a spike in commodity prices, a slower-than-expected revival in private sector capex, and increased competition are the key risks to our estimates.

### Consolidated - Quarterly Earning Model

(INR m)

Y/E March	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
<b>Net Sales</b>	<b>21,844</b>	<b>26,116</b>	<b>25,078</b>	<b>30,849</b>	<b>21,502</b>	<b>28,863</b>	<b>27,830</b>	<b>36,990</b>	<b>1,03,887</b>	<b>1,15,184</b>	<b>24,437</b>	<b>-12</b>
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	10.5	11.0	19.9	11.4	10.9	11.9	
Gross profit	9,556	11,711	11,083	13,401	10,898	12,988	12,384	14,457	45,752	50,727	10,752	
Total Expenditure	20,433	23,336	23,188	27,853	19,251	26,166	25,113	32,926	94,809	1,03,457	22,420	
<b>EBITDA</b>	<b>1,412</b>	<b>2,780</b>	<b>1,890</b>	<b>2,997</b>	<b>2,251</b>	<b>2,697</b>	<b>2,717</b>	<b>4,064</b>	<b>9,078</b>	<b>11,728</b>	<b>2,017</b>	<b>12</b>
Margins (%)	6.5	10.6	7.5	9.7	10.5	9.3	9.8	11.0	8.7	10.2	8.3	
Depreciation	360	421	351	453	489	467	467	491	1,585	1,913	456	7
Interest	275	294	287	313	302	340	358	395	1,168	1,395	323	-6
Other Income	841	598	315	769	656	538	566	446	2,522	2,207	525	25
<b>PBT before EO expense</b>	<b>1,617</b>	<b>2,663</b>	<b>1,568</b>	<b>3,000</b>	<b>2,117</b>	<b>2,428</b>	<b>2,458</b>	<b>3,624</b>	<b>8,847</b>	<b>10,627</b>	<b>1,765</b>	<b>20</b>
Extra-Ord expense										0		
<b>PBT</b>	<b>1,617</b>	<b>2,663</b>	<b>1,568</b>	<b>3,000</b>	<b>2,117</b>	<b>2,428</b>	<b>2,458</b>	<b>3,624</b>	<b>8,847</b>	<b>10,627</b>	<b>1,765</b>	<b>20</b>
Tax	519	683	425	951	600	680	688	1,007	2,578	2,976	494	
Rate (%)	32.1	25.6	27.1	31.7	28.4	28.0	28.0	27.8	29.1	28.0	28.0	
Minority Interest & P/L of Asso. Cos.	4	0	5	-7	2	0	0	-2	2		0	
<b>Reported PAT</b>	<b>1,094</b>	<b>1,980</b>	<b>1,137</b>	<b>2,056</b>	<b>1,515</b>	<b>1,748</b>	<b>1,770</b>	<b>2,619</b>	<b>6,268</b>	<b>7,651</b>	<b>1,271</b>	<b>19</b>
<b>Adj PAT</b>	<b>1,094</b>	<b>1,980</b>	<b>1,137</b>	<b>2,056</b>	<b>1,515</b>	<b>1,748</b>	<b>1,770</b>	<b>2,619</b>	<b>6,268</b>	<b>7,651</b>	<b>1,271</b>	<b>19</b>
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-11.7	55.6	27.4	6.7	20.5	16.1	
Margins (%)	5.0	7.6	4.5	6.7	7.0	6.1	6.4	7.1	6.0	6.6	5.2	

INR m	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE		
<b>Segmental revenue</b>										
Industrial Products	9,608	10,576	10,801	14,304	9,544	12,327	12,589	18,325	45,290	52,785
Industrial Infra	9,251	12,426	11,317	14,152	8,904	12,778	11,637	15,162	47,146	48,481
Green Solutions	1,737	1,751	1,892	1,519	1,732	2,107	2,277	2,187	6,899	8,303
Chemical	1,708	1,903	1,916	2,101	1,732	2,247	2,262	2,765	7,628	9,005
Less: Intersegmental	-460	-541	-849	-1,226	-410	-596	-935	-1,449	-3,076	-3,389
<b>Total revenues</b>	<b>21,844</b>	<b>26,116</b>	<b>25,078</b>	<b>30,849</b>	<b>21,502</b>	<b>28,863</b>	<b>27,830</b>	<b>36,990</b>	<b>1,03,887</b>	<b>1,15,184</b>
<b>Segmental EBIT</b>										
Industrial Products	867	1,145	1,215	2,063	777	1,307	1,410	2,577	5,290	6,070
Margin (%)	9.0	10.8	11.3	14.4	8.1	10.6	11.2	14.1	11.7	11.5
Industrial Infra	-184	882	13	389	710	639	465	610	1,101	2,424
Margin (%)	-2.0	7.1	0.1	2.8	8.0	5.0	4.0	4.0	2.3	5.0
Green Solutions	230	216	180	148	332	211	273	139	774	955
Margin (%)	13.2	12.3	9.5	9.8	19.2	10.0	12.0	6.4	11.2	11.5
Chemical	304	306	264	349	161	292	339	469	1,223	1,261
Margin (%)	17.8	16.1	13.8	16.6	9.3	13.0	15.0	16.9	16.0	14.0



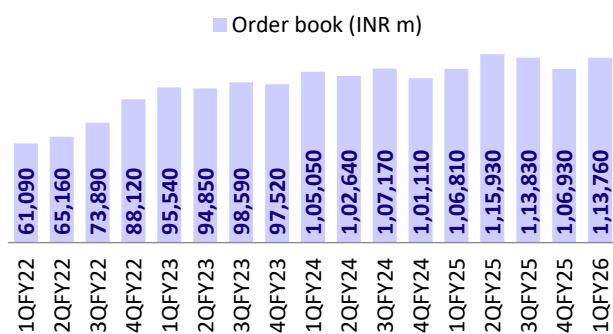
## Conference call highlights

- **Order Pipeline** – Management highlighted a robust order pipeline, with strong traction in sectors like steel, cement, oil & gas, power, and thermal power, including medium-sized captive projects. Management noted that power, which was previously subdued, is now emerging as a key growth area. International demand is also picking up in the Middle East, Southeast Asia, and Latin America, aided by new customer qualifications such as ADNOC. With this broad-based visibility, management expects improved order inflows starting 2QFY26.
- **Industrial Products** – The segment had a muted 1QFY26, mainly due to delays in financial closures in the ethanol and sugar sectors, despite strong client interest. However, July saw a pickup, and a rebound is expected in 2QFY26. Water and Enviro performed well, supported by desalination and ZLD solutions. Cooling underperformed despite strong export and data center demand. Heating was impacted by sectoral weakness but should recover. Export momentum remains healthy, and with a solid backlog and continued focus on product innovation and global competitiveness, management remains confident of steady growth ahead.
- **Industrial Infra** – The company has consciously withdrawn from low-margin, risk-heavy government EPC projects such as FGD (flue gas desulphurization) and is instead focusing on high-quality, profitable opportunities, including international IPP projects, waste-to-energy, and advanced biofuels. 1Q performance was steady, with order inflows of ~INR6b achieved without any large-ticket wins. Legacy projects of INR7b continue to weigh on margins, but the bulk of these orders are expected to be cleared by FY26-end, with some spillover into early FY27.
- **Bio-CNG Projects** – The business remains stable and has improved from last year's performance, which included losses, but continues to operate at sub-optimal margins. While it is no longer a drag on the overall financials, management stated that the segment is also not contributing significantly to earnings. Management referred to the business as still not "accretive" and confirmed it is being carried forward with discipline but without aggressive new investments.

- **Green Solutions** – Delays in Tamil Nadu due to heavy rains are resolving, with both projects expected to generate revenue by Aug-Sep'25 and an insurance settlement supporting 2Q financials. TMX aims to exceed 300 MW of operational capacity in FY26, with another 300-400 MW under construction. Projects in Gujarat, Andhra Pradesh, and Tamil Nadu are progressing well, supported by INR4b equity and ~INR10b debt infusion. TOESL is stabilizing, while the Bio-CNG (TBSPL) business remains margin-dilutive.
- **Chemicals** – The business delivered a weaker-than-expected performance in 1QFY26, with EBITDA margins dropping to 7.2%, affected by a combination of higher depreciation (from the new Jhagadia plant), manpower expansion, and some one-off costs including gratuity-related expenses. Operationally, there were delays in specialty chemical deliveries and underutilization of newly added capacities. Management expects a margin recovery to 12-13% in 2QFY26 and targets 16-17% for FY26.
- **International subsidiaries** – On the international front, the Danstoker and PTTI subsidiaries contributed positively to the overall performance, with management targeting INR10b in export order book from Industrial Products, including these overseas entities. These platforms are helping TMX's presence in key export markets across Europe, Southeast Asia, the Middle East, and Latin America. Management highlighted that products manufactured in India and shipped abroad typically yield higher margins than domestic sales, due to better pricing and project structures overseas.

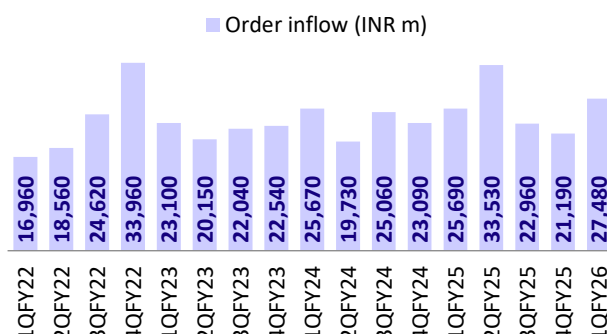
## Key Exhibits

**Exhibit 1: Inquiry pipeline remains strong and broad-based (INR m)**



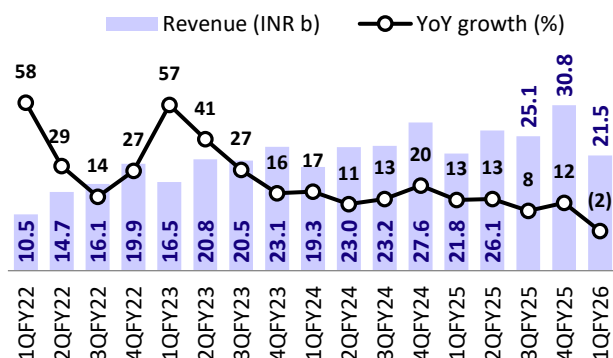
Source: Company, MOFSL

**Exhibit 2: Ordering increased 7% YoY due to large order won in Industrial Infra (INR m)**



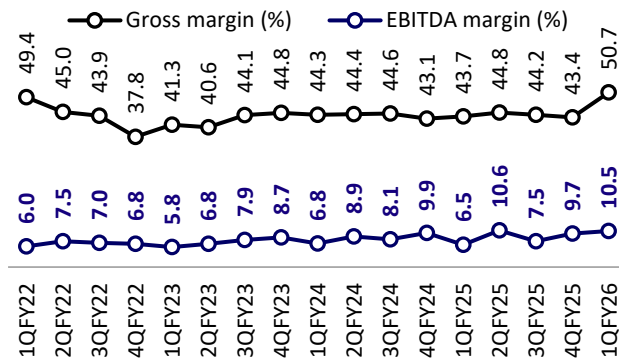
Source: Company, MOFSL

**Exhibit 3: Revenue was broadly muted YoY in 1QFY26 due to delayed customer clearance**



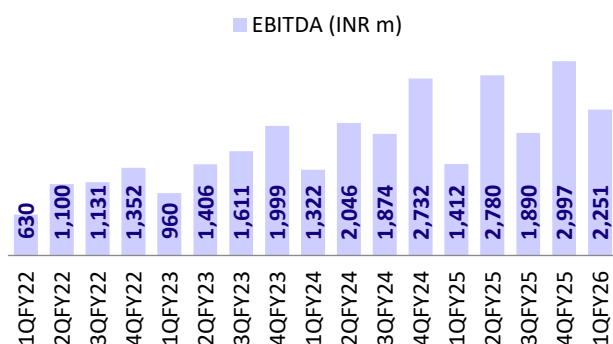
Source: Company, MOFSL

**Exhibit 4: EBITDA margin and Gross margin improved sequentially**



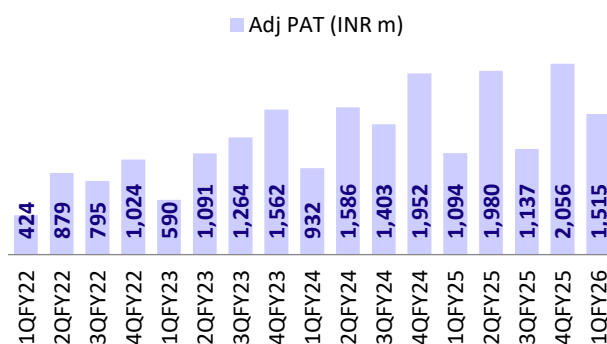
Source: Company, MOFSL

**Exhibit 5: EBITDA grew 59% YoY in 1QFY26, while margin expanded 700bp (INR m)**



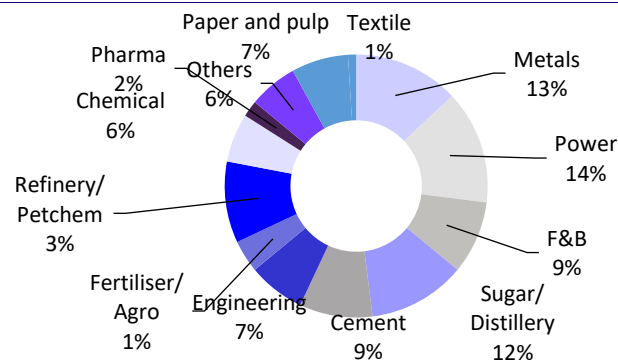
Source: Company, MOFSL

**Exhibit 6: PAT grew 38% YoY on improved operational efficiency (INR m)**



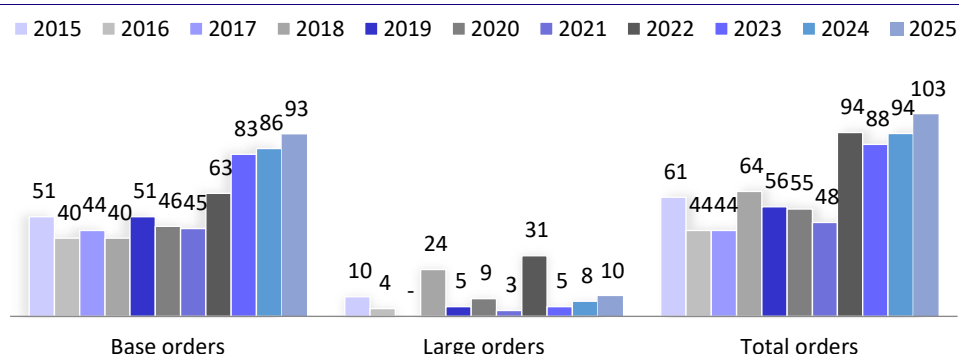
Source: Company, MOFSL

**Exhibit 7: 1QFY26 order inflow breakup – INR27.5b**



Source: Company, MOFSL

**Exhibit 8: Large orders tapered off; pick-up expected in FY26**



Source: Company, MOFSL

**Exhibit 9: TOESL – key financials (INR m)**

Consol - TOESL Income statement (INR m)	FY21	FY22	FY23	FY24	FY25
<b>Total Income</b>	<b>1,274</b>	<b>2,180</b>	<b>3,486</b>	<b>4,575</b>	<b>5,623</b>
Expenditure	1,040	1,974	3,217	3,720	5,024
<b>EBITDA</b>	<b>235</b>	<b>206</b>	<b>269</b>	<b>855</b>	<b>599</b>
EBITDA %	18	9	8	19	11
Depreciation	5	5	7	5	7
EBIT	230	201	262	850	592
Interest	18	22	52	92	104
<b>PBT</b>	<b>212</b>	<b>179</b>	<b>210</b>	<b>758</b>	<b>489</b>
Tax	40	48	50	91	126
Tax%	19	27	24	12	26
<b>PAT</b>	<b>172</b>	<b>131</b>	<b>160</b>	<b>668</b>	<b>363</b>
Balance sheet	FY21	FY22	FY23	FY24	FY25
Share capital	423	723	723	1,083	1,083
Reserves	531	663	819	1,079	1,442
Net worth	954	1,386	1,542	2,161	2,524
Debt	117	578	909	1,196	1,056
<b>Total liabilities</b>	<b>1,071</b>	<b>1,964</b>	<b>2,451</b>	<b>3,357</b>	<b>3,580</b>
Net block	17	68	17	34	36
Cash and inv in subsidiary	327	328	341	532	592
Net WC and other assets	727	1,568	2,094	2,791	2,952
<b>Total assets</b>	<b>1,071</b>	<b>1,964</b>	<b>2,451</b>	<b>3,357</b>	<b>3,580</b>
RoE	18.0	9.5	10.4	30.9	14.4
RoCE	17.4	7.5	8.1	22.3	12.3

Source: Company, MOFSL



**Exhibit 10: FEPL – key financials (INR m)**

Consol - FEPL Income statement (INR m)	FY21	FY22	FY23	FY24	FY25
<b>Total Income</b>	<b>28</b>	<b>266</b>	<b>193</b>	<b>911</b>	<b>1,098</b>
Expenditure	17	252	347	556	385
<b>EBITDA</b>	<b>10</b>	<b>13</b>	<b>-154</b>	<b>355</b>	<b>713</b>
EBITDA %	37	5	-80	39	65
Depreciation	15	2	16	247	419
EBIT	-5	11	-170	108	294
Interest	17	1	35	435	712
<b>PBT</b>	<b>-21</b>	<b>10</b>	<b>-205</b>	<b>-327</b>	<b>-418</b>
Tax	-	-	4	3	-1
Tax%	-	-	-2	-1	0
<b>PAT</b>	<b>-21</b>	<b>10</b>	<b>-209</b>	<b>-330</b>	<b>-417</b>
<b>Balance sheet</b>	<b>FY21</b>	<b>FY22</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>
Share capital	135	395	1,534	4,040	4,193
Reserves	-340	-67	-336	-264	-571
Net worth	-205	327	1,198	3,776	3,622
Debt	195	41	5,994	8,890	15,066
<b>Total liabilities</b>	<b>-10</b>	<b>368</b>	<b>7,193</b>	<b>12,666</b>	<b>18,688</b>
Net block	2	338	5,018	11,860	17,406
Cash	108	393	1,234	333	437
Net WC and other assets	-120	-362	940	473	845
<b>Total assets</b>	<b>-10</b>	<b>368</b>	<b>7,193</b>	<b>12,666</b>	<b>18,688</b>
RoE	10.4	3.0	-17.4	-8.8	-11.5
RoCE	48.2	2.9	-2.4	0.9	1.6

Source: Company, MOFSL



## Financial outlook

### Exhibit 11: We expect 11% revenue CAGR to be driven by a 16% order inflow CAGR over FY25-28

	2022	2023	2024	2025	2026E	2027E	2028E
<b>Industry Products</b>							
<b>Revenue</b>	<b>25,757</b>	<b>33,375</b>	<b>40,552</b>	<b>45,290</b>	<b>52,785</b>	<b>60,948</b>	<b>70,460</b>
Growth (%)		29.6	21.5	11.7	16.5	15.5	15.6
Order inflow	28,910	41,720	43,290	50,140	57,661	66,310	77,583
Growth (%)	(22.4)	44.3	3.8	15.8	15.0	15.0	17.0
Order backlog	20,014	28,420	35,000	41,550	48,109	55,155	63,962
Growth (%)	(46.2)	42.0	23.2	18.7	15.8	14.6	16.0
<b>EBIT</b>	<b>1,815</b>	<b>2,739</b>	<b>3,970</b>	<b>5,290</b>	<b>6,070</b>	<b>7,009</b>	<b>8,103</b>
EBIT Margin (%)	7.0	8.2	9.8	11.7	11.5	11.5	11.5
<b>Industrial Infra</b>							
<b>Revenue</b>	<b>29,879</b>	<b>39,280</b>	<b>44,552</b>	<b>47,146</b>	<b>48,481</b>	<b>51,190</b>	<b>54,454</b>
Growth (%)		31.5	13.4	5.8	2.8	5.6	6.4
Order inflow	58,220	37,790	40,990	43,100	47,314	53,229	59,326
Growth (%)	816.9	(35.1)	8.5	5.1	9.8	12.5	11.5
Order backlog	63,717	63,080	56,820	54,340	53,173	55,212	60,084
Growth (%)	345.3	(1.0)	(9.9)	(4.4)	(2.1)	3.8	8.8
<b>EBIT</b>	<b>1,310</b>	<b>2,168</b>	<b>2,089</b>	<b>1,101</b>	<b>2,424</b>	<b>2,815</b>	<b>3,267</b>
EBIT Margin (%)	4.4	5.5	4.7	2.3	5.0	5.5	6.0
<b>Green Solutions</b>							
<b>Revenue</b>	<b>2,168</b>	<b>3,627</b>	<b>5,071</b>	<b>6,899</b>	<b>8,303</b>	<b>8,090</b>	<b>8,882</b>
Growth (%)		67.3	39.8	36.1	20.3	(2.6)	9.8
Order inflow	1,270	1,950	2,410	2,250	4,500	9,000	10,350
Growth (%)		53.5	23.6	(6.6)	100.0	100.0	15.0
Order backlog	3,566	5,920	7,910	8,820	5,018	5,928	7,396
Growth (%)		66.0	33.6	11.5	(43.1)	18.1	24.8
<b>EBIT</b>	<b>161</b>	<b>150</b>	<b>449</b>	<b>774</b>	<b>955</b>	<b>930</b>	<b>1,021</b>
EBIT Margin (%)	7.4	4.1	8.9	11.2	11.5	11.5	11.5
<b>Chemical segment</b>							
<b>Revenue</b>	<b>5,385</b>	<b>6,728</b>	<b>6,634</b>	<b>7,628</b>	<b>9,005</b>	<b>10,676</b>	<b>12,832</b>
Growth (%)	25.4	24.9	(1.4)	15.0	18.0	18.6	20.2
Order inflow	5,690	6,430	6,840	7,880	9,062	10,874	13,593
Growth (%)	33.9	13.0	6.4	15.2	15.0	20.0	25.0
Order backlog	1,282	1,090	1,380	2,220	2,277	2,476	3,237
Growth (%)	62.3	(15.0)	26.6	60.9	2.6	8.7	30.7
<b>EBIT</b>	<b>624</b>	<b>865</b>	<b>1,238</b>	<b>1,223</b>	<b>1,261</b>	<b>1,708</b>	<b>2,053</b>
EBIT Margin (%)	11.6	12.8	18.7	16.0	14.0	16.0	16.0
<b>Sum of all segments</b>							
<b>Revenues</b>	<b>61,283</b>	<b>80,898</b>	<b>93,235</b>	<b>1,03,887</b>	<b>1,15,184</b>	<b>1,27,128</b>	<b>1,42,394</b>
Growth (%)	27.9	32.0	15.2	11.4	10.9	10.4	12.0
<b>EBIT</b>	<b>4,353</b>	<b>6,409</b>	<b>9,566</b>	<b>10,015</b>	<b>12,022</b>	<b>14,000</b>	<b>16,394</b>
Margin (%)	7.1	7.9	10.3	9.6	10.4	11.0	11.5
<b>Order inflow</b>	<b>94,090</b>	<b>87,890</b>	<b>93,530</b>	<b>1,03,370</b>	<b>1,18,537</b>	<b>1,39,414</b>	<b>1,60,852</b>
Growth (%)	96.7	(6.6)	6.4	10.5	14.7	17.6	15.4
<b>Order backlog</b>	<b>88,580</b>	<b>98,510</b>	<b>1,01,110</b>	<b>1,06,930</b>	<b>1,08,577</b>	<b>1,18,771</b>	<b>1,34,679</b>
Growth (%)	69	11	2.6	5.8	1.5	9.4	13.4

Source: Company, MOFSL

### Exhibit 12: We slightly increase our estimates by 3% each for FY26/27E to factor in 1QFY26 performance

(INR M)	FY26E			FY27E			FY28E
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New
Net Sales	1,15,184	1,15,912	(0.6)	1,27,128	1,28,926	(1.4)	1,42,394
EBITDA	11,728	11,334	3.5	13,706	13,318	2.9	15,913
EBITDA (%)	10.2	9.8	40 bps	10.8	10.3	50 bps	11.2
Adj. PAT	7,651	7,397	3.4	8,990	8,756	2.7	10,656
EPS (INR)	68.0	65.7	3.4	79.8	77.8	2.7	94.6

Source: MOFSL

## Financials and Valuation

### Consolidated - Income Statement

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Total Income from Operations</b>	<b>47,913</b>	<b>61,283</b>	<b>80,898</b>	<b>93,235</b>	<b>1,03,887</b>	<b>1,15,184</b>	<b>1,27,128</b>	<b>1,42,394</b>
Change (%)	-16.4	27.9	32.0	15.2	11.4	10.9	10.4	12.0
Raw Materials	25,386	34,850	46,247	52,196	58,135	64,457	71,141	79,683
<b>Gross Profit</b>	<b>22,526</b>	<b>26,433</b>	<b>34,651</b>	<b>41,039</b>	<b>45,752</b>	<b>50,727</b>	<b>55,988</b>	<b>62,710</b>
Employee Cost	7,588	8,129	9,542	11,483	12,689	12,407	12,931	13,923
Other Expenses	11,387	14,090	19,134	21,582	23,985	26,593	29,351	32,875
<b>Total Expenditure</b>	<b>44,361</b>	<b>57,070</b>	<b>74,923</b>	<b>85,261</b>	<b>94,809</b>	<b>1,03,457</b>	<b>1,13,422</b>	<b>1,26,481</b>
% of Sales	92.6	93.1	92.6	91.4	91.3	89.8	89.2	88.8
<b>EBITDA</b>	<b>3,552</b>	<b>4,214</b>	<b>5,976</b>	<b>7,974</b>	<b>9,078</b>	<b>11,728</b>	<b>13,706</b>	<b>15,913</b>
Margin (%)	7.4	6.9	7.4	8.6	8.7	10.2	10.8	11.2
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,138	2,363
<b>EBIT</b>	<b>2,406</b>	<b>3,081</b>	<b>4,807</b>	<b>6,493</b>	<b>7,493</b>	<b>9,815</b>	<b>11,568</b>	<b>13,549</b>
Int. and Finance Charges	206	252	376	876	1,168	1,395	1,515	1,595
Other Income	1,077	1,270	1,602	2,326	2,522	2,207	2,432	2,845
<b>PBT bef. EO Exp.</b>	<b>3,277</b>	<b>4,100</b>	<b>6,033</b>	<b>7,943</b>	<b>8,847</b>	<b>10,627</b>	<b>12,485</b>	<b>14,799</b>
EO Items	-525	0	0	755	0	0	0	0
<b>PBT after EO Exp.</b>	<b>2,752</b>	<b>4,100</b>	<b>6,033</b>	<b>8,698</b>	<b>8,847</b>	<b>10,627</b>	<b>12,485</b>	<b>14,799</b>
Total Tax	686	978	1,524	2,258	2,578	2,976	3,496	4,144
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	28.0	28.0	28.0
Minority Interest	0	0	2	8	-78	0	0	0
<b>Reported PAT</b>	<b>2,066</b>	<b>3,122</b>	<b>4,507</b>	<b>6,432</b>	<b>6,347</b>	<b>7,651</b>	<b>8,990</b>	<b>10,656</b>
<b>Adjusted PAT</b>	<b>2,460</b>	<b>3,122</b>	<b>4,507</b>	<b>5,873</b>	<b>6,347</b>	<b>7,651</b>	<b>8,990</b>	<b>10,656</b>
Change (%)	15.8	26.9	44.4	30.3	8.1	20.5	17.5	18.5
Margin (%)	5.1	5.1	5.6	6.3	6.1	6.6	7.1	7.5

### Consolidated - Balance Sheet

(InR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	225	225	225	225	225	225	225	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	55,106	62,406	71,373
<b>Net Worth</b>	<b>32,514</b>	<b>34,925</b>	<b>38,671</b>	<b>44,398</b>	<b>49,369</b>	<b>55,331</b>	<b>62,632</b>	<b>71,598</b>
Minority Interest	0	0	22	0	57	57	57	57
Total Loans	3,051	3,554	8,105	12,560	16,933	17,933	19,933	19,933
Deferred Tax Liabilities	-1,540	-1,271	-1,057	-963	-1,243	-1,243	-1,243	-1,243
<b>Capital Employed</b>	<b>34,024</b>	<b>37,208</b>	<b>45,741</b>	<b>55,995</b>	<b>65,116</b>	<b>72,078</b>	<b>81,379</b>	<b>90,345</b>
Gross Block	20,168	20,442	22,145	30,206	40,017	45,017	50,017	55,017
Less: Accum. Deprn.	7,777	8,525	9,694	11,175	12,760	14,673	16,811	19,174
<b>Net Fixed Assets</b>	<b>12,390</b>	<b>11,917</b>	<b>12,451</b>	<b>19,031</b>	<b>27,257</b>	<b>30,344</b>	<b>33,205</b>	<b>35,842</b>
Capital WIP	242	474	4,338	5,248	5,608	6,169	6,786	7,465
<b>Total Investments</b>	<b>2,375</b>	<b>14,765</b>	<b>16,370</b>	<b>17,681</b>	<b>17,879</b>	<b>17,879</b>	<b>17,879</b>	<b>17,879</b>
<b>Curr. Assets, Loans&amp;Adv.</b>	<b>48,452</b>	<b>46,153</b>	<b>54,141</b>	<b>58,485</b>	<b>68,092</b>	<b>77,248</b>	<b>89,247</b>	<b>1,02,792</b>
Inventory	4,047	7,270	7,556	7,649	7,203	7,986	8,814	9,873
Account Receivables	13,380	15,972	18,766	22,671	25,654	28,443	31,393	35,162
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	14,553	20,050	25,286
Loans and Advances	943	1,087	1,476	1,852	2,722	3,018	3,331	3,731
Other Current Assets	10,690	12,288	15,027	16,560	20,968	23,248	25,659	28,740
<b>Curr. Liability &amp; Prov.</b>	<b>29,434</b>	<b>36,101</b>	<b>41,559</b>	<b>44,450</b>	<b>53,721</b>	<b>59,563</b>	<b>65,739</b>	<b>73,633</b>
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	54,967	60,667	67,952
Provisions	2,210	2,392	2,431	3,478	4,145	4,595	5,072	5,681
<b>Net Current Assets</b>	<b>19,018</b>	<b>10,051</b>	<b>12,581</b>	<b>14,035</b>	<b>14,371</b>	<b>17,686</b>	<b>23,508</b>	<b>29,159</b>
<b>Appl. of Funds</b>	<b>34,024</b>	<b>37,208</b>	<b>45,741</b>	<b>55,995</b>	<b>65,116</b>	<b>72,078</b>	<b>81,379</b>	<b>90,345</b>

## Financials and Valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>21.9</b>	<b>27.7</b>	<b>40.0</b>	<b>52.2</b>	<b>56.4</b>	<b>68.0</b>	<b>79.8</b>	<b>94.6</b>
Cash EPS	32.0	37.8	50.4	65.3	70.4	84.9	98.8	115.6
BV/Share	288.8	310.2	343.4	394.3	438.4	491.4	556.2	635.9
DPS	7.0	9.0	10.0	10.0	10.0	15.0	15.0	15.0
Payout (%)	45.9	32.5	25.0	17.5	17.7	22.1	18.8	15.9
<b>Valuation (x)</b>								
<b>P/E</b>	<b>172.9</b>	<b>136.2</b>	<b>94.4</b>	<b>72.4</b>	<b>67.0</b>	<b>55.6</b>	<b>47.3</b>	<b>39.9</b>
Cash P/E	117.9	100.0	74.9	57.8	53.6	44.5	38.2	32.7
P/BV	13.1	12.2	11.0	9.6	8.6	7.7	6.8	5.9
EV/Sales	8.5	6.8	5.2	4.6	4.1	3.7	3.3	2.9
EV/EBITDA	115.1	99.5	70.6	53.7	47.4	36.5	31.0	26.4
Dividend Yield (%)	0.2	0.2	0.3	0.3	0.3	0.4	0.4	0.4
FCF per share	60.9	21.4	(16.9)	(41.8)	12.7	25.6	37.9	50.4
<b>Return Ratios (%)</b>								
RoE	7.8	9.3	12.2	14.1	13.5	14.6	15.2	15.9
RoCE	7.7	9.0	11.2	12.6	11.5	12.4	12.9	13.6
RoIC	12.7	19.2	27.5	26.0	19.9	22.2	23.7	25.5
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.6	2.5	2.6
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.6	1.6	1.6	1.6
Inventory (Days)	31	43	34	30	25	25	25	25
Debtor (Days)	102	95	85	89	90	90	90	90
Creditor (Days)	207	201	177	160	174	174	174	174
<b>Leverage Ratio (x)</b>								
Current Ratio	1.6	1.3	1.3	1.3	1.3	1.3	1.4	1.4
Interest Cover Ratio	11.7	12.2	12.8	7.4	6.4	7.0	7.6	8.5
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

### Consolidated - Cash flow

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	10,627	12,485	14,799
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,138	2,363
Interest & Finance Charges	118	135	260	837	1,415	1,395	1,515	1,595
Direct Taxes Paid	-938	-1,030	-1,512	-1,863	-1,861	-2,976	-3,496	-4,144
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-307	-325	-415
<b>CF from Operations</b>	<b>7,811</b>	<b>4,333</b>	<b>5,321</b>	<b>4,392</b>	<b>11,275</b>	<b>10,652</b>	<b>12,318</b>	<b>14,198</b>
Others	-117	-1,084	-726	-1,919	-846	-2,207	-2,432	-2,845
<b>CF from Operating incl EO</b>	<b>7,695</b>	<b>3,248</b>	<b>4,596</b>	<b>2,473</b>	<b>10,428</b>	<b>8,445</b>	<b>9,885</b>	<b>11,354</b>
(Inc)/Dec in FA	-834	-838	-6,499	-7,185	-9,002	-5,561	-5,617	-5,679
<b>Free Cash Flow</b>	<b>6,861</b>	<b>2,411</b>	<b>-1,904</b>	<b>-4,712</b>	<b>1,426</b>	<b>2,884</b>	<b>4,268</b>	<b>5,675</b>
(Pur)/Sale of Investments	-5,789	-4,263	-993	1,222	-2,661	0	0	0
Others	266	885	696	872	-743	2,207	2,432	2,845
<b>CF from Investments</b>	<b>-6,357</b>	<b>-4,216</b>	<b>-6,797</b>	<b>-5,092</b>	<b>-12,406</b>	<b>-3,354</b>	<b>-3,185</b>	<b>-2,834</b>
Issue of Shares	0	0	379	598	70	0	0	0
Inc/(Dec) in Debt	891	762	4,481	4,306	4,336	1,000	2,000	0
Interest Paid	-118	-135	-256	-821	-1,758	-1,395	-1,515	-1,595
Dividend Paid	0	-788	-1,021	-1,128	-1,352	-1,689	-1,689	-1,689
Others		-45	-98	-102	-61	0	0	0
<b>CF from Fin. Activity</b>	<b>772</b>	<b>-206</b>	<b>3,485</b>	<b>2,854</b>	<b>1,236</b>	<b>-2,084</b>	<b>-1,204</b>	<b>-3,284</b>
<b>Inc/Dec of Cash</b>	<b>2,110</b>	<b>-1,173</b>	<b>1,284</b>	<b>235</b>	<b>-742</b>	<b>3,007</b>	<b>5,497</b>	<b>5,236</b>
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	14,553	20,050
<b>Closing Balance</b>	<b>19,392</b>	<b>9,535</b>	<b>11,316</b>	<b>9,753</b>	<b>11,546</b>	<b>14,553</b>	<b>20,050</b>	<b>25,286</b>

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## NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	>=15%
SELL	< - 10%
NEUTRAL	< - 10 % to 15%
UNDER REVIEW	Rating may undergo a change
NOT RATED	We have forward looking estimates for the stock but we refrain from assigning recommendation

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#### Grievance Redressal Cell:

Contact Person	Contact No.	Email ID
Ms. Hemangi Date	022 40548000 / 022 67490600	query@motilaloswal.com
Ms. Kumud Upadhyay	022 40548082	servicehead@motilaloswal.com
Mr. Ajay Menon	022 40548083	am@motilaloswal.com

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