

Estimate changes



TP change



Rating change



Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USD\$b)	347.5 / 3.8
52-Week Range (INR)	4092 / 2743
1, 6, 12 Rel. Per (%)	-3/-22/-21
12M Avg Val (INR M)	564

#### Financials Snapshot (INR b)

Y/E MARCH	FY26E	FY27E	FY28E
Net Sales	105.6	121.6	138.1
EBITDA	10.1	11.9	14.2
PAT	7.0	7.6	9.2
EPS (INR)	62.6	67.1	81.6
GR. (%)	12.4	7.3	21.5
BV/Sh (INR)	489.9	542.0	608.6
<b>Ratios</b>			
ROE (%)	13.5	13.0	14.2
RoCE (%)	11.5	11.2	12.2
<b>Valuations</b>			
P/E (X)	46.4	43.3	35.6
P/BV (X)	5.9	5.4	4.8
EV/EBITDA (X)	32.6	27.5	22.8
Div Yield (%)	0.5	0.5	0.5

#### Shareholding pattern (%)

As On	Dec-25	Sep-25	Dec-24
Promoter	62.0	62.0	62.0
DII	14.8	14.0	12.7
FII	17.8	18.9	21.0
Others	5.4	5.2	4.4

FII Includes depository receipts

**CMP: INR2,916**

**TP: INR2,900 (-1%)**

**Sell**

## Execution and margin remain weak, inflow revives

Thermax (TMX) reported weak revenue and margins across segments in 3QFY26, while inflows improved thanks to large orders. TMX is making inroads into the fast-growing data center market with two large order wins. Industrial product division is better positioned, while margin issues persist in industrial infra and chemical segments. We cut our estimates by 7%/6% for FY27/28 and revise our SoTP-based TP to INR2,900 on two-year forward earnings (from INR3,000 earlier). Reiterate Sell.

### In-line revenue/PAT; margins miss our estimates

Revenue grew 5% YoY to INR26b (vs. our est. of INR27b), mainly led by 19%/5% YoY revenue growth in industrial products and chemicals. Gross margin expanded ~380bp YoY to 48%. Industrial Infra margin strength lifted EBITDA margin by ~220bp YoY to 9.7%, though EBITDA of INR3b (+34% YoY) missed our estimate by 9%. Adj. PAT rose 44% YoY to INR1.6b, in line with our estimate, driven by higher other income. Order inflows stood at INR31b (+34% YoY), led by large orders for utility boiler and associated systems from Dangote Industries (INR6b), data center orders (INR2b) from customers in North America and India, and INR1b increase in the order book due to a change in reporting structure by TOESL (subsidiary). Excluding large orders, base ordering was down 5% YoY. The total order book stood at INR126b, up 11% YoY. For 9MFY26, revenue declined 1% to INR73b, while EBITDA/PAT rose 7%/3% to INR7b/4b and margins expanded 70bp YoY to 9%.

### Industrial products margin impacted by unfavorable product mix

Revenue increased 19% YoY to INR13b, while order inflows rose 14% YoY to INR15.8b. EBIT margins remained impacted, declining 200bp YoY to 9.3% due to faster growth in relatively lower-margin segments such as clean air solutions and slower growth in high-margin heating products. With rising adoption of cooling solutions in data centers, revival of heating solution, and sustained demand across core industrial applications, margins are expected to improve in subsequent years. However, to factor in the margin weakness in 9MFY26, we lower our margin estimate to 10.5% for FY26, with potential recovery to 11% in FY27/28. We expect a revenue CAGR of 15% over FY25-28 for the segment.

### Industrial infra execution impacted by legacy overhang

Industrial infra revenue declined 9% YoY to INR10.3b, order inflow increased 68% YoY to INR11.2b, and EBIT margin improved to 6.3%. The segment continued to be influenced by low-margin legacy projects in areas such as bio-CNG, FGD (which operates at relatively low margins), NRL (which remains at breakeven levels), and certain refinery-linked works that have faced execution and cost challenges. While these pressures are gradually moderating, a full recovery is likely to be phased, with most overruns easing by 2QFY27. At the same time, a more disciplined approach to order selection, with greater focus on equipment-led and relatively lower-risk projects, is helping improve order book quality. Overall, revenue growth and margin expansion are expected

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to remain gradual, reflecting the ongoing normalization of the project portfolio. We expect 3% revenue CAGR over FY25-28 with EBIT margin of 4.0%/4.0%/5.0% over the same period.

### Green solution inflows yet to pick up

Revenue declined 14% YoY to INR1.6b, while margin improved due to operational efficiency and one of the subsidiaries receiving insurance claim proceeds in 3Q. Order intake in TOESL was negligible in 3Q, while FEPL underperformed as two large projects faced disruptions (one was completed in Jan'26 and the other is nearing completion). Continued investments in manpower across TOESL, FEPL, and the hydrogen business weighed on margins. Overall, TMX expects to add ~250 MW in FY26, close to 700 MW in FY27, and ~1.1 GW by FY28, while options to monetize the business are being evaluated as scale improves. We expect revenue to scale up well and clock a CAGR of 11% over FY25-28, with EBIT margin of 18%/13%/13% each for FY26/27/28.

### Chemical segment performance weighed down by capacity additions

Revenue rose 5% YoY, while margins slumped to 4.6% vs. 13.8% last year. This was primarily due to high depreciation and operating costs from new capacity additions, high overhead expenses, and weak volumes amid competitive pressure. Demand remained subdued, with order inflows rising 8% YoY, reflecting continued pricing pressure and muted volume growth. TMX expects the segment's performance to begin improving from 4Q, with recovery gaining momentum from FY27 onward, as margins gradually move back toward the double-digit range. We expect capacity additions to start reflecting in execution over time, and we expect revenue CAGR of 11% over FY25-28, while margins may remain below historical highs due to elevated costs associated with recent expansions.

### Financial outlook

We expect a CAGR of 10%/16%/14% in revenue/EBITDA/PAT over FY25-28. We build in 1) 15% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the Industrial Infra and chemical divisions to 5.0% and 10%, respectively, by FY28E, and 3) control over working capital and NWC (at 10 days).

### Valuation and view

The stock is currently trading at 43.3x/35.6x on FY27E/FY28E EPS. **We reiterate our Sell rating with a revised TP of INR2,900, based on 37x two-year forward earnings for the core business.** A lower multiple bakes in continued impact of legacy orders and weak base inflow growth for the company. With the value of investments in subsidiaries, we believe that the 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	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	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>26,347</b>	<b>32,964</b>	<b>1,03,887</b>	<b>1,05,551</b>	<b>27,144</b>	<b>-3</b>
YoY Change (%)	13.0	13.4	7.9	11.6	-1.6	-5.3	5.1	6.9	11.4	1.6	8.2	
Total Expenditure	20,433	23,336	23,188	27,853	19,251	23,019	23,799	29,343	94,809	95,411	24,329	
<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>2,548</b>	<b>3,621</b>	<b>9,078</b>	<b>10,140</b>	<b>2,815</b>	<b>-9</b>
YoY Change (%)	6.8	35.8	0.8	9.7	59.5	-38.1	34.8	20.8	13.8	11.7	49.0	
Margins (%)	6.5	10.6	7.5	9.7	10.5	7.0	9.7	11.0	8.7	9.6	10.4	
Depreciation	360	421	351	453	489	515	533	505	1,585	2,041	467	14
Interest	275	294	287	313	302	322	342	359	1,168	1,325	358	-4
Other Income	841	598	315	769	656	854	627	658	2,522	2,795	332	89
<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>2,300</b>	<b>3,415</b>	<b>8,847</b>	<b>9,570</b>	<b>2,322</b>	<b>-1</b>
Extra-Ord expense							588			588		
<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>2,888</b>	<b>3,415</b>	<b>8,847</b>	<b>10,157</b>	<b>2,322</b>	<b>24</b>
Tax	519	683	425	951	600	543	837	700	2,578	2,680	627	
Rate (%)	32.1	25.6	27.1	31.7	28.4	31.2	29.0	20.5	29.1	26.4	27.0	
MI & P/L of Asso. Cos.	4	0	5	-7	2	1	1	-4	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>2,050</b>	<b>2,719</b>	<b>6,268</b>	<b>7,478</b>	<b>1,695</b>	<b>21</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>1,633</b>	<b>2,704</b>	<b>6,268</b>	<b>7,045</b>	<b>1,695</b>	<b>-4</b>
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-39.7	43.6	31.5	6.7	19.3	49.1	
Margins (%)	5.0	7.6	4.5	6.7	7.0	4.8	6.2	8.2	6.0	6.7	6.2	

INR m	FY25				FY26E				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4QE				
<b>Segmental revenue</b>												
Industrial Products	9,608	10,576	10,801	14,304	9,544	11,888	12,898	16,344	45,290	50,674	13,502	-4
Industrial Infra	9,251	12,426	11,317	14,152	8,904	9,487	10,326	12,862	47,146	41,578	9,980	3
Green Solutions	1,737	1,751	1,892	1,519	1,732	1,917	1,636	1,861	6,899	7,146	2,277	-28
Chemical	1,708	1,903	1,916	2,101	1,732	1,910	2,002	2,517	7,628	8,162	2,262	-11
Less: Intersegmental	-460	-541	-849	-1,226	-410	-463	-516	-620	-3,076	-2,008	-877	-41
<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>26,347</b>	<b>32,964</b>	<b>1,03,887</b>	<b>1,05,551</b>	<b>27,144</b>	<b>-3</b>
<b>Segmental EBIT</b>												
Industrial Products	867	1,145	1,215	2,063	777	1,173	1,194	2,177	5,290	5,321	1,539	-22
Margin (%)	9.0	10.8	11.3	14.4	8.1	9.9	9.3	13.3	11.7	10.5	11.4	
Industrial Infra	-184	882	13	389	710	-148	655	447	1,101	1,663	200	228
Margin (%)	-2.0	7.1	0.1	2.8	8.0	-1.6	6.3	3.5	2.3	4.0	2.0	
Green Solutions	230	216	180	148	332	362	321	343	774	1,358	387	-17
Margin (%)	13.2	12.3	9.5	9.8	19.2	18.9	19.6	18.4	11.2	19.0	17.0	
Chemical	304	306	264	349	161	187	92	212	1,223	653	226	-59
Margin (%)	17.8	16.1	13.8	16.6	9.3	9.8	4.6	8.4	16.0	8.0	10.0	



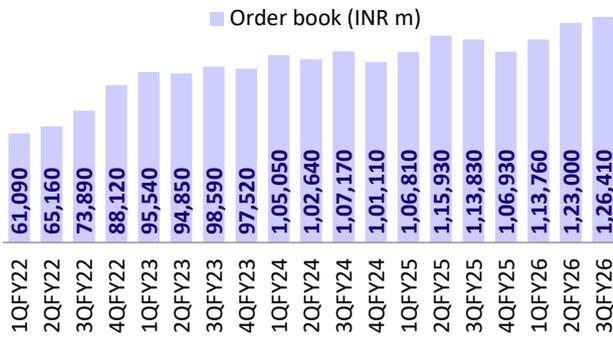
## Conference call highlights

- **3Q delays and execution** - Management mentioned that some of the execution delays that affected 2Q persisted in early 3Q, with customers continuing to postpone project progress. Prolonged rains until October also impacted 3Q execution, particularly at the beginning of the quarter. As of now, management sees only a few minor cases of customer-driven revenue delays.
- **Order pipeline and TAM** - The company remains bullish on orders for FY26, stating that 2Q and 3Q order inflows reflect this optimism, and that 4Q should also be strong. The project pipeline across large and small orders is healthy, supported by both domestic and international opportunities. International business formed about 50% of total revenue, with international orders exceeding INR14b, including a large Dangote order of ~INR6b. The opportunity set in power, refinery/petrochemical, and data centers has been the strongest in the last 2-3 years, with multiple customers in India and a couple internationally.
- **Industrial products** - Management is reasonably bullish, stating that YTD revenue performance is strong and backlog is building up well. It acknowledged that current EBITDA margins are tracking below 10% and that profitability in this segment is lower than last year because the most profitable product line (heating) is growing slower than the clean-air product line. Management expects strong growth in 4Q and believes that higher volumes will help margins recover from current levels. A key positive is the cooling product line, where TMX has specific IP; this line has started to win meaningful data-center orders, with two sizeable wins in the latest quarter (one domestic, one international). Overall, it expects the industrial products mix and growth profile to remain sustainable, with 4Q margins improving as execution and cooling-related business ramp up.
- **Industrial infra** - Order pipeline remains good, including in refineries. TMX intends to avoid very large, civil-intensive, especially government-linked projects where delays are frequent and back-ended costs can escalate. Instead, it focuses on projects with higher equipment content where it has more control. For refinery and petrochemicals, the company expects some tender finalizations over the next 12–18 months and sees a reasonable pipeline under both EPC-heavy and equipment-heavy models. TBWES has already booked an order book of about INR27-28b in 9MFY26 and management believes TBWES could face capacity constraints before demand constraints if the current trajectory continues.
- **Chemicals segment** - The roughly INR500m YoY shortfall at PBT level was due to higher costs: around 60% (about INR3b) related to net incremental costs from the new plant (mainly depreciation after netting the old plant), about 20% (INR1b) growth investments in construction chemicals (Fortmax and international expansion), and the remaining 20% base cost inflation. It had expected chemicals to grow meaningfully by 3Q but acknowledged that lower-than-planned volume and share loss, particularly in North America, have delayed this. Management expects some reversal from 4Q as it has won back certain long-term customers in North America, and it anticipates this to be visible in 4Q and the next financial year. For the next year, it is targeting chemicals to move closer to 10% profitability at PBT and around 13-14% at EBITDA level (versus historical 17%).

- **Green Solutions** - In Green Solutions, management characterized performance as mixed. It indicated that orders in the TOESL (solar/renewables) part of the portfolio were practically zero in 3Q, and it expects a much better 4Q order intake. In hydrogen, the company continues to invest and currently carries a dedicated team of about 40 people whose costs are fully expensed, with no significant revenue contribution yet. Within FEPL (waste-to-energy/renewable projects), TMX is executing five projects - two of them have faced major delays because a key partner has run into financial trouble, causing a meaningful drag on performance. One of these two projects was completed in Jan'26, and a large portion of the second is expected to be completed in 4Q. Management expects new FEPL projects (to be reflected from end-March through June) to be among its best-ever in terms of execution and profitability.
- **Bio-CNG, legacy projects and normalization** - Management confirmed that TBSPL (bio-CNG projects) remains loss-making, with a loss reported even in 3Q. It expects almost the entire TBSPL project portfolio to undergo performance guarantee tests (PGTR) over 4Q and 1Q, with conversion of these projects into revenue and a shift from loss-making to profitable status during this period. Legacy projects such as NRL and FGDs are still on the books, with NRL carried at zero margin and FGDs at low profitability, but management expects most of these to be substantially resolved between 4QFY26 and 2QFY27.
- **Carbon capture opportunity** - Management is positive on the government's announced INR200b outlay for carbon capture and considers TMX well positioned to benefit. It is partnering with global EPC players to build execution capability in this space. Management cautioned that it is still early days and that the eventual impact will depend on how the scheme is structured, how tenders are designed and how funds are actually disbursed. It drew attention to a recently awarded biomass-to-methanol project of about INR1b in India, where TMX supplied both the biomass gasification solution (with a domestic technology partner) and its own in-house methanol island technology, building on its coal-gasification experience. Management indicated that similar technology pathways and utilization options for captured carbon are being developed in partnership with global licensors, which should support future carbon-capture monetization opportunities.
- **Private capex environment** - Management does not yet see a broad-based pickup in private capex in India. Tariff-related uncertainty has only very recently begun to clear and it is too early to judge the impact of these changes on project decisions. The ethanol sector was singled out as being under particular stress, with many projects being sold and financial closures proving difficult.
- **Guidance and FY27 setup** - Management reiterated its positive stance on order inflows for the current year and the short-to-medium term. TMX expects 4Q to be a strong, profitable quarter with double-digit revenue growth YoY, although it does not expect FY26 revenue to grow in double digits because 9MFY26 growth is only about 1%. It guided that a strong 4Q will position the company well for FY27.

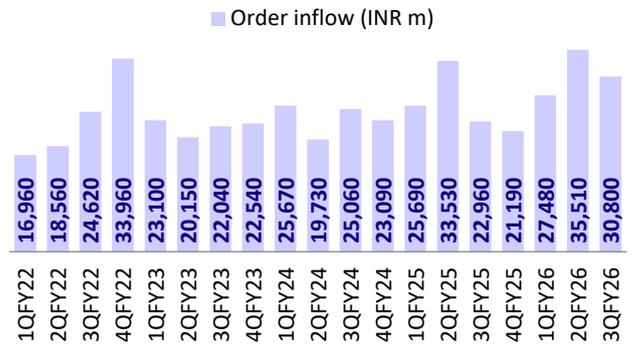
**Key Exhibits**

**Exhibit 1: Inquiry pipeline remains strong (INR m)**



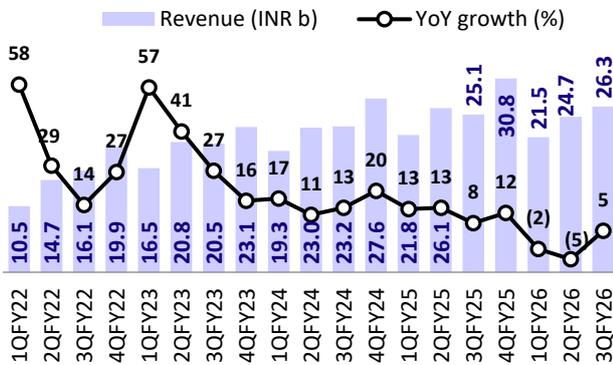
Source: Company, MOFSL

**Exhibit 2: Ordering increased 34% YoY (INR m)**



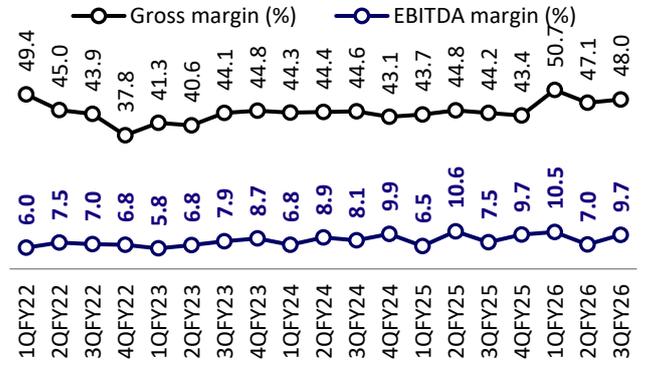
Source: Company, MOFSL

**Exhibit 3: Revenue rose 5% YoY**



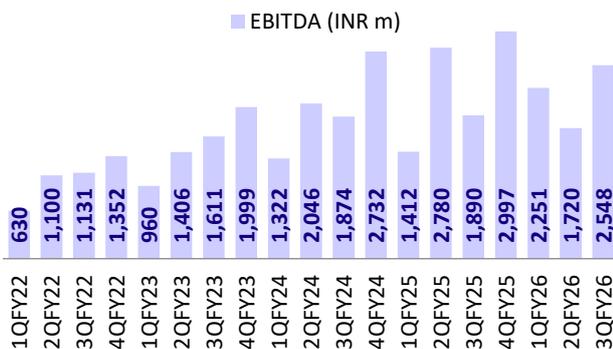
Source: Company, MOFSL

**Exhibit 4: EBITDA margin expanded 220bp YoY**



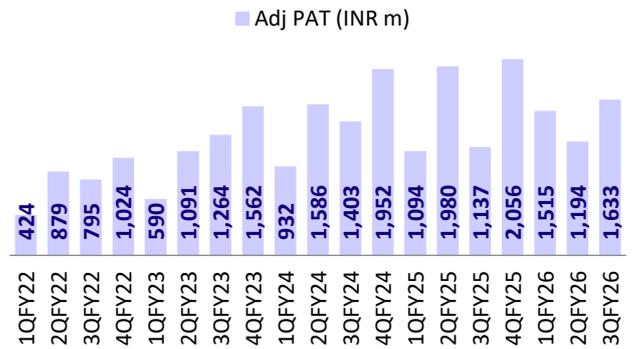
Source: Company, MOFSL

**Exhibit 5: EBITDA grew 35% YoY in 3QFY26 (INR m)**



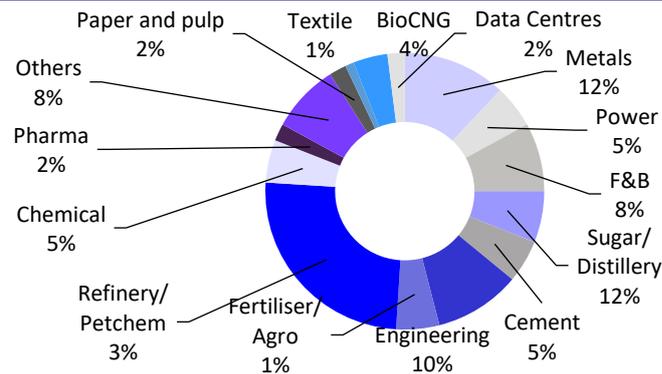
Source: Company, MOFSL

**Exhibit 6: PAT was up 44% YoY (INR m)**



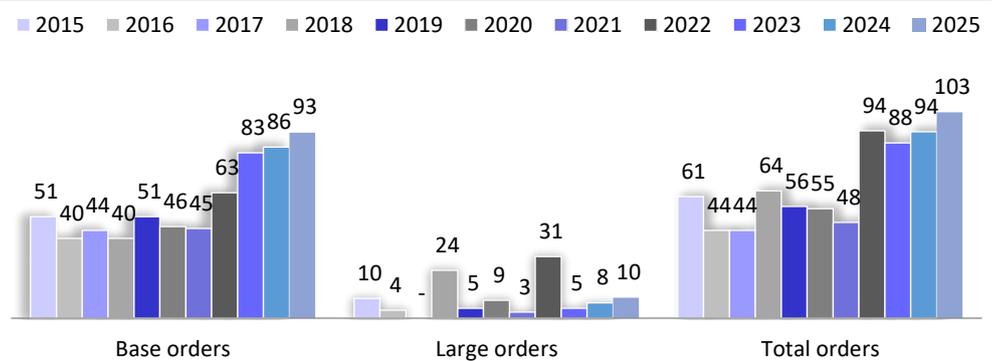
Source: Company, MOFSL

**Exhibit 7: 3QFY26 order inflow breakup – INR30.8b**



Source: Company, MOFSL

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



Source: Company, MOFSL

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

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

Source: Company, MOFSL

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

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

Source: Company, MOFSL

**Financial outlook**
**Exhibit 11: We expect 10% revenue CAGR to be driven by a 15% 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>50,674</b>	<b>60,031</b>	<b>69,345</b>
Growth (%)		29.6	21.5	11.7	11.9	18.5	15.5
Order inflow	28,910	41,720	43,290	50,140	57,661	66,310	76,257
Growth (%)	(22.4)	44.3	3.8	15.8	15.0	15.0	15.0
Order backlog	20,014	28,420	35,000	41,550	50,221	58,184	66,780
Growth (%)	(46.2)	42.0	23.2	18.7	20.9	15.9	14.8
<b>EBIT</b>	<b>1,815</b>	<b>2,739</b>	<b>3,970</b>	<b>5,290</b>	<b>5,321</b>	<b>6,603</b>	<b>7,628</b>
EBIT Margin (%)	7.0	8.2	9.8	11.7	10.5	11.0	11.0
<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
Order inflow	58,220	37,790	40,990	43,100	47,314	53,229	58,464
Growth (%)	816.9	(35.1)	8.5	5.1	9.8	12.5	9.8
Order backlog	63,717	63,080	56,820	54,340	60,075	67,092	74,207
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>1,663</b>	<b>1,848</b>	<b>2,567</b>
EBIT Margin (%)	4.4	5.5	4.7	2.3	4.0	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>7,146</b>	<b>8,168</b>	<b>9,543</b>
Growth (%)		67.3	39.8	36.1	3.6	14.3	16.8
Order inflow	1,270	1,950	2,410	2,250	7,000	9,000	10,350
Growth (%)		53.5	23.6	(6.6)	211.1	28.6	15.0
Order backlog	3,566	5,920	7,910	8,820	8,674	9,506	10,313
Growth (%)		66.0	33.6	11.5	(1.7)	9.6	8.5
<b>EBIT</b>	<b>161</b>	<b>150</b>	<b>449</b>	<b>774</b>	<b>1,358</b>	<b>1,062</b>	<b>1,241</b>
EBIT Margin (%)	7.4	4.1	8.9	11.2	19.0	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>8,162</b>	<b>9,457</b>	<b>10,486</b>
Growth (%)	25.4	24.9	(1.4)	15.0	7.0	15.9	10.9
Order inflow	5,690	6,430	6,840	7,880	8,274	9,515	10,942
Growth (%)	33.9	13.0	6.4	15.2	5.0	15.0	15.0
Order backlog	1,282	1,090	1,380	2,220	2,332	2,390	2,846
Growth (%)	62.3	(15.0)	26.6	60.9	5.1	2.5	19.1
<b>EBIT</b>	<b>624</b>	<b>865</b>	<b>1,238</b>	<b>1,223</b>	<b>653</b>	<b>946</b>	<b>1,049</b>
EBIT Margin (%)	11.6	12.8	18.7	16.0	8.0	10.0	10.0
<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>1,05,551</b>	<b>1,21,554</b>	<b>1,38,099</b>
Growth (%)	27.9	32.0	15.2	11.4	1.6	15.2	13.6
<b>EBIT</b>	<b>4,353</b>	<b>6,409</b>	<b>9,566</b>	<b>10,015</b>	<b>10,895</b>	<b>12,013</b>	<b>14,352</b>
Margin (%)	7.1	7.9	10.3	9.6	10.3	9.9	10.4
<b>Order inflow</b>	<b>94,090</b>	<b>87,890</b>	<b>93,530</b>	<b>1,03,370</b>	<b>1,20,249</b>	<b>1,38,054</b>	<b>1,56,013</b>
Growth (%)	96.7	(6.6)	6.4	10.5	16.3	14.8	13.0
<b>Order backlog</b>	<b>88,580</b>	<b>98,510</b>	<b>1,01,110</b>	<b>1,06,930</b>	<b>1,21,303</b>	<b>1,37,173</b>	<b>1,54,147</b>
Growth (%)	69	11	2.6	5.8	13.4	13.1	12.4

Source: Company, MOFSL

**Exhibit 12: We cut our estimates by 1%/7%/6% for FY26/FY27/FY28E to factor in lower margins**

(INR M)	FY26E			FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)	New	Old	Chg (%)
Net Sales	1,05,551	1,08,494	(2.7)	1,21,554	1,22,304	(0.6)	1,38,099	1,39,383	(0.9)
EBITDA	10,140	10,821	(6.3)	11,940	12,778	(6.6)	14,215	15,352	(7.4)
EBITDA (%)	9.6	10.0	-40 bps	9.8	10.4	-60 bps	10.3	11.0	-70 bps
Adj. PAT	7,045	6,998	0.7	7,559	8,125	(7.0)	9,186	9,736	(5.7)
EPS (INR)	62.6	62.2	0.7	67.1	72.2	(7.0)	81.6	86.5	(5.7)

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>1,05,551</b>	<b>1,21,554</b>	<b>1,38,099</b>
Change (%)	-16.4	27.9	32.0	15.2	11.4	1.6	15.2	13.6
Raw Materials	25,386	34,850	46,247	52,196	58,135	56,998	65,639	74,573
<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>48,554</b>	<b>55,915</b>	<b>63,525</b>
Employee Cost	7,588	8,129	9,542	11,483	12,689	13,503	15,288	16,719
Other Expenses	11,387	14,090	19,134	21,582	23,985	24,910	28,687	32,591
<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>95,411</b>	<b>1,09,614</b>	<b>1,23,884</b>
% of Sales	92.6	93.1	92.6	91.4	91.3	90.4	90.2	89.7
<b>EBITDA</b>	<b>3,552</b>	<b>4,214</b>	<b>5,976</b>	<b>7,974</b>	<b>9,078</b>	<b>10,140</b>	<b>11,940</b>	<b>14,215</b>
Margin (%)	7.4	6.9	7.4	8.6	8.7	9.6	9.8	10.3
Depreciation	1,146	1,132	1,169	1,481	1,585	2,041	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>8,099</b>	<b>9,564</b>	<b>11,589</b>
Int. and Finance Charges	206	252	376	876	1,168	1,325	1,515	1,595
Other Income	1,077	1,270	1,602	2,326	2,522	2,795	2,449	2,763
<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>9,570</b>	<b>10,498</b>	<b>12,758</b>
EO Items	-525	0	0	755	0	588	0	0
<b>PBT after EO Exp.</b>	<b>2,752</b>	<b>4,100</b>	<b>6,033</b>	<b>8,698</b>	<b>8,847</b>	<b>10,157</b>	<b>10,498</b>	<b>12,758</b>
Total Tax	686	978	1,524	2,258	2,578	2,680	2,939	3,572
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	26.4	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>7,478</b>	<b>7,559</b>	<b>9,186</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>7,045</b>	<b>7,559</b>	<b>9,186</b>
Change (%)	15.8	26.9	44.4	30.3	6.7	12.4	7.3	21.5
Margin (%)	5.1	5.1	5.6	6.3	6.0	6.7	6.2	6.7

Consolidated - Balance Sheet								(INR m)
Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
Equity Share Capital	225	225	225	225	225	225	225	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	54,932	60,802	68,299
<b>Net Worth</b>	<b>32,514</b>	<b>34,925</b>	<b>38,671</b>	<b>44,398</b>	<b>49,369</b>	<b>55,157</b>	<b>61,027</b>	<b>68,524</b>
Minority Interest	0	0	22	0	57	57	57	57
Total Loans	3,051	3,554	8,105	12,560	16,933	17,933	19,933	19,933
Deferred Tax Liabilities	-1,540	-1,271	-1,057	-963	-1,243	-1,243	-1,243	-1,243
<b>Capital Employed</b>	<b>34,024</b>	<b>37,208</b>	<b>45,741</b>	<b>55,995</b>	<b>65,116</b>	<b>71,904</b>	<b>79,774</b>	<b>87,271</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	14,801	17,176	19,802
<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>30,216</b>	<b>32,840</b>	<b>35,215</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>72,221</b>	<b>85,125</b>	<b>98,124</b>
Inventory	4,047	7,270	7,556	7,649	7,203	7,318	8,428	9,575
Account Receivables	13,380	15,972	18,766	22,671	25,654	26,064	30,016	34,102
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	14,769	18,962	22,956
Loans and Advances	943	1,087	1,476	1,852	2,722	2,766	3,185	3,618
Other Current Assets	10,690	12,288	15,027	16,560	20,968	21,304	24,534	27,873
<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>54,581</b>	<b>62,857</b>	<b>71,412</b>
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	50,370	58,007	65,902
Provisions	2,210	2,392	2,431	3,478	4,145	4,211	4,850	5,510
<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>17,640</b>	<b>22,268</b>	<b>26,712</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>71,904</b>	<b>79,774</b>	<b>87,271</b>

## Financials and Valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
<b>Basic (INR)</b>								
<b>EPS</b>	<b>21.9</b>	<b>27.7</b>	<b>40.0</b>	<b>52.2</b>	<b>55.7</b>	<b>62.6</b>	<b>67.1</b>	<b>81.6</b>
Cash EPS	32.0	37.8	50.4	65.3	69.7	80.7	88.2	104.9
BV/Share	288.8	310.2	343.4	394.3	438.4	489.9	542.0	608.6
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	18.0	22.6	22.3	18.4
<b>Valuation (x)</b>								
P/E	132.9	104.8	72.6	55.7	52.2	46.4	43.3	35.6
Cash P/E	90.7	76.9	57.6	44.5	41.7	36.0	32.9	27.7
P/BV	10.1	9.4	8.5	7.4	6.6	5.9	5.4	4.8
EV/Sales	6.5	5.2	4.0	3.5	3.2	3.1	2.7	2.3
EV/EBITDA	87.5	76.2	54.2	41.4	36.6	32.6	27.5	22.8
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	21.7	26.2	40.1
<b>Return Ratios (%)</b>								
RoE	7.8	9.3	12.2	14.1	13.4	13.5	13.0	14.2
RoCE	7.7	9.0	11.2	12.6	11.5	11.5	11.2	12.2
RoIC	12.7	19.2	27.5	26.0	19.9	18.9	19.9	22.2
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.3	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	6.1	6.3	7.3
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.3)	(0.3)	(0.3)

### Consolidated - Cash flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26E	FY27E	FY28E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	9,570	10,498	12,758
Depreciation	1,146	1,132	1,169	1,481	1,585	2,041	2,376	2,626
Interest & Finance Charges	118	135	260	837	1,415	1,325	1,515	1,595
Direct Taxes Paid	-938	-1,030	-1,512	-1,863	-1,861	-2,680	-2,939	-3,572
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-45	-435	-450
<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>10,211</b>	<b>11,014</b>	<b>12,956</b>
Others	-117	-1,084	-726	-1,919	-846	-2,208	-2,449	-2,763
<b>CF from Operating incl EO</b>	<b>7,695</b>	<b>3,248</b>	<b>4,596</b>	<b>2,473</b>	<b>10,428</b>	<b>8,003</b>	<b>8,565</b>	<b>10,193</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>2,442</b>	<b>2,948</b>	<b>4,514</b>
(Pur)/Sale of Investments	-5,789	-4,263	-993	1,222	-2,661	0	0	0
Others	266	885	696	872	-743	2,795	2,449	2,763
<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>-2,765</b>	<b>-3,168</b>	<b>-2,915</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	-1,325	-1,515	-1,595
Dividend Paid	0	-788	-1,021	-1,128	-1,352	-1,689	-1,689	-1,689
Others		-45	-98	-102	-61	0	0	0
<b>CF from Fin. Activity</b>	<b>772</b>	<b>-206</b>	<b>3,485</b>	<b>2,854</b>	<b>1,236</b>	<b>-2,014</b>	<b>-1,204</b>	<b>-3,284</b>
<b>Inc/Dec of Cash</b>	<b>2,110</b>	<b>-1,173</b>	<b>1,284</b>	<b>235</b>	<b>-742</b>	<b>3,223</b>	<b>4,193</b>	<b>3,994</b>
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	14,769	18,962
<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>14,769</b>	<b>18,962</b>	<b>22,956</b>

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	>=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.

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