

Estimate changes	
TP change	
Rating change	

Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	364.8 / 4.1
52-Week Range (INR)	5355 / 2930
1, 6, 12 Rel. Per (%)	-7/-11/-48
12M Avg Val (INR M)	609

#### Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	108.5	122.3	139.4
EBITDA	10.8	12.8	15.4
PAT	7.0	8.1	9.7
EPS (INR)	62.2	72.2	86.5
GR. (%)	10.3	16.1	19.8
BV/Sh (INR)	485.6	542.7	614.2
<b>Ratios</b>			
ROE (%)	13.5	14.0	14.9
RoCE (%)	11.5	12.0	12.8
<b>Valuations</b>			
P/E (X)	49.2	42.4	35.4
P/BV (X)	6.3	5.6	5.0
EV/EBITDA (X)	32.2	27.1	22.2
Div Yield (%)	0.5	0.5	0.5

#### Shareholding pattern (%)

As On	Sep-25	Jun-25	Sep-24
Promoter	62.0	62.0	62.0
DII	14.0	11.8	12.7
FII	18.9	21.5	20.9
Others	5.2	4.8	4.4

FII Includes depository receipts

**CMP: INR3,061**
**TP: INR3,000 (-2%)**
**Sell**

#### Legacy projects impacted performance

Thermax's (TMX) 2QFY26 results came in sharply below our expectations on lower-than-expected order inflows, execution and margins. As highlighted earlier ([link](#)), we were concerned about the impact of legacy projects and US tariffs on the industrial infra and chemical segment's margins and this impact was more severe than our expectations in 2QFY26. The order prospect pipeline remains strong across metals and mining, refineries, thermal and fertilizer, and TMX expects healthy inflow ramp-up in 2HFY26. We do expect TMX to benefit from its strong product portfolio and improved margins in industrial product division. However, the lingering impact of legacy margins can continue to impact performance for the next 2-3 quarters. We cut our estimates by 9%/10%/9% for FY26/27/28 and revise our SoTP-based TP to INR3,000 on two-year forward earnings (from INR3,450 earlier). Reiterate Sell.

#### Weak set of results

Revenue declined 5% YoY to INR24.7b (vs. our est. INR28.9b), primarily driven by a 24% YoY decline in the Industrial Infra segment. Gross margin expanded ~230bp YoY but contracted ~360bp QoQ to 47.1%. Lower margins in the Industrial Infra division led to an overall EBITDA margin contraction of ~360bp YoY to 7.0%, with EBITDA at INR1.7b (-38% YoY), missing our estimate by 38%. The decline in profitability was impacted by project cost overruns in the Industrial Infra segment and a higher-than-expected tax rate, resulting in an adjusted PAT of INR1.2b (-40% YoY, 33% below our estimate), while PAT margin contracted 280bp YoY to 4.8%. Order inflows for the quarter stood at INR35.5b, up 6% YoY, taking the total order book to INR123b, up 6% YoY. For 1HFY26, revenue/EBITDA/PAT declined 4%/5%/12% YoY to INR46.2b/INR4.0b/INR2.7b, with margins contracting marginally by 10bp YoY to 8.6%. For 1HFY26, OCF declined by 88% to INR0.6b and FCF outflow was INR3.3b vs. INR0.2b in 1HFY25.

#### Segment-wise performance led by the industrial product and green solutions division amid margin moderation

Among segments, industrial product/green solutions revenue grew 12%/10% YoY, while growth remained weak in the industrial infra and chemical segments. Industrial product EBIT margin stood at 9.9% (vs. 10.8% in 2QFY25). Industrial Infra margins decreased to 1.6% from 7.1% in 2QFY25, mainly due to project cost overruns and the absence of one-off PSI income. Chemical segment EBIT margins were weak at 9.8% (vs. 16.1% YoY), due to higher fixed costs compared to revenue growth, higher input costs, and a change in the product mix. Green Solutions PBT margin improved to 6.1% from 1.9% in 2QFY25, aided by operational efficiency and insurance claim proceeds received by one of its subsidiaries.

### **Industrial Products: Strong outlook**

During 2Q, the division witnessed inflow growth of 18% YoY. Growth was driven by strong traction in water desalination, environmental equipment, and heating solutions, along with emerging opportunities in data centers and clean air systems. Although margins softened to 9.9% (from 10.8% YoY) due to an unfavorable product mix, 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.

### **Industrial Infra drags down performance; margin pressure persists**

Revenue declined 24% YoY for the quarter. The underperformance was driven by execution of legacy low-margin FGD and refinery projects, cost overruns, and subdued conversion of large project inquiries. Order inflows fell 16% YoY to INR14.6b, as the company focused on improving order quality by refraining from low-margin, long-duration government projects. While the backlog mix is gradually improving toward higher-margin international and private-sector orders, recovery is expected to be gradual. We expect 3% revenue CAGR over FY25-28 and EBIT margins of 3.0%/4.0%/5.0% for FY26/27/28, reflecting slow normalization in project execution and limited near-term margin levers.

### **Green Solutions gains traction; profitability improves YoY**

During 2Q, the order inflows increased 418% YoY to INR3b, supported by growth in biomass-based energy solutions, hybrid renewable projects, and an accounting change at TOESL. Within the segment, FEPL continued the execution of two solar projects – one in ISDs and another in Gujarat – and is targeting break-even next year as part of its planned INR7.5b investment. Execution is also progressing well on key projects, including the 140 MW hybrid project at Jafrabad and wind installations in Tamil Nadu. With expanding capacity and improving profitability, we expect revenue CAGR of 9% over FY25-28 and EBIT margins of 18%/13%/13% each for FY26/27/28, reflecting gradual scaling and operational leverage benefits.

### **Chemicals: Gradual recovery; margins under pressure**

Revenue was flat YoY for the quarter, with margins moderating to 9.8% from 16.1% in 2QFY25 due to higher input costs, elevated fixed expenses, and an unfavorable product mix. Demand was initially weak amid competitive pricing from Chinese suppliers but began recovering from Sep'25, supported by higher plant utilization and improving traction in construction chemicals and specialty resins. The order book stood at around INR2.0b, which is expected to rise to INR2.3-2.5b in 3Q, with profitability likely to revert to mid-teens as volumes normalize. We expect 19% revenue CAGR over FY25-28 and EBIT margins of 11%/13%/14% for FY26/27/28. We expect margins to remain impacted in the near term due to tariff issues.

### **Strong pipeline yet to reflect in order book**

The order pipeline remains healthy, with broad-based demand across industries and geographies. The company continues to see a reasonable pipeline of good projects across segments, particularly in power, metals, refining, petrochemical, and fertilizers, along with emerging applications such as data centers. International opportunities remain encouraging, led by strong traction in HRSG and other process

equipment orders from the Middle East. The company targets over 20% growth in order inflows for FY26, supported by improved project quality and disciplined bidding practices. We bake in a CAGR of 16% in order inflows over FY25-28.

### Financial outlook

We expect a CAGR of 10%/19%/15% 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 chemical divisions to 5.0% and 14.0%, respectively, by FY28E, and 3) control over working capital and NWC (at 10 days).

### Valuation and view

The stock is currently trading at 49.2x/42.4x/35.4x on FY26E/FY27E/FY28E EPS. **We reiterate our Sell rating with a revised TP of INR3,000, based on 38x two-year forward EPS for the core business.** Slightly lower multiple bakes in impact of legacy orders and weak inflow growth for the company. 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 2QE Var (%)
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE				
<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>24,739</b>	<b>27,144</b>	<b>35,109</b>	<b>1,03,887</b>	<b>1,08,494</b>	<b>28,863</b>	<b>-14</b>
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	-5.3	8.2	13.8	11.4	4.4	10.5	
Gross profit	9,556	11,711	11,083	13,401	10,898	11,641	12,079	14,204	45,752	48,822	13,277	
Total Expenditure	20,433	23,336	23,188	27,853	19,251	23,019	24,211	31,192	94,809	97,673	26,100	
<b>EBITDA</b>	<b>1,412</b>	<b>2,780</b>	<b>1,890</b>	<b>2,997</b>	<b>2,251</b>	<b>1,720</b>	<b>2,933</b>	<b>3,916</b>	<b>9,078</b>	<b>10,821</b>	<b>2,763</b>	<b>-38</b>
YoY Change (%)	6.8	35.8	0.8	9.7	59.5	-38.1	55.2	30.7	13.8	19.2	-0.6	
Margins (%)	6.5	10.6	7.5	9.7	10.5	7.0	10.8	11.2	8.7	10.0	9.6	
Depreciation	360	421	351	453	489	515	467	443	1,585	1,913	491	5
Interest	275	294	287	313	302	322	358	413	1,168	1,395	340	-5
Other Income	841	598	315	769	656	854	332	365	2,522	2,207	538	59
<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>1,738</b>	<b>2,440</b>	<b>3,425</b>	<b>8,847</b>	<b>9,720</b>	<b>2,470</b>	<b>-30</b>
<b>PBT</b>	<b>1,617</b>	<b>2,663</b>	<b>1,568</b>	<b>3,000</b>	<b>2,117</b>	<b>1,738</b>	<b>2,440</b>	<b>3,425</b>	<b>8,847</b>	<b>9,720</b>	<b>2,470</b>	<b>-30</b>
Tax	519	683	425	951	600	543	683	895	2,578	2,722	692	
Rate (%)	32.1	25.6	27.1	31.7	28.4	31.2	28.0	26.1	29.1	28.0	28.0	
Minority Interest & P/L of Asso. Cos.	4	0	5	-7	2	1	0	-3	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>1,194</b>	<b>1,757</b>	<b>2,533</b>	<b>6,268</b>	<b>6,998</b>	<b>1,779</b>	<b>-33</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>1,194</b>	<b>1,757</b>	<b>2,533</b>	<b>6,268</b>	<b>6,998</b>	<b>1,779</b>	<b>-33</b>
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-39.7	54.5	23.2	6.7	10.3	-10.2	
Margins (%)	5.0	7.6	4.5	6.7	7.0	4.8	6.5	7.2	6.0	6.5	6.2	

INR m	FY25				FY26E				FY25	FY26E
	1Q	2Q	3Q	4Q	1Q	2Q	3QE	4QE		
<b>Segmental revenue</b>										
Industrial Products	9,608	10,576	10,801	14,304	9,544	11,888	13,502	17,852	45,290	52,785
Industrial Infra	9,251	12,426	11,317	14,152	8,904	9,487	9,980	13,208	47,146	41,578
Green Solutions	1,737	1,751	1,892	1,519	1,732	1,917	2,277	2,376	6,899	8,303
Chemical	1,708	1,903	1,916	2,101	1,732	1,910	2,262	3,101	7,628	9,005
Less: Intersegmental	-460	-541	-849	-1,226	-410	-463	-877	-1,428	-3,076	-3,177
<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>24,739</b>	<b>27,144</b>	<b>35,109</b>	<b>1,03,887</b>	<b>1,08,494</b>
<b>Segmental EBIT</b>										
Industrial Products	867	1,145	1,215	2,063	777	1,173	1,539	2,582	5,290	6,070
Margin (%)	9.0	10.8	11.3	14.4	8.1	9.9	11.4	14.5	11.7	11.5
Industrial Infra	-184	882	13	389	710	-148	250	436	1,101	1,247
Margin (%)	-2.0	7.1	0.1	2.8	8.0	-1.6	2.5	3.3	2.3	3.0
Green Solutions	230	216	180	148	332	362	410	391	774	1,494
Margin (%)	13.2	12.3	9.5	9.8	19.2	18.9	18.0	16.5	11.2	18.0
Chemical	304	306	264	349	161	187	271	371	1,223	991
Margin (%)	17.8	16.1	13.8	16.6	9.3	9.8	12.0	12.0	16.0	11.0

## Conference call highlights



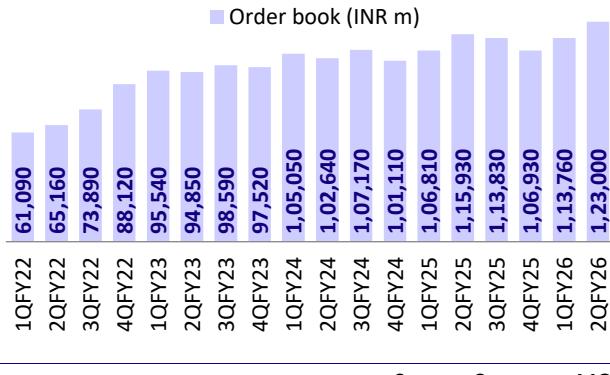
- Order Pipeline** – The company reported a healthy domestic order book in 1HFY26, and expects more than 20% growth for FY26, excluding TOESL reclassification. Management highlighted a strong pipeline across power, metals, refining, petrochemical, and fertilizer sectors, with steady traction internationally in HRSGs, oil and gas boilers, and data-center power projects. Conversion of pending large inquiries is expected in 2HFY26, with 3Q and 4Q described as strong quarters ahead.
- Industrial Products** – The industrial products portfolio, which includes heating, water, environment, and cooling systems, continued to see broad-based growth. Water and Enviro businesses now operate at low double-digit margins and are expanding internationally, while heating and cooling maintain mid-to-high-teens profitability. Water desalination, zero-liquid discharge, and clean-air solutions contributed to growth, and heating recorded its highest-ever monthly order intake in Sep'25. Cooling demand from data centers strengthened, and management plans to increase the share of services from low double digits to the teens over time.
- Industrial Infra** – 2QFY26 was termed the “kitchen-sink quarter,” as TMX absorbed most of the remaining hits on legacy projects. Of the total backlog of about INR5.7b, largely comprising PSU and Bio-CNG jobs, around 62% is planned for execution in 2HFY26, while the balance 38% will spill over into FY27. Low-margin FGD and refinery projects, including the NRL project (INR1.8b backlog), are being completed, and the company has now turned selective on new tenders. A key highlight was an international boiler order from a Middle Eastern oil & gas customer, where TMX is the only qualified Indian vendor. Future projects are expected to carry 5–8% domestic and 10%+ international margins, as the company rebuilds its order book around higher-quality, profitable work.
- Bio-CNG Projects** – The company has not taken any new Bio-CNG orders for two years, except one earlier commitment. Ongoing projects are expected to be handed over by 4QFY26, with Thermax currently producing the highest CBG volumes among operational Indian plants. Technology performance has

stabilized at lower-than-expected yields, resulting in single-digit profitability. Management cited policy gap - digestate utilization, green-credit framework, electricity tariffs, and rice-straw pricing—as key hurdles to commercial viability.

- **Green Solutions** – The company revised TOESL's accounting to include long-term contract value in the order book, aligning orders with revenue recognition. The company plans to invest around INR7.5b in this segment and expand its green-energy portfolio to about a gigawatt before bringing in an external partner. FEPL renewable capacity stands near 300 MW and is targeted to reach 500–650 MW by FY27. FEPL is executing two solar projects – one in ISDs and one in Gujarat, and expects to achieve breakeven next year. The focus remains on disciplined execution and selective expansion in renewables.
- **Chemicals** – The chemicals division faced weak international demand and pricing pressure from Chinese competition in 1HFY26. The company is carrying about INR150m in growth-related costs, including INR45m of incremental depreciation. Utilization dropped to 40% but began recovering in Sep'25, supported by improving volumes in construction chemicals. The quarterly order book stands at about INR2b and is expected to rise to INR2.3-2.5b in 3Q, with profitability expected to return to the teens.
- **Subsidiaries** – TBWES is seeing strong momentum and is expected to report significant growth in 2HFY26, driven by domestic and international boiler orders. The company remains constructive on coal-based and HRSG opportunities but is not participating in BTG contracts. FEPL's solar operations are being scaled cautiously, with a focus on project quality amid supply-side constraints. ECPL's renewable projects are progressing toward planned capacity, while TOESL's reclassification aligns order intake with revenue, without impacting earnings.
- **Guidance** – The company guided for a strong recovery in 2HFY26, led by improved execution and higher order conversion across core businesses. Management expects revenue and profit growth in FY26 despite the one-off impact taken in 2Q on legacy projects. Order inflows are projected to grow by over 20% YoY, supported by a healthier mix of industrial and international projects with better profitability. The company anticipates a significant pickup in revenues in 3Q and 4Q, similar to the robust performance seen in 4QFY25, and expects to enter FY27 with a stronger and higher-quality backlog, driven by larger contributions from industrial products, TBWES, chemicals, and energy solutions.

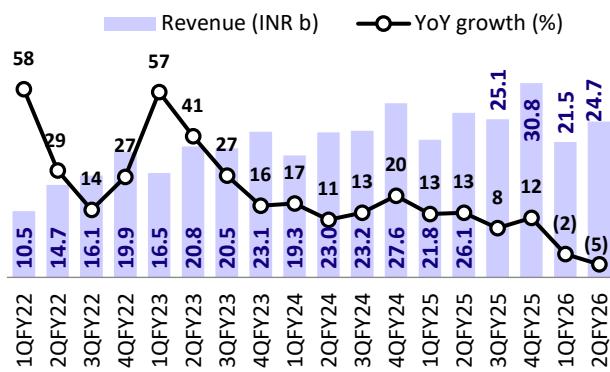
## Key Exhibits

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



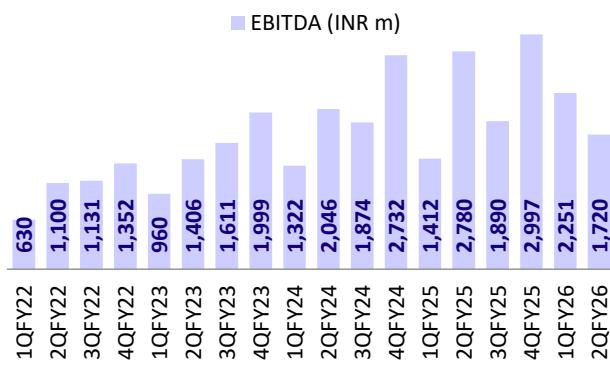
Source: Company, MOFSL

### Exhibit 3: Revenue declined 5% YoY in 2QFY26



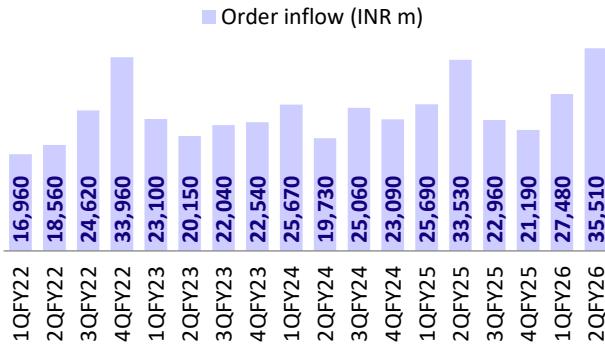
Source: Company, MOFSL

### Exhibit 5: EBITDA declined 38% YoY in 2QFY26, while margin contracted 360bp (INR m)



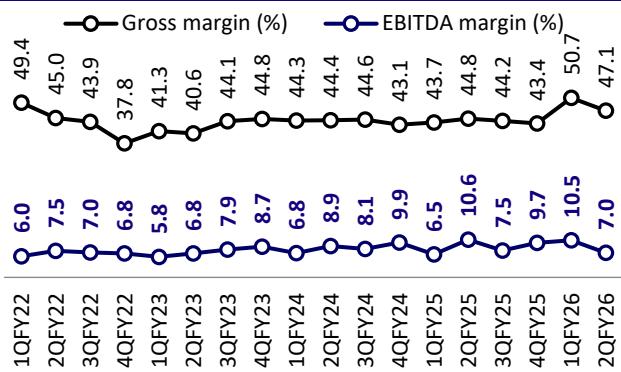
Source: Company, MOFSL

### Exhibit 2: Ordering increased 6% YoY (INR m)



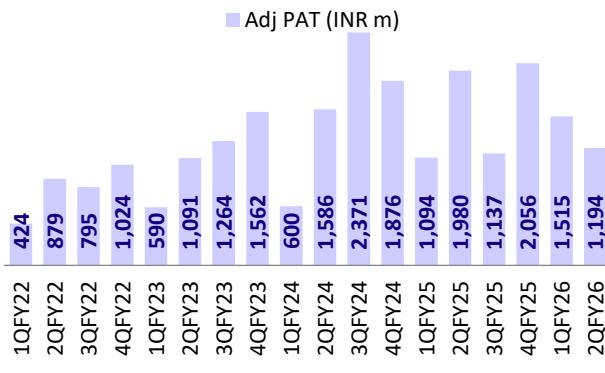
Source: Company, MOFSL

### Exhibit 4: EBITDA margin hit by Industrial Infra segment



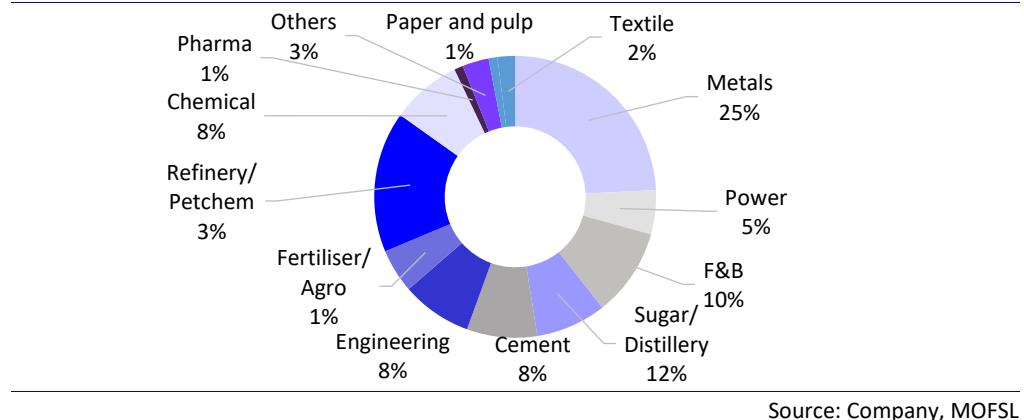
Source: Company, MOFSL

### Exhibit 6: PAT declined 40% YoY due to project cost overruns (INR m)

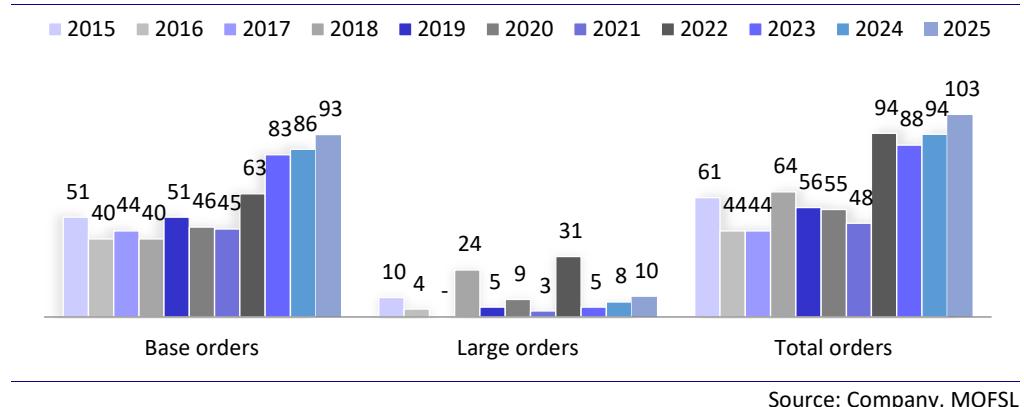


Source: Company, MOFSL

**Exhibit 7: 2QFY26 order inflow breakup – INR35.5b**

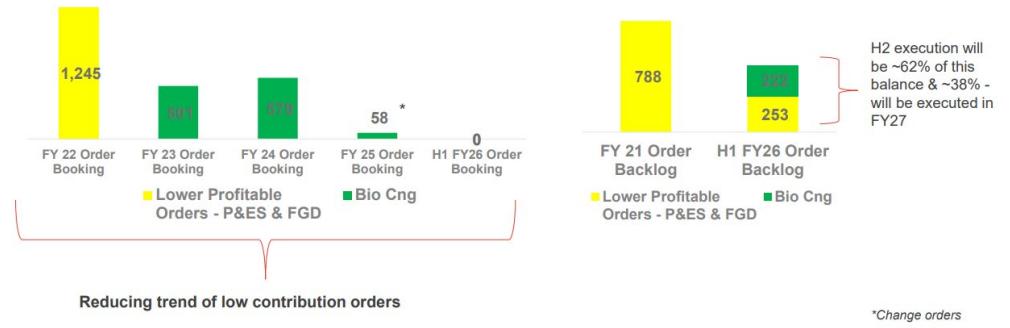


**Exhibit 8: Large orders tapered off; pick-up expected in FY26**



**Exhibit 9: Trends in the order backlog vs. last year**



**Exhibit 10: Lower-profitability projects are coming down**


Source: Company, MOFSL

**Exhibit 11: 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
<b>EBIT</b>	<b>230</b>	<b>201</b>	<b>262</b>	<b>850</b>	<b>592</b>
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 12: 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>
Balance sheet	FY21	FY22	FY23	FY24	FY25
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 13: We expect 10% 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
<b>Order inflow</b>	<b>28,910</b>	<b>41,720</b>	<b>43,290</b>	<b>50,140</b>	<b>57,661</b>	<b>66,310</b>	<b>77,583</b>
Growth (%)	(22.4)	44.3	3.8	15.8	15.0	15.0	17.0
<b>Order backlog</b>	<b>20,014</b>	<b>28,420</b>	<b>35,000</b>	<b>41,550</b>	<b>48,109</b>	<b>55,155</b>	<b>63,962</b>
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>41,578</b>	<b>46,212</b>	<b>51,348</b>
Growth (%)		31.5	13.4	5.8	(11.8)	11.1	11.1
<b>Order inflow</b>	<b>58,220</b>	<b>37,790</b>	<b>40,990</b>	<b>43,100</b>	<b>47,314</b>	<b>53,229</b>	<b>58,464</b>
Growth (%)	816.9	(35.1)	8.5	5.1	9.8	12.5	9.8
<b>Order backlog</b>	<b>63,717</b>	<b>63,080</b>	<b>56,820</b>	<b>54,340</b>	<b>60,075</b>	<b>67,092</b>	<b>74,207</b>
Growth (%)	345.3	(1.0)	(9.9)	(4.4)	10.6	11.7	10.6
<b>EBIT</b>	<b>1,310</b>	<b>2,168</b>	<b>2,089</b>	<b>1,101</b>	<b>1,247</b>	<b>1,848</b>	<b>2,567</b>
EBIT Margin (%)	4.4	5.5	4.7	2.3	3.0	4.0	5.0
<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
<b>Order inflow</b>	<b>1,270</b>	<b>1,950</b>	<b>2,410</b>	<b>2,250</b>	<b>4,500</b>	<b>9,000</b>	<b>10,350</b>
Growth (%)		53.5	23.6	(6.6)	100.0	100.0	15.0
<b>Order backlog</b>	<b>3,566</b>	<b>5,920</b>	<b>7,910</b>	<b>8,820</b>	<b>5,018</b>	<b>5,928</b>	<b>7,396</b>
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>1,494</b>	<b>1,052</b>	<b>1,155</b>
EBIT Margin (%)	7.4	4.1	8.9	11.2	18.0	13.0	13.0
<b>Chemical segment</b>							
Revenues							
<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
<b>Order inflow</b>	<b>5,690</b>	<b>6,430</b>	<b>6,840</b>	<b>7,880</b>	<b>9,062</b>	<b>10,874</b>	<b>13,593</b>
Growth (%)	33.9	13.0	6.4	15.2	15.0	20.0	25.0
<b>Order backlog</b>	<b>1,282</b>	<b>1,090</b>	<b>1,380</b>	<b>2,220</b>	<b>2,277</b>	<b>2,476</b>	<b>3,237</b>
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>991</b>	<b>1,388</b>	<b>1,796</b>
EBIT Margin (%)	11.6	12.8	18.7	16.0	11.0	13.0	14.0
<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>1,08,494</b>	<b>1,22,304</b>	<b>1,39,383</b>
Growth (%)	27.9	32.0	15.2	11.4	4.4	12.7	14.0
<b>EBIT</b>	<b>4,353</b>	<b>6,409</b>	<b>9,566</b>	<b>10,015</b>	<b>11,114</b>	<b>12,799</b>	<b>15,117</b>
Margin (%)	7.1	7.9	10.3	9.6	10.2	10.5	10.8
<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>1,59,990</b>
Growth (%)	96.7	(6.6)	6.4	10.5	14.7	17.6	14.8
<b>Order backlog</b>	<b>88,580</b>	<b>98,510</b>	<b>1,01,110</b>	<b>1,06,930</b>	<b>1,15,479</b>	<b>1,30,650</b>	<b>1,48,802</b>
Growth (%)	69	11	2.6	5.8	8.0	13.1	13.9

Source: Company, MOFSL

Exhibit 14: We cut our estimates by 9%/10%/9% for FY26/FY27/FY28E to factor in 1HFY26 performance

(INR M)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New	Old	Chg (%)
Net Sales	1,08,494	1,15,184	(5.8)	1,22,304	1,27,128	(3.8)	1,39,383	1,42,394	(2.1)
EBITDA	10,821	11,728	(7.7)	12,778	13,706	(6.8)	15,352	15,913	(3.5)
EBITDA (%)	10.0	10.2	-20 bps	10.4	10.8	-30 bps	11.0	11.2	-20 bps
Adj. PAT	6,998	7,651	(8.5)	8,125	8,990	(9.6)	9,736	10,656	(8.6)
EPS (INR)	62.2	68.0	(8.5)	72.2	79.8	(9.6)	86.5	94.6	(8.6)

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>1,08,494</b>	<b>1,22,304</b>	<b>1,39,383</b>	
Change (%)	-16.4	27.9	32.0	15.2	11.4	4.4	12.7	14.0	
Raw Materials	25,386	34,850	46,247	52,196	58,135	59,672	67,267	76,661	
<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>48,822</b>	<b>55,037</b>	<b>62,723</b>	
Employee Cost	7,588	8,129	9,542	11,483	12,689	12,953	14,022	15,191	
Other Expenses	11,387	14,090	19,134	21,582	23,985	25,048	28,237	32,180	
<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>97,673</b>	<b>1,09,527</b>	<b>1,24,031</b>	
% of Sales	92.6	93.1	92.6	91.4	91.3	90.0	89.6	89.0	
<b>EBITDA</b>	<b>3,552</b>	<b>4,214</b>	<b>5,976</b>	<b>7,974</b>	<b>9,078</b>	<b>10,821</b>	<b>12,778</b>	<b>15,352</b>	
Margin (%)	7.4	6.9	7.4	8.6	8.7	10.0	10.4	11.0	
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,376	2,626	
<b>EBIT</b>	<b>2,406</b>	<b>3,081</b>	<b>4,807</b>	<b>6,493</b>	<b>7,493</b>	<b>8,907</b>	<b>10,402</b>	<b>12,726</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	2,397	2,391	
<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>9,720</b>	<b>11,284</b>	<b>13,522</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>9,720</b>	<b>11,284</b>	<b>13,522</b>	
<b>Total Tax</b>	<b>686</b>	<b>978</b>	<b>1,524</b>	<b>2,258</b>	<b>2,578</b>	<b>2,722</b>	<b>3,160</b>	<b>3,786</b>	
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	28.0	28.0	28.0	
Minority Interest	0	0	2	8	2	0	0	0	
<b>Reported PAT</b>	<b>2,066</b>	<b>3,122</b>	<b>4,507</b>	<b>6,432</b>	<b>6,267</b>	<b>6,998</b>	<b>8,125</b>	<b>9,736</b>	
<b>Adjusted PAT</b>	<b>2,460</b>	<b>3,122</b>	<b>4,507</b>	<b>5,873</b>	<b>6,267</b>	<b>6,998</b>	<b>8,125</b>	<b>9,736</b>	
Change (%)	15.8	26.9	44.4	30.3	6.7	11.7	16.1	19.8	
Margin (%)	5.1	5.1	5.6	6.3	6.0	6.5	6.6	7.0	

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	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	54,453	60,888	68,935	
<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>54,678</b>	<b>61,114</b>	<b>69,161</b>	
Minority Interest	0	0	22	0	57	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>71,425</b>	<b>79,861</b>	<b>87,908</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	17,049	19,675	
<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>32,968</b>	<b>35,342</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>73,136</b>	<b>85,472</b>	<b>99,298</b>	
Inventory	4,047	7,270	7,556	7,649	7,203	7,522	8,480	9,664	
Account Receivables	13,380	15,972	18,766	22,671	25,654	26,791	30,201	34,419	
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	14,082	18,901	23,430	
Loans and Advances	943	1,087	1,476	1,852	2,722	2,843	3,204	3,652	
Other Current Assets	10,690	12,288	15,027	16,560	20,968	21,898	24,685	28,132	
<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>56,103</b>	<b>63,244</b>	<b>72,076</b>	
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	51,774	58,365	66,515	
Provisions	2,210	2,392	2,431	3,478	4,145	4,329	4,879	5,561	
<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>17,033</b>	<b>22,227</b>	<b>27,222</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>71,425</b>	<b>79,861</b>	<b>87,908</b>	

## Financials and Valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
EPS	<b>21.9</b>	<b>27.7</b>	<b>40.0</b>	<b>52.2</b>	<b>56.4</b>	<b>62.2</b>	<b>72.2</b>	<b>86.5</b>
Cash EPS	32.0	37.8	50.4	65.3	70.4	79.1	93.3	109.8
BV/Share	<b>288.8</b>	<b>310.2</b>	<b>343.4</b>	<b>394.3</b>	<b>438.4</b>	<b>485.6</b>	<b>542.7</b>	<b>614.2</b>
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	24.1	20.8	17.3
<b>Valuation (x)</b>								
P/E	140.1	110.4	76.5	58.7	54.3	49.2	42.4	35.4
Cash P/E	95.6	81.0	60.7	46.9	43.4	38.7	32.8	27.9
P/BV	10.6	9.9	8.9	7.8	7.0	6.3	5.6	5.0
EV/Sales	6.9	5.5	4.2	3.7	3.4	3.2	2.8	2.4
EV/EBITDA	92.4	80.4	57.1	43.6	38.6	32.2	27.1	22.2
Dividend Yield (%)	0.2	0.3	0.3	0.3	0.3	0.5	0.5	0.5
FCF per share	60.9	21.4	(16.9)	(41.8)	12.7	21.4	32.2	48.2
<b>Return Ratios (%)</b>								
RoE	7.8	9.3	12.2	14.1	13.5	13.5	14.0	14.9
RoCE	7.7	9.0	11.2	12.6	11.5	11.5	12.0	12.8
RoIC	12.7	19.2	27.5	26.0	19.9	20.2	21.5	24.3
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.4	2.4	2.5
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.6	1.5	1.5	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	6.4	6.9	8.0
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

### Consolidated - Cash flow Statement

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	(INR m) FY28E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	9,720	11,284	13,522
Depreciation	1,146	1,132	1,169	1,481	1,585	1,913	2,376	2,626
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	-2,722	-3,160	-3,786
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-125	-376	-465
<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>10,181</b>	<b>11,640</b>	<b>13,492</b>
Others	-117	-1,084	-726	-1,919	-846	-2,207	-2,397	-2,391
<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>7,974</b>	<b>9,242</b>	<b>11,101</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>2,413</b>	<b>3,626</b>	<b>5,423</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	2,397	2,391
<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>-3,220</b>	<b>-3,288</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	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>2,536</b>	<b>4,819</b>	<b>4,530</b>
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	14,082	18,901
<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>14,082</b>	<b>18,901</b>	<b>23,430</b>

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

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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