

Thermax

Estimate changes



TP change



Rating change



Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USD\$)	393.1 / 4.6
52-Week Range (INR)	5840 / 2930
1, 6, 12 Rel. Per (%)	-2/-40/-41
12M Avg Val (INR M)	827

Financials Snapshot (INR b)

Y/E MARCH	FY25	FY26E	FY27E
Net Sales	103.9	115.9	129.5
EBITDA	9.1	11.3	13.3
PAT	6.3	7.4	8.8
EPS (INR)	56.4	65.7	77.9
GR. (%)	8.1	16.5	18.6
BV/Sh (INR)	438.4	489.1	552.1

Ratios

ROE (%)	13.5	14.2	15.0
RoCE (%)	11.5	12.1	12.9

Valuations

P/E (X)	58.6	50.2	42.4
P/BV (X)	7.5	6.7	6.0
EV/EBITDA (X)	41.5	33.1	27.9
Div Yield (%)	0.3	0.5	0.5

Shareholding pattern (%)

As On	Mar-25	Dec-24	Mar-24
Promoter	62.0	62.0	62.0
DII	12.3	12.7	15.8
FII	21.3	21.0	17.7
Others	4.4	4.4	4.5

FII Includes depository receipts

CMP: INR3,299

TP: INR3,100 (-6%)

Sell

Legacy projects continue to hurt profitability

Thermax (TMX)'s 4QFY25 performance reflected improved execution while order inflows remained weak. Its 4QFY25 revenue/EBITDA/PAT grew 11.6%/10%/5% YoY. Revenue and EBITDA growth was slightly better than estimates, while a higher-than-expected tax rate resulted in a miss at the PAT level. The industrial product division continued to outshine other divisions, while the industrial infra, and green solutions division remained hit by higher costs of low-margin legacy projects in FGD, Bio-CNG, and Sulphur recovery areas. Ordering remained adversely impacted by delays in inquiry finalizations, while the pipeline remained strong. We believe that lower ordering and continued cost pressures from legacy projects will have an impact on execution and profit growth for the company. We trim our estimates by 5% each for FY26/FY27. We reiterate our Sell rating with a TP of INR3,100, based on core business valuation at 40x Mar'27E EPS and the addition of subsidiary valuations.

Results affected by cost overruns

TMX's 4QFY25 revenue/EBITDA/PAT grew 11.6%/10%/5% YoY. Revenue and EBITDA growth was slightly better than estimates, while a higher-than-expected tax rate resulted in a miss at the PAT level. Its revenue of INR30.8b (+11.6% YoY) (MOFSL est. INR29.1b) was led by 18%/4%/4%/36% YoY growth in Industrial Products/Industrial Infra/Green Solutions/Chemical segments. EBITDA margin stood at 9.7% for 4QFY25 and 8.7% for full year FY25. Gross margin contracted ~85bp QoQ but expanded ~40bp YoY to 43.4%, owing to an adverse mix in industrial infra and chemical segments. This, along with operating deleverage, led to an EBITDA margin contraction of ~20bp YoY to 9.7%, while EBITDA at INR2.9b beat our estimate by 5%. With a neutral operational performance and higher other income (up 39% YoY), adj. PAT at INR2.05b increased 5.3% YoY but was 8% below our estimates due to a higher tax rate. Order inflows for the quarter stood at INR21b (-8% YoY), and the overall order book was INR106.9b (+6% YoY).

Segment-wise performance led by the Industrial Product and Chemical division

Across segments, the industrial product and chemical segment's revenue grew 18%/36% YoY, while growth remained weak in the industrial infra and green solutions segments. Segment-wise, EBIT margin performance was strong only in the industrial product and chemical segments. EBIT margin improved to 14.4% for the industrial product segment (from 11.7% in 4QFY24). Margin in the industrial infra segment continued to remain weak at 2.8% in 4QFY25 vs. 6.1% in 4QFY24. Another disappointment came from the negative EBIT margin in the green solutions segment, as this segment's results were affected by the recognition of higher technology intervention costs amounting to INR660m in Bio-CNG projects under the Industrial Infra segment. The chemical segment's EBIT margins remained strong at 16.6%.

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

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

Investors are advised to refer through important disclosures made at the last page of the Research Report.

Motilal Oswal research is available on www.motilaloswal.com/Institutional-Equities, Bloomberg, Thomson Reuters, Factset and S&P Capital.

Base ordering weak during the quarter

Though the base ordering was weak during the quarter, the company's inquiry pipeline is strong and broad-based. Order inflow for the full year grew 11% YoY. The company expects a few projects in steel, power, waste-to-energy, and Bio CNG to be finalized in the coming months, while projects in refining, petrochemical, and cement sectors will be finalized in 2HFY26. Pipeline of projects is healthy in the industrial infra and chemicals division too, and the green solution segment has been steady. We bake in order inflows to post a CAGR of 19% over FY25-27.

Margins remain affected by low-margin projects taken in the past

TMX's margins remained quite strong for the industrial product division, but margins for the industrial infra and green solutions segment were hit by higher costs. For the industrial infra segment, the company had taken a hit of nearly INR850m for the full year on cost overruns in the bio-CNG project. There is an outstanding OB of INR3.4b left from this project, which will be over in FY26 and FY27. From the low-margin FGD projects, the outstanding order book is currently INR4.5b, which will also be over mainly in FY26 (INR3.5b) and FY27 (INR1b). The low-margin Sulphur recovery project, too, will continue until the beginning of FY27. We thus expect industrial infra segment margins to remain volatile and weak until FY27 due to a low-margin order book. The green solution segment's margins were affected by continued losses in FEPL, which can come down from FY27E, as the company hopes to realize insurance claims. TMX expects margins in the chemical segment to remain in the mid-teens despite a higher share of specialty chemicals, as the company is continuously investing in new products in the chemical segment.

Financial outlook

We expect a CAGR of 12%/21%/18% in revenue/EBITDA/PAT over FY25-27. We build in 1) 19% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the Industrial Product and Chemical divisions to 11.5% and 17.0%, respectively, by FY27E, and 3) control over working capital and NWC (at 10 days).

Valuation and view

The stock is currently trading at 50.2x/42.4x FY26E/FY27E EPS. **We reiterate our Sell rating with a TP of INR3,100 based on 40x Mar'27 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 Earnings Model

(InR m)

Y/E March	FY24				FY25				FY24	FY25	FY25E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			4QE	Var (%)
Net Sales	19,330	23,025	23,244	27,637	21,844	26,116	25,078	30,849	93,235	1,03,887	29,092	6
YoY Change (%)	16.8	10.9	13.4	19.6	13.0	13.4	7.9	11.6	15.2	11.4	5.3	
Total Expenditure	18,008	20,978	21,369	24,905	20,433	23,336	23,188	27,853	85,261	94,809	26,249	
EBITDA	1,322	2,046	1,874	2,732	1,412	2,780	1,890	2,997	7,974	9,078	2,844	5
Margins (%)	6.8	8.9	8.1	9.9	6.5	10.6	7.5	9.7	8.6	8.7	9.8	
Depreciation	294	330	358	499	360	421	351	453	1,481	1,585	363	
Interest	134	198	266	278	275	294	287	313	876	1,168	269	
Other Income	531	659	584	553	841	598	315	769	2,326	2,522	578	
PBT before EO exp	1,425	2,177	1,834	2,507	1,617	2,663	1,568	3,000	7,943	8,847	2,790	8
Extra-Ord expense	506	-	-1,261						-755			
PBT	919	2,177	3,095	2,507	1,617	2,663	1,568	3,000	8,698	8,847	2,790	8
Tax	315	589	721	633	519	683	425	951	2,258	2,578	559	
Rate (%)	34.3	27.0	23.3	25.2	32.1	25.6	27.1	31.7	26.0	29.1	20.0	
Reported PAT	600	1,586	2,371	1,876	1,094	1,980	1,137	2,056	6,432	6,268	2,241	-8
Adj PAT	932	1,586	1,403	1,952	1,094	1,980	1,137	2,056	5,873	6,268	2,241	-8
YoY Change (%)	58.1	45.3	11.0	24.9	17.4	24.9	-19.0	5.3	42.7	6.7	14.8	
Margins (%)	4.8	6.9	6.0	7.1	5.0	7.6	4.5	6.7	6.3	6.0	7.7	

	FY24				FY25				FY24	FY25
INR m	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Segmental revenue										
Industrial Products	8,359	9,894	10,226	12,074	9,608	10,576	10,801	14,304	40,552	45,290
Industrial Infra	9,162	10,851	10,974	13,565	9,251	12,426	11,317	14,152	44,552	47,146
Green Solutions	1,132	1,246	1,235	1,458	1,737	1,751	1,892	1,519	5,071	6,899
Chemical	1,608	1,879	1,606	1,541	1,708	1,903	1,916	2,101	6,634	7,628
Less: Intersegmental	-931	-845	-797	-1,001	-691	-541	-849	-1,226	-3,574	-3,076
Total revenues	19,330	23,025	23,244	27,637	21,613	26,116	25,078	30,849	93,235	1,03,887
Segmental EBIT										
Industrial Products	560	988	1,015	1,407	867	1,145	1,215	2,063	3,970	5,290
Margin (%)	6.7	10.0	9.9	11.7	9.0	10.8	11.3	14.4	9.8	11.7
Industrial Infra	303	573	389	825	-184	882	13	389	2,089	1,101
Margin (%)	3.3	5.3	3.5	6.1	-2.0	7.1	0.1	2.8	4.7	2.3
Green Solutions	100	80	133	137	230	216	180	-81	449	-9
Margin (%)	8.8	6.4	10.8	9.4	13.2	12.3	9.5	-5.3	8.9	-0.1
Chemical	265	345	331	296	304	306	264	349	1,238	1,223
Margin (%)	16.5	18.4	20.6	19.2	17.8	16.1	13.8	16.6	18.7	16.0



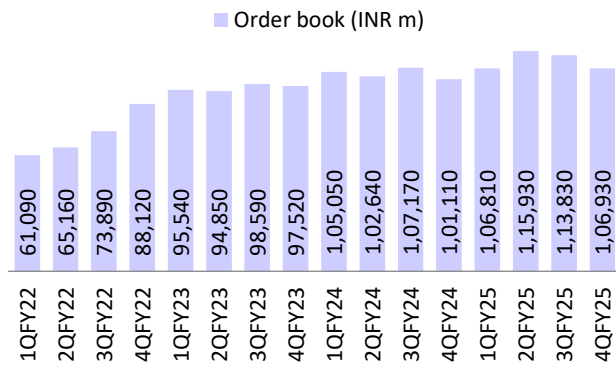
Conference call highlights

- **Order Pipeline** – Thermax’s order pipeline for FY26 is broad-based and promising, despite a miss in 4QFY25 due to a large project loss and some deferments. Management expects significant improvement in order inflows driven by opportunities in steel, power, waste-to-energy, refining, petrochemical, and cement sectors - with the latter two expected mainly in 2HFY26. The company is also eyeing international projects in the Middle East and Southeast Asia.
- **Industrial Products** – It delivered an excellent FY25 with strong profitability and robust growth, backed by a ~20% higher order backlog YoY. The division’s fastest-growing segments are water solutions and air pollution control, while heating solutions remain the most profitable. Cooling products, boosted by innovations such as heat pumps and advanced cooling towers, are poised to become the fastest-growing. The international share of this business is also rising, aided by capabilities in water and air products as well as subsidiaries like Danstoker and PTTI. Product innovation remains a core focus, with cutting-edge offerings in zero liquid discharge, ultra-pure water, biomass boilers, and electric heating systems strengthening the portfolio.
- **Industrial Infra** – The segment is poised for a stronger FY26 after several cautious quarters. While legacy projects in FGD and Bio-CNG impacted margins in FY25, most FGD projects are expected to be completed within FY26, with minor spillover into FY27. New project orders are being selectively pursued focused on profitability and execution capability. Management anticipates a pick-up in order inflows from sectors like steel, power, waste-to-energy, and large refinery and petrochemical projects. There is cautious optimism about potential private sector thermal power projects as well. Internationally, key opportunities are expected from the Middle East and Southeast Asia.
- **Bio-CNG Projects** – Thermax faced significant challenges in its Bio-CNG projects, particularly in the first set of projects with its JV partner EverEnviro. Despite implementing numerous technology interventions that brought stability, the projects failed to meet original yield guarantees. After extensive discussions, both parties have realigned expectations, agreeing to recalibrate guarantees based on achievable lower production levels. The company will add a digester to improve output, with all costs, including new digesters and auxiliary equipment, accounted for. In 4QFY25, Thermax absorbed over INR850m in Bio-CNG-related hits, including technology provisions, project delays, and O&M costs, effectively closing out the legacy risks. Execution of the necessary upgrades will continue over the next seven months. Having paused new orders for a year to stabilize the offering, the company now plans to selectively re-enter the Bio-CNG market. After a year-long pause in new orders, the company expects to book two Bio-CNG orders in 1QFY26 under more prudent terms. While still a nascent industry with tight economics and a need for policy support, the management believes TMX is well-positioned at the technological forefront to selectively grow in this space going forward.

- **Green Solutions** – The segment faced significant losses in FY25, particularly in FEPN, but management expects a sharp reduction in losses in FY26. Steady progress is being made in TOESL and other sub-segments. Thermax continues to invest in emerging clean technologies, including hydrogen, carbon capture, and sustainable aviation fuels (SAF). A dedicated team is actively developing solutions in these areas to build a future growth engine, even though near-term profitability remains secondary to capability building in this vertical.
- **Chemicals** – The division had a steady FY25, with EBITDA margins around 16% — slightly lower than historical highs due to product mix shifts, investments in new business lines (construction chemicals, flooring, and Biltech), and costs related to recent partnerships (WebPro JV, OCQ). A new plant commissioned in March will add to capacity but also increase depreciation costs. Management expects both revenue and profitability to improve in FY26, with margins targeted in the high-teens range. Specialty chemicals, which faced cyclical headwinds in FY25, are likely to recover in FY26, further supporting revenue and margin expansion.
- **Subsidiaries** – Thermax’s international subsidiaries, notably Danstoker and PTTI, which are part of the Industrial Products segment, are showing growing stability and an increasing contribution to both domestic and export revenues. The subsidiaries are expanding their capabilities, especially in water, air, and small boiler solutions, helping to strengthen the company’s position in international markets such as Southeast Asia, the Middle East, and Africa. Management emphasized that subsidiary growth is an integral part of the company’s international strategy and expects their contribution to continue rising in the coming years.

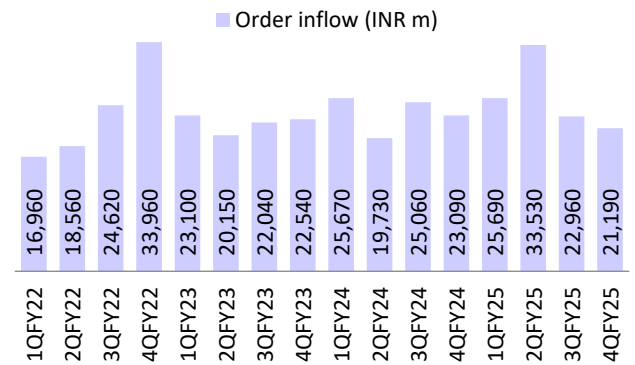
Key Exhibits

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



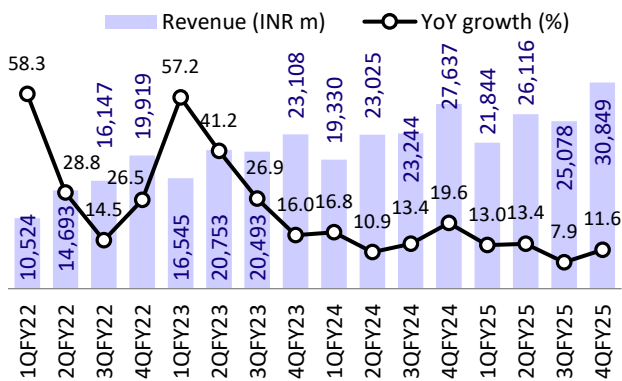
Source: Company, MOFSL

Exhibit 2: Ordering remained affected by delays in inquiry finalizations (INR m)



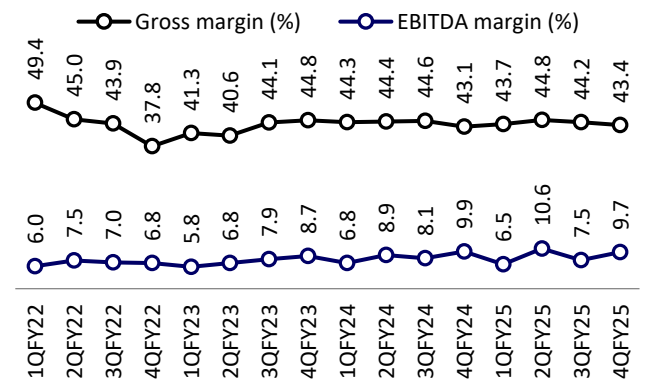
Source: Company, MOFSL

Exhibit 3: Revenue grew 12% YoY in 4QFY25



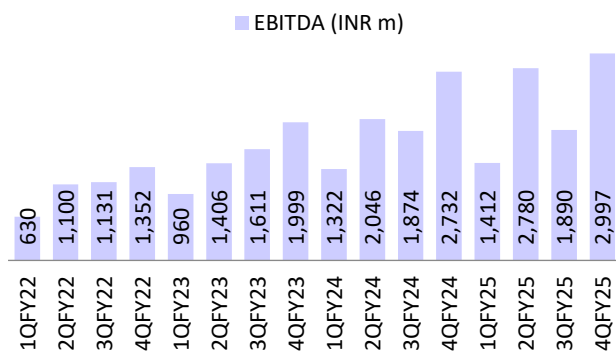
Source: Company, MOFSL

Exhibit 4: EBITDA margin on a sequential uptick



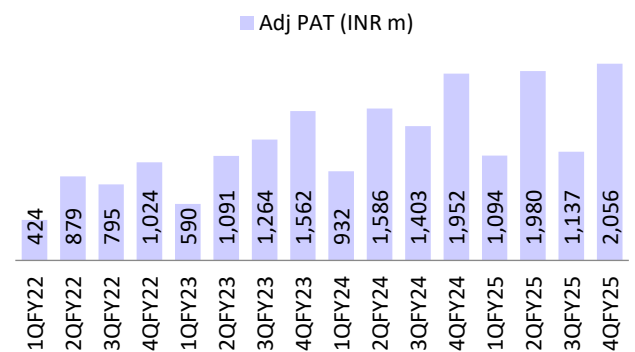
Source: Company, MOFSL

Exhibit 5: EBITDA grew 10% YoY in 4QFY25 while margin was down 20bp (INR m)



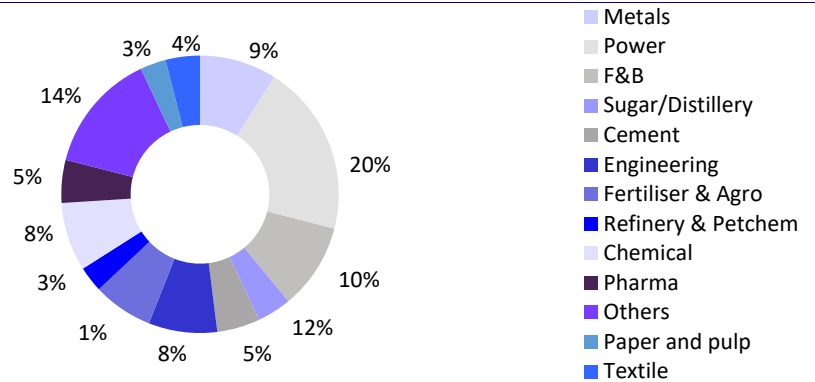
Source: Company, MOFSL

Exhibit 6: PAT grew 5% YoY, led by revenue growth (INR m)



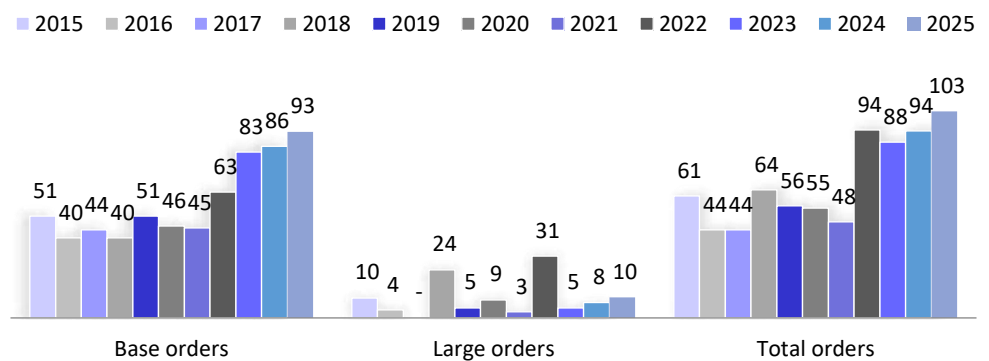
Source: Company, MOFSL

Exhibit 7: 4QFY25 order inflow breakup – INR21.2b



Source: Company, MOFSL

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



Source: Company, MOFSL

Exhibit 9: TOESL – key financials (INR m)

	FY21	FY22	FY23	FY24
Income statement				
Revenue	1,274	2,180	3,482	4,575
Expenditure	1,040	1,974	3,213	3,720
EBITDA	235	206	269	855
EBITDA %	18.4	9.4	7.7	18.7
Depreciation	4.9	4.5	7.2	5.0
EBIT	230	201	262	850
Interest	18	22	52	92
PBT	212	179	210	758
Tax	40	48	50	91
Tax%	18.9	26.9	23.8	11.9
PAT	172	131	160	668
Balance sheet				
Share capital	423	723	723	1,083
Reserves	531	663	819	1,079
Networth	954	1,386	1,542	2,161
Debt	117	578	909	1,196
Total liabilities	1,071	1,964	2,451	3,357
Net block	17	68	68	34
Cash and inv in subsidiary	327	328	341	532
Net WC and other assets	727	1,568	2,043	2,791
Total assets	1,071	1,964	2,451	3,357
RoE	18.0	9.5	10.4	30.9
RoCE	17.4	7.5	8.1	22.3

Source: Company, MOFSL

Exhibit 10: FEPL – key financials (INR m)

	FY21	FY22	FY23	FY24
Income statement				
Revenue	28	266	193	911
Expenditure	17	252	347	556
EBITDA	10	13	-154	355
EBITDA %	36.6	5.0	-79.5	39.0
Depreciation	15	2	16	247
EBIT	-5	11	-170	108
Interest	17	1	35	435
PBT	-21	10	-205	-327
Tax		-	4	3
Tax%	-	-	2.1	-0.9
PAT	-21	10	-209	-330
Balance sheet				
Share capital	135	395	1,534	4,040
Reserves	-340	-67	-336	-264
Networth	-205	327	1,198	3,776
Debt	195	41	5,994	8,890
Total liabilities	-10	368	7,193	12,666
Net block	2	338	5,018	11,860
Cash	108	393	1,234	333
Net WC and other assets	-120	-362	940	473
Total assets	-10	368	7,193	12,666
RoE	10.4	3.0	-17.4	
RoCE	48.2	2.9	-2.3	-8.8

Source: Company, MOFSL

Financial outlook

Exhibit 11: We expect a 12% revenue CAGR to be driven by a 19% order inflow CAGR over FY25-27

	2022	2023	2024	2025	2026E	2027E
Industry Products						
Revenue	25,757	33,375	40,552	45,290	52,785	64,061
Growth (%)		29.6	21.5	11.7	16.5	21.4
Order inflow	28,910	41,720	43,290	50,140	57,661	68,040
Growth (%)	(22.4)	44.3	3.8	15.8	15.0	18.0
Order backlog	20,014	28,420	35,000	41,550	48,109	53,772
Growth (%)	(46.2)	42.0	23.2	18.7	15.8	11.8
EBIT	1,815	2,739	3,970	5,290	6,070	7,367
EBIT Margin (%)	7.0	8.2	9.8	11.7	11.5	11.5
Industrial Infra						
Revenue	29,879	39,280	44,552	47,146	49,261	51,110
Growth (%)		31.5	13.4	5.8	4.5	3.8
Order inflow	58,220	37,790	40,990	43,100	47,314	57,064
Growth (%)	816.9	(35.1)	8.5	5.1	10.0	20.0
Order backlog	63,717	63,080	56,820	54,340	52,393	58,346
Growth (%)	345.3	(1.0)	(9.9)	(4.4)	(3.6)	11.4
EBIT	1,310	2,168	2,089	1,101	1,724	2,044
EBIT Margin (%)	4.4	5.5	4.7	2.3	3.5	4.0
Green Solutions						
Revenue	2,168	3,627	5,071	6,899	7,620	7,432
Growth (%)		67.3	39.8	36.1	10.5	(2.5)
Order inflow	1,270	1,950	2,410	2,250	4,500	9,000
Growth (%)		53.5	23.6	(6.6)	100.0	100.0
Order backlog	3,566	5,920	7,910	7,910	4,790	6,358
Growth (%)		66.0	33.6	0.0	(39.4)	32.7
EBIT	161	150	449	-9	876	855
EBIT Margin (%)	7.4	4.1	8.9	(0.1)	11.5	11.5
Chemical segment						
Revenue	5,385	6,728	6,634	7,628	9,680	10,781
Growth (%)	25.4	24.9	(1.4)	15.0	26.9	11.4
Order inflow	5,690	6,430	6,840	7,880	9,062	11,328
Growth (%)	33.9	13.0	6.4	15.2	15.0	25.0
Order backlog	1,282	1,090	1,380	2,220	1,602	2,148
Growth (%)	62.3	(15.0)	26.6	60.9	(27.8)	34.1
EBIT	624	865	1,238	1,223	1,646	1,833
EBIT Margin (%)	11.6	12.8	18.7	16.0	17.0	17.0
Sum of all segments						
Revenues	61,283	80,898	93,235	1,03,887	1,15,912	1,29,513
Growth (%)	27.9	32.0	15.2	11.4	11.6	11.7
EBIT	4,353	6,409	9,566	9,232	11,628	13,541
Margin (%)	7.1	7.9	10.3	8.9	10.0	10.5
Order inflow	94,090	87,890	93,530	1,03,370	1,18,537	1,45,432
Growth (%)	96.7	(6.6)	6.4	10.5	14.7	22.7
Order backlog	88,580	98,510	1,01,110	1,06,020	1,06,894	1,20,625
Growth (%)	69.5	11.2	2.6	4.9	0.8	12.8

Source: Company, MOFSL

Exhibit 12: We cut our estimates by 5% each for FY26/27E, factoring in the lower ordering momentum and continued cost pressures from legacy projects

(INR M)	FY26E			FY27E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,15,912	1,15,079	0.7	1,29,513	1,31,539	(1.5)
EBITDA	11,334	11,326	0.1	13,342	13,478	(1.0)
EBITDA	9.8	9.8	-6 bps	10.3	10.2	6 bps
Adj. PAT	7,397	7,758	(4.7)	8,774	9,282	(5.4)
EPS (INR)	65.7	68.9	(4.7)	77.9	82.4	(5.4)

Source: MOFSL

Financials and Valuation

Income Statement							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Total Income from Operations	47,913	61,283	80,898	93,235	1,03,887	1,15,912	1,29,513
Change (%)	-16.4	27.9	32.0	15.2	11.4	11.6	11.7
Raw Materials	25,386	34,850	46,247	52,196	58,135	64,864	72,475
Gross Profit	22,526	26,433	34,651	41,039	45,752	51,048	57,038
Employee Cost	7,588	8,129	9,542	11,483	12,689	12,953	13,795
Other Expenses	11,387	14,090	19,134	21,582	23,985	26,761	29,901
Total Expenditure	44,361	57,070	74,923	85,261	94,809	1,04,578	1,16,171
% of Sales	92.6	93.1	92.6	91.4	91.3	90.2	89.7
EBITDA	3,552	4,214	5,976	7,974	9,078	11,334	13,342
Margin (%)	7.4	6.9	7.4	8.6	8.7	9.8	10.3
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,138
EBIT	2,406	3,081	4,807	6,493	7,493	9,421	11,204
Int. and Finance Charges	206	252	376	876	1,168	1,355	1,355
Other Income	1,077	1,270	1,602	2,326	2,522	2,207	2,337
PBT bef. EO Exp.	3,277	4,100	6,033	7,943	8,847	10,273	12,186
EO Items	-525	0	0	755	0	0	0
PBT after EO Exp.	2,752	4,100	6,033	8,698	8,847	10,273	12,186
Total Tax	686	978	1,524	2,258	2,578	2,877	3,412
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	28.0	28.0
Preference Dividend	0	0	2	8	-78	0	0
Reported PAT	2,066	3,122	4,507	6,432	6,347	7,397	8,774
Adjusted PAT	2,460	3,122	4,507	5,873	6,347	7,397	8,774
Change (%)	15.8	26.9	44.4	30.3	8.1	16.5	18.6
Margin (%)	5.1	5.1	5.6	6.3	6.1	6.4	6.8

Balance Sheet							(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Equity Share Capital	225	225	225	225	225	225	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	54,851	61,936
Net Worth	32,514	34,925	38,671	44,398	49,369	55,077	62,161
Minority Interest	0	0	22	0	57	57	57
Total Loans	3,051	3,554	8,105	12,560	16,933	16,933	16,933
Deferred Tax Liabilities	-1,540	-1,271	-1,057	-963	-1,243	-1,243	-1,243
Capital Employed	34,024	37,208	45,741	55,995	65,116	70,824	77,908
Gross Block	20,168	20,442	22,145	30,206	40,017	45,017	50,017
Less: Accum. Dep.	7,777	8,525	9,694	11,175	12,760	14,673	16,811
Net Fixed Assets	12,390	11,917	12,451	19,031	27,257	30,344	33,205
Capital WIP	242	474	4,338	5,248	5,608	6,169	6,786
Total Investments	2,375	14,765	16,370	17,681	17,879	17,879	17,879
Curr. Assets, Loans & Adv.	48,452	46,153	54,141	58,485	68,092	76,370	87,009
Inventory	4,047	7,270	7,556	7,649	7,203	8,037	8,980
Account Receivables	13,380	15,972	18,766	22,671	25,654	28,623	31,981
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	13,279	16,515
Loans and Advances	943	1,087	1,476	1,852	2,722	3,037	3,393
Other Current Assets	10,690	12,288	15,027	16,560	20,968	23,395	26,140
Curr. Liability & Prov.	29,434	36,101	41,559	44,450	53,721	59,939	66,972
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	55,314	61,805
Provisions	2,210	2,392	2,431	3,478	4,145	4,624	5,167
Net Current Assets	19,018	10,051	12,581	14,035	14,371	16,431	20,038
Appl. of Funds	34,024	37,208	45,741	55,995	65,116	70,824	77,908

Financials and Valuation

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
Basic (INR)							
EPS	21.9	27.7	40.0	52.2	56.4	65.7	77.9
Cash EPS	32.0	37.8	50.4	65.3	70.4	82.7	96.9
BV/Share	288.8	310.2	343.4	394.3	438.4	489.1	552.1
DPS	7.0	9.0	10.0	10.0	10.0	15.0	15.0
Payout (%)	45.9	32.5	25.0	17.5	17.7	22.8	19.3
Valuation (x)							
P/E	151.1	119.1	82.5	63.3	58.6	50.2	42.4
Cash P/E	103.1	87.4	65.5	50.5	46.9	39.9	34.1
P/BV	11.4	10.6	9.6	8.4	7.5	6.7	6.0
EV/Sales	7.4	6.0	4.6	4.0	3.6	3.2	2.9
EV/EBITDA	100.0	86.8	61.7	47.0	41.5	33.1	27.9
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.5	0.5
FCF per share	60.9	21.4	(16.9)	(41.8)	12.7	22.8	35.0
Return Ratios (%)							
RoE	7.8	9.3	12.2	14.1	13.5	14.2	15.0
RoCE	7.7	9.0	11.2	12.6	11.5	12.1	12.9
RoIC	12.7	19.2	27.5	26.0	19.9	21.3	23.0
Working Capital Ratios							
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.6	2.6
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.6	1.6	1.7
Inventory (Days)	30.8	43.3	34.1	29.9	25.3	25.3	25.3
Debtor (Days)	101.9	95.1	84.7	88.8	90.1	90.1	90.1
Creditor (Days)	207.4	200.8	176.5	160.4	174.2	174.2	174.2
Leverage Ratio (x)							
Current Ratio	1.6	1.3	1.3	1.3	1.3	1.3	1.3
Interest Cover Ratio	11.7	12.2	12.8	7.4	6.4	7.0	8.3
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)

Cash Flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	10,273	12,186
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,138
Interest & Finance Charges	118	135	260	837	1,415	1,355	1,355
Direct Taxes Paid	-938	-1,030	-1,512	-1,863	-1,861	-2,877	-3,412
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-327	-370
CF from Operations	7,811	4,333	5,321	4,392	11,275	10,338	11,897
Others	-117	-1,084	-726	-1,919	-846	-2,207	-2,337
CF from Operating incl EO	7,695	3,248	4,596	2,473	10,428	8,131	9,560
(Inc)/Dec in FA	-834	-838	-6,499	-7,185	-9,002	-5,561	-5,617
Free Cash Flow	6,861	2,411	-1,904	-4,712	1,426	2,570	3,943
(Pur)/Sale of Investments	-5,789	-4,263	-993	1,222	-2,661	0	0
Others	266	885	696	872	-743	2,207	2,337
CF from Investments	-6,357	-4,216	-6,797	-5,092	-12,406	-3,354	-3,280
Inc/(Dec) in Debt	891	762	4,481	4,306	4,336	0	0
Interest Paid	-118	-135	-256	-821	-1,758	-1,355	-1,355
Dividend Paid	0	-788	-1,021	-1,128	-1,352	-1,689	-1,689
Others		-45	-98	-102	-61	0	0
CF from Fin. Activity	772	-206	3,485	2,854	1,236	-3,044	-3,044
Inc/Dec of Cash	2,110	-1,173	1,284	235	-742	1,733	3,236
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	13,279
Closing Balance	19,392	9,535	11,316	9,753	11,546	13,279	16,515

Investment in securities market are subject to market risks. Read all the related documents carefully before investing

NOTES

Explanation of Investment Rating	
Investment Rating	Expected return (over 12-month)
BUY	$\geq 15\%$
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

*In case the recommendation given by the Research Analyst is inconsistent with the investment rating legend for a continuous period of 30 days, the Research Analyst shall be within following 30 days take appropriate measures to make the recommendation consistent with the investment rating legend.

Disclosures

The following Disclosures are being made in compliance with the SEBI Research Analyst Regulations 2014 (herein after referred to as the Regulations).

Motilal Oswal Financial Services Ltd. (MOFSL) is a SEBI Registered Research Analyst having registration no. INH000000412. MOFSL, the Research Entity (RE) as defined in the Regulations, is engaged in the business of providing Stock broking services, Depository participant services & distribution of various financial products. MOFSL is a listed public company, the details in respect of which are available on www.motilaloswal.com. MOFSL (erstwhile Motilal Oswal Securities Limited - MOSL) is registered with the Securities & Exchange Board of India (SEBI) and is a registered Trading Member with National Stock Exchange of India Ltd. (NSE) and Bombay Stock Exchange Limited (BSE), Multi Commodity Exchange of India Limited (MCX) and National Commodity & Derivatives Exchange Limited (NCDEX) for its stock broking activities & is Depository participant with Central Depository Services Limited (CDSL) National Securities Depository Limited (NSDL), NERL, COMRIS and CCRL and is member of Association of Mutual Funds of India (AMFI) for distribution of financial products and Insurance Regulatory & Development Authority of India (IRDA) as Corporate Agent for insurance products. Details of associate entities of Motilal Oswal Financial Services Limited are available on the website at <http://online.reports.motilaloswal.com/Dormant/documents/List%20of%20Associate%20companies.pdf>. MOFSL and its associate company(ies), their directors and Research Analyst and their relatives may; (a) from time to time, have a long or short position in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. (b) be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies) or may have any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.

MOFSL and / or its affiliates do and seek to do business including investment banking with companies covered in its research reports. As a result, the recipients of this report should be aware that MOFSL may have a potential conflict of interest that may affect the objectivity of this report. Compensation of Research Analysts is not based on any specific merchant banking, investment banking or brokerage service transactions. Details of pending Enquiry Proceedings of Motilal Oswal Financial Services Limited are available on the website at <https://galaxy.motilaloswal.com/ResearchAnalyst/PublishViewLitigation.aspx>

A graph of daily closing prices of securities is available at www.nseindia.com, www.bseindia.com. Research Analyst views on Subject Company may vary based on Fundamental research and Technical Research. Proprietary trading desk of MOFSL or its associates maintains arm's length distance with Research Team as all the activities are segregated from MOFSL research activity and therefore it can have an independent view with regards to Subject Company for which Research Team have expressed their views.

Regional Disclosures (outside India)

This report is not directed or intended for distribution to or use by any person or entity resident in a state, country or any jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL & its group companies to registration or licensing requirements within such jurisdictions.

For Hong Kong:

This report is distributed in Hong Kong by Motilal Oswal capital Markets (Hong Kong) Private Limited, a licensed corporation (CE AYY-301) licensed and regulated by the Hong Kong Securities and Futures Commission (SFC) pursuant to the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) "SFO". As per SEBI (Research Analyst Regulations) 2014 Motilal Oswal Securities (SEBI Reg. No. INH000000412) has an agreement with Motilal Oswal capital Markets (Hong Kong) Private Limited for distribution of research report in Hong Kong. This report is intended for distribution only to "Professional Investors" as defined in Part I of Schedule 1 to SFO. Any investment or investment activity to which this document relates is only available to professional investor and will be engaged only with professional investors." Nothing here is an offer or solicitation of these securities, products and services in any jurisdiction where their offer or sale is not qualified or exempt from registration. The Indian Analyst(s) who compile this report is/are not located in Hong Kong & are not conducting Research Analysis in Hong Kong.

For U.S.

Motilal Oswal Financial Services Limited (MOFSL) is not a registered broker - dealer under the U.S. Securities Exchange Act of 1934, as amended (the "1934 act") and under applicable state laws in the United States. In addition MOFSL is not a registered investment adviser under the U.S. Investment Advisers Act of 1940, as amended (the "Advisers Act") and together with the 1934 Act, the "Acts), and under applicable state laws in the United States. Accordingly, in the absence of specific exemption under the Acts, any brokerage and investment services provided by MOFSL, including the products and services described herein are not available to or intended for U.S. persons. This report is intended for distribution only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the Exchange Act and interpretations thereof by SEC (henceforth referred to as "major institutional investors"). This document must not be acted on or relied on by persons who are not major institutional investors. Any investment or investment activity to which this document relates is only available to major institutional investors and will be engaged in only with major institutional investors. In reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act") and interpretations thereof by the U.S. Securities and Exchange Commission ("SEC") in order to conduct business with Institutional Investors based in the U.S., MOFSL has entered into a chaperoning agreement with a U.S. registered broker-dealer, Motilal Oswal Securities International Private Limited. ("MOSIPL"). Any business interaction pursuant to this report will have to be executed within the provisions of this chaperoning agreement.

The Research Analysts contributing to the report may not be registered /qualified as research analyst with FINRA. Such research analyst may not be associated persons of the U.S. registered broker-dealer, MOSIPL, and therefore, may not be subject to NASD rule 2711 and NYSE Rule 472 restrictions on communication with a subject company, public appearances and trading securities held by a research analyst account.

For Singapore

In Singapore, this report is being distributed by Motilal Oswal Capital Markets (Singapore) Pte. Ltd. ("MOCMSPL") (UEN 201129401Z), which is a holder of a capital markets services license and an exempt financial adviser in Singapore. This report is distributed solely to persons who (a) qualify as "institutional investors" as defined in section 4A(1)(c) of the Securities and Futures Act of Singapore ("SFA") or (b) are considered "accredited investors" as defined in section 2(1) of the Financial Advisers Regulations of Singapore read with section 4A(1)(a) of the SFA. Accordingly, if a recipient is neither an "institutional investor" nor an "accredited investor", they must immediately discontinue any use of this Report and inform MOCMSPL.

In respect of any matter arising from or in connection with the research you could contact the following representatives of MOCMSPL. In case of grievances for any of the services rendered by MOCMSPL write to grievances@motilaloswal.com.

Nainesh Rajani

Email: nainesh.raiani@motilaloswal.com

Contact: (+65) 8328 0276

Specific Disclosures

- 1 MOFSL, Research Analyst and/or his relatives does not have financial interest in the subject company, as they do not have equity holdings in the subject company.
- 2 MOFSL, Research Analyst and/or his relatives do not have actual/beneficial ownership of 1% or more securities in the subject company
- 3 MOFSL, Research Analyst and/or his relatives have not received compensation/other benefits from the subject company in the past 12 months
- 4 MOFSL, Research Analyst and/or his relatives do not have material conflict of interest in the subject company at the time of publication of research report
- 5 Research Analyst has not served as director/officer/employee in the subject company
- 6 MOFSL has not acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- 7 MOFSL has not received compensation for investment banking/ merchant banking/brokerage services from the subject company in the past 12 months
- 8 MOFSL has not received compensation for other than investment banking/merchant banking/brokerage services from the subject company in the past 12 months
- 9 MOFSL has not received any compensation or other benefits from third party in connection with the research report
- 10 MOFSL has not engaged in market making activity for the subject company

The associates of MOFSL may have:

- financial interest in the subject company
- actual/beneficial ownership of 1% or more securities in the subject company at the end of the month immediately preceding the date of publication of the Research Report or date of the public appearance.
- received compensation/other benefits from the subject company in the past 12 months
- any other potential conflict of interests with respect to any recommendation and other related information and opinions.; however the same shall have no bearing whatsoever on the specific recommendations made by the analyst(s), as the recommendations made by the analyst(s) are completely independent of the views of the associates of MOFSL even though there might exist an inherent conflict of interest in some of the stocks mentioned in the research report.
- acted as a manager or co-manager of public offering of securities of the subject company in past 12 months
- be engaged in any other transaction involving such securities and earn brokerage or other compensation or act as a market maker in the financial instruments of the company(ies) discussed herein or act as an advisor or lender/borrower to such company(ies)

- received compensation from the subject company in the past 12 months for investment banking / merchant banking / brokerage services or from other than said services.
- Served subject company as its clients during twelve months preceding the date of distribution of the research report.

The associates of MOFSL has not received any compensation or other benefits from third party in connection with the research report

Above disclosures include beneficial holdings lying in demat account of MOFSL which are opened for proprietary investments only. While calculating beneficial holdings, It does not consider demat accounts which are opened in name of MOFSL for other purposes (i.e holding client securities, collaterals, error trades etc.). MOFSL also earns DP income from clients which are not considered in above disclosures.

Analyst Certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issues, and no part of the compensation of the research analyst(s) was, is, or will be directly or indirectly related to the specific recommendations and views expressed by research analyst(s) in this report.

Terms & Conditions:

This report has been prepared by MOFSL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of MOFSL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The intent of this report is not recommendatory in nature. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and does not constitute an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments for the clients. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. MOFSL will not treat recipients as customers by virtue of their receiving this report.

Disclaimer:

The report and information contained herein is strictly confidential and meant solely for the selected recipient and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent. This report and information herein is solely for informational purpose and may not be used or considered as an offer document or solicitation of offer to buy or sell or subscribe for securities or other financial instruments. Nothing in this report constitutes investment, legal, accounting and tax advice or a representation that any investment or strategy is suitable or appropriate to your specific circumstances. The securities discussed and opinions expressed in this report may not be suitable for all investors, who must make their own investment decisions, based on their own investment objectives, financial positions and needs of specific recipient. This may not be taken in substitution for the exercise of independent judgment by any recipient. Each recipient of this document should make such investigations as it deems necessary to arrive at an independent evaluation of an investment in the securities of companies referred to in this document (including the merits and risks involved), and should consult its own advisors to determine the merits and risks of such an investment. The investment discussed or views expressed may not be suitable for all investors. Certain transactions -including those involving futures, options, another derivative products as well as non-investment grade securities - involve substantial risk and are not suitable for all investors. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. The Disclosures of Interest Statement incorporated in this document is provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. This information is subject to change without any prior notice. The Company reserves the right to make modifications and alternations to this statement as may be required from time to time without any prior approval. MOFSL, its associates, their directors and the employees may from time to time, effect or have effected an own account transaction in, or deal as principal or agent in or for the securities mentioned in this document. They may perform or seek to perform investment banking or other services for, or solicit investment banking or other business from, any company referred to in this report. Each of these entities functions as a separate, distinct and independent of each other. The recipient should take this into account before interpreting the document. This report has been prepared on the basis of information that is already available in publicly accessible media or developed through analysis of MOFSL. The views expressed are those of the analyst, and the Company may or may not subscribe to all the views expressed therein. This document is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, copied, in whole or in part, for any purpose. This report is not directed or intended for distribution to, or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction, where such distribution, publication, availability or use would be contrary to law, regulation or which would subject MOFSL to any registration or licensing requirement within such jurisdiction. The securities described herein may or may not be eligible for sale in all jurisdictions or to certain category of investors. Persons in whose possession this document may come are required to inform themselves of and to observe such restriction. Neither the Firm, not its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information. The person accessing this information specifically agrees to exempt MOFSL or any of its affiliates or employees from, any and all responsibility/liability arising from such misuse and agrees not to hold MOFSL or any of its affiliates or employees responsible for any such misuse and further agrees to hold MOFSL or any of its affiliates or employees free and harmless from all losses, costs, damages, expenses that may be suffered by the person accessing this information due to any errors and delays.

This report is meant for the clients of Motilal Oswal only.

Investment in securities market are subject to market risks. Read all the related documents carefully before investing.

Registration granted by SEBI and certification from NISM in no way guarantee performance of the intermediary or provide any assurance of returns to investors.

Registered Office Address: Motilal Oswal Tower, Rahimtullah Sayani Road, Opposite Parel ST Depot, Prabhadevi, Mumbai-400025; Tel No.: 022 - 71934200 / 71934263; www.motilaloswal.com.

Correspondence Address: Palm Spring Centre, 2nd Floor, Palm Court Complex, New Link Road, Malad (West), Mumbai- 400 064. Tel No: 022 71881000. Details of Compliance Officer: Neeraj Agarwal,

Email Id: na@motilaloswal.com, Contact No.:022-40548085.

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

Registration details of group entities.: Motilal Oswal Financial Services Ltd. (MOFSL): INZ000158836 (BSE/NSE/MCX/NCDEX); CDSL and NSDL: IN-DP-16-2015; Research Analyst: INH000000412 . AMFI: ARN : 146822. IRDA Corporate Agent – CA0579. Motilal Oswal Financial Services Ltd. is a distributor of Mutual Funds, PMS, Fixed Deposit, Insurance, Bond, NCDs and IPO products.

Customer having any query/feedback/ clarification may write to query@motilaloswal.com. In case of grievances for any of the services rendered by Motilal Oswal Financial Services Limited (MOFSL) write to grievances@motilaloswal.com, for DP to dp@grievances@motilaloswal.com.