

INOX India | BUY

Gaining back momentum; maintain BUY

INOX witnessed a slow 9M. However, it regained momentum in 4Q, its PAT rising 48.6% YoY, owing to a strong operating performance (EBITDA +53.4% YoY). For FY26, management has guided for a revenue growth of 18-20%, and an EBITDA margin of 22-24%. INOX also reported a 25% YoY increase in its order book to INR 13.6bn, which includes several large orders. Further, with the Savli plant now operational for kegs and a cryoshop, INOX should not face any constraints w.r.t capacities. It has also received the long-awaited client approvals in its beverage kegs business, which should drive growth in FY26. We factor in a 5-6% increase in our FY26/27E EPS estimates, and maintain BUY with a target price of INR 1,355 at 38x Mar'27E EPS.

- **4Q PAT 12% ahead of estimates:** 4Q revenue at INR 3.7bn, +34% YoY, was ~3% lower than estimate of INR 3.8bn. However, a higher than expected gross margin (57.7% vs. 54%), drove a 4% beat on EBITDA. On a YoY basis, EBITDA rose 53% YoY, and margins stood at 22.1%, expanding 280bps, primarily on account of operating leverage benefits. PAT at INR 655mn rose 49% YoY, and was 12% ahead of estimates.
- **Order book remains healthy, however, driven majorly by exports:** Order book at INR 13.6bn rose 25% YoY (Industrial Gases +7%, LNG +119%, CSD -14%) while order inflow at INR 3.6bn rose 18% YoY. This growth in order book was driven by a 55% growth in exports, which now stands at INR 8.7bn. Through the year, INOX won several large orders including (1) an LNG order in the Bahamas, (2) from the Tata OSAT plant in Assam, (3) LNG stations from Adani Total Gas, (4) from Indian Railways for LNG fuelling systems, amongst others. For the Cryo-Scientific Division, INOX expects a large order in FY26. Besides this, while the beverage kegs business, was undeniably slow in FY25, INOX has now received approvals from AB InBev and is in final stages of approvals from Heineken, which should drive growth in FY26. A significant portion of orders from this are yet to come in. Lastly, with the Savli plant now operational for kegs and a cryoshop, they should not face any constraints w.r.t capacities.
- **Guidance of 20% growth intact:** For FY25, INOX reported a 15% YoY growth in revenue, owing to a slow 9M. Gross margins for the year stood at 55.8% vs. 56.3% YoY (however, upward trend seen in 4Q at 57.7%), while EBITDA margins stood at 21.8% vs. 22.1% YoY. Absolute EBITDA registered a 14% YoY growth to INR 2.8bn, and FY25 PAT at INR 2.3bn rose 15% YoY. FY25 was slightly slower than initial expectations owing to certain capacity constraints and delays in offtake, challenges w.r.t. export container shortage in 1H, and higher freight costs, which have now normalized. For FY26, management has guided for a revenue growth of 18-20%, with a 22-24% EBITDA margin, and a 15-18% PAT margin.



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Recommendation and Price Target

Current Reco.	BUY
Previous Reco.	BUY
Current Price Target (12M)	1,355
Upside/(Downside)	16.8%
Previous Price Target	1,240
Change	9.3%

Key Data – INOXINDI IN

Current Market Price	INR1,161
Market cap (bn)	INR105.3/US\$1.2
Free Float	25%
Shares in issue (mn)	90.8
Diluted share (mn)	90.8
3-mon avg daily val (mn)	INR549.6/US\$6.4
52-week range	1,507/884
Sensex/Nifty	82,331/25,020
INR/US\$	85.5

Price Performance

%	1M	6M	12M
Absolute	14.1	-1.4	-13.4
Relative*	8.9	-7.1	-22.2

* To the BSE Sensex

Financial Summary					(INR mn)
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,312	13,060	15,710	18,468	20,794
Sales Growth (%)	17.1	15.5	20.3	17.6	12.6
EBITDA	2,503	2,847	3,503	4,229	4,783
EBITDA Margin (%)	22.1	21.8	22.3	22.9	23.0
Adjusted Net Profit	1,960	2,260	2,659	3,227	3,590
Diluted EPS (INR)	21.6	24.9	29.3	35.6	39.6
Diluted EPS Growth (%)	28.3	15.3	17.6	21.3	11.2
ROIC (%)	55.6	38.8	35.2	35.6	33.2
ROE (%)	32.7	29.7	27.4	27.2	25.1
P/E (x)	53.8	46.6	39.6	32.7	29.4
P/B (x)	16.2	12.1	9.9	8.1	6.7
EV/EBITDA (x)	41.2	36.2	29.3	24.0	21.1
Dividend Yield (%)	0.9	0.3	0.7	0.8	0.9

Source: Company data, JM Financial. Note: Valuations as of 16/May/2025

JM Financial Research is also available on:
Bloomberg - JMFR <GO>,
Thomson Publisher & Reuters,
S&P Capital IQ, FactSet and Visible Alpha

Please see Appendix I at the end of this report for Important Disclosures and Disclaimers and Research Analyst Certification.

Takeaways from conference call

FY26 guidance and order intake

Management was expecting to cross INR 4bn in revenue in 4Q, however, were hurt by uncertainties over tariffs and negotiations on who will bear the burden of duties. For FY26, management has given a revenue growth guidance of 18-20% in FY26, with a 22-24% EBITDA margin, and a 15-18% PAT margin. Further, management has guided for a 16-18% YoY growth in the industrial gases vertical, 20%+ LNG and CSD.

Industrial Gas

- Received prominent export orders, which include orders from an Australian customer for 49 ISO tanks, which pegs INOX amongst large Chinese suppliers. This order has a delivery time line of <6 months, and an order value of INR 290mn.
- **Disposable cylinders:** Disposable cylinder business also saw good performance; INOX received substantial orders from US clients, despite uncertainty over tariffs. INR 290mn of disposable cylinders in FY25
- **Semiconductor:** In the year, INOX completed the delivery of 9 tanks in the US for semiconductor applications. It has also received orders from Tata Group for supply of cryogenic tanks for their OSAT facility in Assam. No other tank manufacturer in India has the capabilities for semiconductor applications. Further, INOX also has past experience working with semiconductor facilities in other Asian countries.
- No longer seeing export container shortage; freight costs have also normalized.

LNG

- **LNG fuelling stations:** India today has 68 LNG fuelling stations, of which ~60% have been supplied by INOX. Of this, around 50 stations exist around the golden quadrilateral, essentially after every 300-400kms. In 4Q, 8 new stations were added by both PSUs and certain private players. For Adani Total, INOX has supplied for seven LNG fuelling stations out of ~20, balance expected to come in through upcoming quarters. Current order book includes LNG stations of 7-8.
- **Order from Indian railways:** Received order for LNG fuel systems for locomotives from Indian Railways. 2 of these systems are operational in Gujarat and construction for another 4 is underway.
- **LNG truck and bus fuelling:** In discussions with MSRTC, for the introduction of LNG buses. MSRTC is also planning to introduce LNG fuelling stations. MSRTC along with certain private players looks to set up ~100 fuelling stations over the next few years. Volvo has tried tanks from Chart Industries, but prices were much higher than INOX. INOX has also been in discussions with Volvo, and will soon start supplying to them. India manufactures 400-500k commercial vehicles annually, of which even a 10% shift to LNG fuelling can mean a large opportunity for all cryogenic tank makers.

Cryo-Scientific Division

Expect a large order coming in in FY26. This is a repeat order for a customer who INOX has served in the past. (Our understanding – ISRO's third launch pad). India's 4th indigenously developed MRI machine was also introduced in AIIMS Delhi. INOX has been a contributor to this. This drastically reduces the cost of MRI machines for India.

Beverage kegs

Received global approvals from AB InBev and in final stages of receiving approvals from Heineken. AB InBev, Carlsberg and Heineken are also planning capacities in India (INR 30-40bn), which should aid INOX's kegs business. Kegs volumes and revenue in FY25 stood at 50,000+ INR 260mn respectively. With approvals now in place, FY26 target is INR 1bn. Current capacities globally are around 3-4mn, which leads to a shortage of ~1mn kegs annually. This opens up as an addressable market for INOX.

Do not foresee a major Impact of tariffs

Revenue from US customers is limited to 10%. Major exports to US include: (1) disposable cylinders (competitors in US have limited production capacities, and cost structures as well are inefficient. Further, 0 anti-dumping duty on India, puts INOX in a favourable position), (2) Beverage kegs, wherein US has no manufacturing capacities yet, and (3) Cryogenic tanks business (Very small currently given non-compete clause that restricts INOX from manufacturing/stocking and selling products in US until 2028).

Exhibit 1. INOX India – 4QFY25 results review

(INR mn)	Q1FY24	Q2FY24	Q3FY23	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25	Q4FY25E
Net Revenue	3,085	2,568	2,904	2,761	11,312	2,964	3,066	3,336	3,694	3,799
YoY	nm	nm	19%	17%	17%	-4%	19%	15%	34%	38%
Raw Material Costs	(1,541)	(1,140)	(1,284)	(991)	(4,972)	(1,317)	(1,402)	(1,488)	(1,563)	(1,747)
Gross Profit	1,544	1,428	1,620	1,770	6,370	1,647	1,664	1,848	2,131	2,051
Gross Profit margin %	50.0%	55.6%	55.8%	64.1%	56.3%	55.6%	54.3%	55.4%	57.7%	54.0%
Employee Cost	(223)	(234)	(277)	(319)	(1,017)	(262)	(273)	(272)	(294)	(285)
% of sales	7.2%	9.1%	9.5%	11.6%	9.0%	8.8%	8.9%	8.1%	8.0%	7.5%
Manufacturing & other expenses	(606)	(606)	(676)	(919)	(2,850)	(684)	(751)	(885)	(1,021)	(978)
% of sales	19.6%	23.6%	23.3%	33.3%	25.2%	23.1%	24.5%	26.5%	27.6%	25.7%
EBITDA	715	588	667	532	2,503	702	639	692	817	788
YoY			28%	33%	22%	-2%	9%	4%	53%	48%
EBITDA margin%	23.2%	22.9%	23.0%	19.3%	22.1%	23.7%	20.8%	20.7%	22.1%	20.7%
Total D&A Expense	(36)	(41)	(52)	(52)	(181)	(56)	(59)	(64)	(71)	(66)
EBIT	679	547	615	481	2,321	646	580	628	745	722
YoY	nm	nm	27%	31%	22%	-5%	6%	2%	55%	50%
EBIT margin%	22.0%	21.3%	21.2%	17.4%	20.5%	21.8%	18.9%	18.8%	20.2%	19.0%
Other Income	85	69	47	112	313	54	134	84	131	84
Finance Costs	(6)	(12)	(23)	(15)	(57)	(20)	(28)	(25)	(12)	(25)
PBT	757	604	639	577	2,578	679	686	687	865	781
YoY			19%	41%	26%	-10%	14%	8%	50%	35%
Income Tax Expense	(186)	(142)	(153)	(136)	(618)	(153)	(191)	(175)	(210)	(199)
Rate %	24.6%	23.5%	23.9%	23.6%	24.0%	22.5%	27.8%	25.5%	24.2%	25.5%
Exceptional	-	-	-	-	-	-	-	72	-	-
Net Profit	571	462	486	441	1,960	526	495	584	655	582
Margins	18.5%	18.0%	16.7%	16.0%	17.3%	17.8%	16.2%	17.5%	17.7%	15.3%
YoY			20%	44%	28.3%	-8%	7%	20%	49%	32%
Adjusted Profit	571	462	486	441	6,573	526	495	512	655	582

Source: Company, JM Financial

Exhibit 2. INOX India- Segmental Split

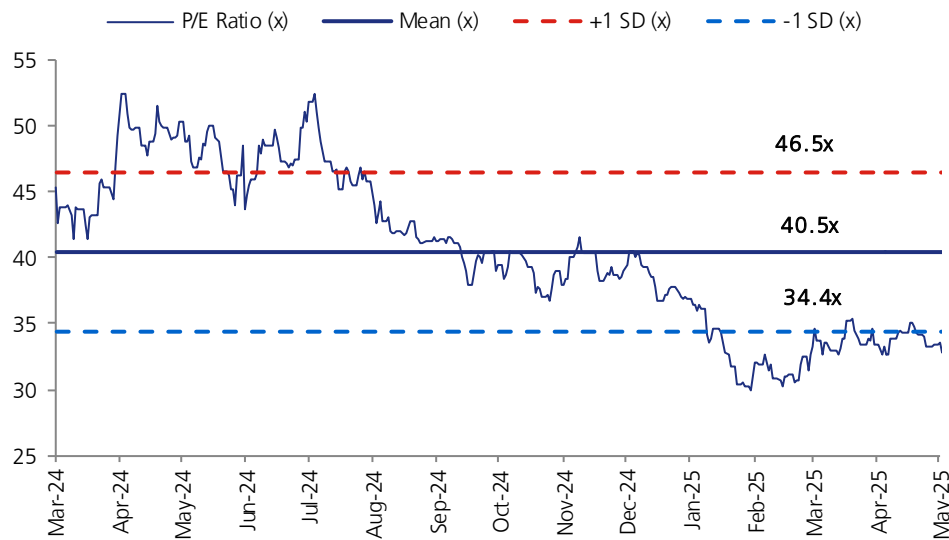
(INR mn)	Q1FY24	Q2FY24	Q3FY24	Q4FY24	FY24	Q1FY25	Q2FY25	Q3FY25	Q4FY25
Order Book									
Order book	9,609	10,370	10,430	10,870	10,870	11,050	11,780	13,410	13,560
YoY	NA	NA	NA	8.4%	8%	15.0%	13.6%	28.6%	24.7%
Order inflow	2,860	3,030	2,950	3,090	11,930	3,100	3,660	4,930	3,640
YoY	NA	NA	7.0%	84.0%	84%	8.4%	20.8%	67.1%	17.8%
Order book Split									
Domestic	NA	5,289	5,500	5,240	5,240	5,415	5,537	4,970	4,810
YoY	NA	NA	NA	NA	51.0%	NA	4.7%	-9.6%	-8.2%
Exports	NA	5,081	4,930	5,630	5,630	5,636	6,243	8,440	8,740
YoY	NA	NA	NA	NA	-14.2%	NA	22.9%	71.2%	55.2%
Order book Split									
Industrial Gas	NA	5,480	5,200	5,930	5,930	5,570	6,370	6,070	6,350
YoY	NA	NA	NA	NA		NA	16.2%	16.7%	7.1%
LNG	NA	2,610	2,410	2,220	2,220	2,540	2,910	4,850	4,860
YoY	NA	NA	NA	NA		NA	11.5%	101.2%	118.9%
Cryo Scientific	NA	2,280	2,820	2,720	2,720	2,940	2,500	2,490	2,340
YoY	NA	NA	NA	NA		NA	9.6%	-11.7%	-14.0%
Geographical Split									
Domestic	345	1,791	1,428	1,243	5,210	1,334	1,471	1,635	1,736
YoY	NA	NA	-1%	60%	0%	287%	-18%	14%	40%
% of Total	11%	70%	49%	45%	45%	46%	48%	49%	47%
International	2,733	778	1,476	1,519	6,410	1,630	1,594	1,701	1,958
YoY	NA	NA	49%	-4%	45%	-40%	105%	15%	29%
% of Total	89%	30%	51%	55%	55%	54%	52%	51%	53%
Total Revenues	3,078	2,568	2,904	2,761	11,620	2,964	3,066	3,336	3,694
YoY	NA	NA	19%	17%	20%	-4%	19%	15%	34%
Revenue split by Business Divisions									
Industrial Gas	2,080	1,534	2,097	1,620	7,320	1,880	1,880	2,390	2,330
YoY	NA	NA	16.1%	-4.1%	7%	-9.6%	22.6%	14.0%	43.8%
% of Total	67%	60%	69%	69%	65%	63%	61%	72%	63%
LNG	950	774	746	740	3,200	460	620	500	740
YoY	NA	NA	21.1%	19.4%	33%	-51.6%	-19.8%	-33.0%	0.0%
% of Total	31%	30%	69%	69%	28%	16%	20%	15%	20%
Cryo Scientific	140	169	61	420	790	630	570	450	630
YoY	NA	NA	NA	281.8%	93%	350.0%	237.1%	638.9%	50.0%
% of Total	5%	7%	2%	15%	7%	21%	19%	13%	17%
Others	NA	NA	20	10	30	50	130	150	140
YoY	NA	NA	NA	NA	NA	NA	NA	650.0%	1300.0%
% of Total	0%	0%	1%	0%	0%	2%	4%	4%	4%

Source: Company, JM Financial

Exhibit 3. INOX India – EPS revision table

Year End Mar (Rs mn)	FY26E	FY27E	FY27E
Revenues			
Old	15,182	17,648	NA
New	15,710	18,468	20,794
Change	3.5%	4.6%	NA
EBITDA			
Old	3,340	3,971	NA
New	3,503	4,229	4,783
Change	4.9%	6.5%	NA
EBITDA margins			
Old	22.0%	22.5%	NA
New	22.3%	22.9%	23.0%
Change	29.9	39.7	NA
Recurring PAT			
Old	2,534	3,034	NA
New	2,659	3,227	3,590
Change	4.9%	6.4%	NA
EPS			
Old	27.9	33.4	NA
New	29.3	35.6	39.6
Change	4.9%	6.4%	NA

Source: JM Financial, Bloomberg

Exhibit 4. INOX India – 1-yr forward P/E chart (since listing)

Source: JM Financial, Bloomberg

Financial Tables (Consolidated)

Income Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Sales	11,312	13,060	15,710	18,468	20,794
Sales Growth	17.1%	15.5%	20.3%	17.6%	12.6%
Other Operating Income	0	0	0	0	0
Total Revenue	11,312	13,060	15,710	18,468	20,794
Cost of Goods Sold/Op. Exp	4,942	5,770	6,901	8,066	9,082
Personnel Cost	1,017	1,100	1,250	1,500	1,800
Other Expenses	2,850	3,343	4,056	4,673	5,129
EBITDA	2,503	2,847	3,503	4,229	4,783
EBITDA Margin	22.1%	21.8%	22.3%	22.9%	23.0%
EBITDA Growth	22.5%	13.7%	23.1%	20.7%	13.1%
Depn. & Amort.	181	251	296	335	371
EBIT	2,321	2,596	3,208	3,894	4,412
Other Income	313	407	387	457	423
Finance Cost	57	85	50	50	50
PBT before Excep. & Forex	2,578	2,917	3,545	4,301	4,785
Excep. & Forex Inc./Loss(-)	0	72	0	0	0
PBT	2,578	2,989	3,545	4,301	4,785
Taxes	618	729	886	1,075	1,196
Extraordinary Inc./Loss(-)	0	0	0	0	0
Assoc. Profit/Min. Int.(-)	0	0	0	0	0
Reported Net Profit	1,960	2,260	2,659	3,227	3,590
Adjusted Net Profit	1,960	2,260	2,659	3,227	3,590
Net Margin	17.3%	17.3%	16.9%	17.5%	17.3%
Diluted Share Cap. (mn)	90.8	90.8	90.8	90.8	90.8
Diluted EPS (INR)	21.6	24.9	29.3	35.6	39.6
Diluted EPS Growth	28.3%	15.3%	17.6%	21.3%	11.2%
Total Dividend + Tax	998	363	726	862	998
Dividend Per Share (INR)	11.0	4.0	8.0	9.5	11.0

Source: Company, JM Financial

Cash Flow Statement (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Profit before Tax	2,578	2,989	3,545	4,301	4,785
Depn. & Amort.	181	251	296	335	371
Net Interest Exp. / Inc. (-)	0	0	0	0	0
Inc (-) / Dec in WCap.	-714	-1,063	-958	-1,114	-1,970
Others	1	52	0	0	0
Taxes Paid	-618	-729	-886	-1,075	-1,196
Operating Cash Flow	1,429	1,500	1,997	2,448	1,990
Capex	-1,140	-1,284	-700	-600	-509
Free Cash Flow	289	217	1,297	1,848	1,481
Inc (-) / Dec in Investments	22	-205	0	0	0
Others	83	-152	0	0	0
Investing Cash Flow	-1,034	-1,640	-700	-600	-509
Inc / Dec (-) in Capital	34	349	0	0	0
Dividend + Tax thereon	-998	-363	-726	-862	-998
Inc / Dec (-) in Loans	72	271	0	0	0
Others	0	0	0	0	0
Financing Cash Flow	-893	257	-726	-862	-998
Inc / Dec (-) in Cash	-498	117	571	985	483
Opening Cash Balance	616	118	235	806	1,792
Closing Cash Balance	118	235	806	1,792	2,274

Source: Company, JM Financial

Balance Sheet (INR mn)					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Shareholders' Fund	6,491	8,737	10,670	13,034	15,626
Share Capital	182	182	182	182	182
Reserves & Surplus	6,309	8,555	10,488	12,853	15,444
Preference Share Capital	0	0	0	0	0
Minority Interest	0	0	0	0	0
Total Loans	49	331	331	331	331
Def. Tax Liab. / Assets (-)	85	137	137	137	137
Total - Equity & Liab.	6,624	9,205	11,138	13,502	16,094
Net Fixed Assets	2,498	3,545	3,949	4,215	4,353
Gross Fixed Assets	3,274	4,576	5,276	5,876	6,385
Intangible Assets	0	0	0	0	0
Less: Depn. & Amort.	823	1,073	1,369	1,704	2,074
Capital WIP	48	42	42	42	42
Investments	2,467	2,672	2,672	2,672	2,672
Current Assets	7,023	10,337	12,748	15,766	18,317
Inventories	4,338	4,930	6,108	7,396	9,970
Sundry Debtors	1,601	2,516	3,178	3,923	3,418
Cash & Bank Balances	118	235	806	1,792	2,274
Loans & Advances	11	9	9	9	9
Other Current Assets	955	2,646	2,646	2,646	2,646
Current Liab. & Prov.	5,364	7,349	8,231	9,150	9,248
Current Liabilities	965	1,456	1,736	2,028	1,498
Provisions & Others	4,400	5,893	6,495	7,121	7,751
Net Current Assets	1,659	2,988	4,517	6,616	9,069
Total - Assets	6,624	9,205	11,138	13,503	16,094

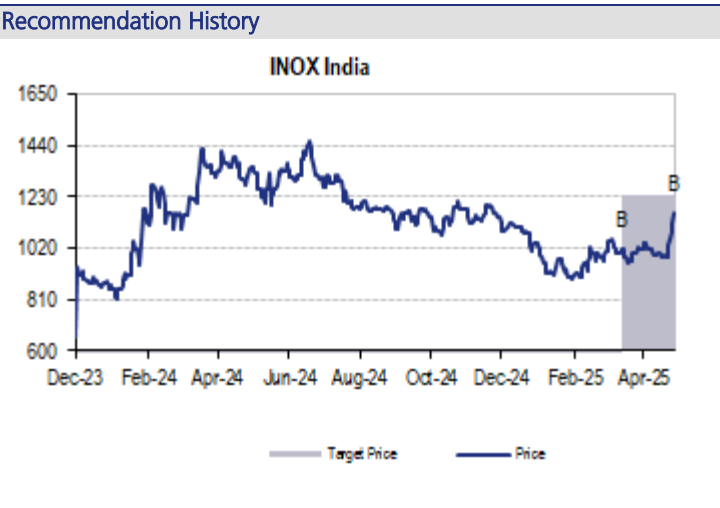
Source: Company, JM Financial

Dupont Analysis					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
Net Margin	17.3%	17.3%	16.9%	17.5%	17.3%
Asset Turnover (x)	1.8	1.6	1.5	1.5	1.4
Leverage Factor (x)	1.0	1.1	1.1	1.1	1.0
RoE	32.7%	29.7%	27.4%	27.2%	25.1%

Key Ratios					
Y/E March	FY24A	FY25A	FY26E	FY27E	FY28E
BV/Share (INR)	71.5	96.3	117.6	143.6	172.2
ROIC	55.6%	38.8%	35.2%	35.6%	33.2%
ROE	32.7%	29.7%	27.4%	27.2%	25.1%
Net Debt/Equity (x)	-0.4	-0.3	-0.3	-0.3	-0.3
P/E (x)	53.8	46.6	39.6	32.7	29.4
P/B (x)	16.2	12.1	9.9	8.1	6.7
EV/EBITDA (x)	41.2	36.2	29.3	24.0	21.1
EV/Sales (x)	9.1	7.9	6.5	5.5	4.9
Debtor days	52	70	74	78	60
Inventory days	140	138	142	146	175
Creditor days	33	49	50	50	32

Source: Company, JM Financial

History of Recommendation and Target Price			
Date	Recommendation	Target Price	% Chg.
2-Apr-25	Buy	1,240	
16-May-25	Buy	1,355	9.3



APPENDIX I

JM Financial Institutional Securities Limited

Corporate Identity Number: U67100MH2017PLC296081

Member of BSE Ltd. and National Stock Exchange of India Ltd.

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Hold	Price expected to move in the range of 10% downside to 10% upside from the current market price for stocks with market capitalisation in excess of INR 200 billion and REITs* and in the range of 10% downside to 15% upside from the current market price for all other stocks, over the next twelve months.
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