

Estimate changes



TP change



Rating change



Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	557.4 / 5.9
52-Week Range (INR)	4759 / 2743
1, 6, 12 Rel. Per (%)	41/52/49
12M Avg Val (INR M)	623

#### Financials Snapshot (INR b)

Y/E MARCH	FY26	FY27E	FY28E
Net Sales	106.9	127.1	152.0
EBITDA	10.3	13.2	16.5
PAT	6.8	8.0	10.3
EPS (INR)	60.1	71.2	91.4
GR. (%)	7.9	18.6	28.4
BV/Sh (INR)	492.9	549.1	625.6

#### Ratios

ROE (%)	12.9	13.7	15.6
RoCE (%)	10.7	11.4	12.9

#### Valuations

P/E (X)	77.9	65.7	51.2
P/BV (X)	9.5	8.5	7.5
EV/EBITDA (X)	52.4	40.7	32.2
Div Yield (%)	0.3	0.3	0.3

#### Shareholding pattern (%)

As On	Mar-26	Dec-25	Mar-25
Promoter	62.0	62.0	62.0
DII	15.5	14.8	12.3
FII	16.7	17.8	21.3
Others	5.8	5.4	4.4

FII includes depository receipts

**CMP: INR4,678**

**TP: INR3,900 (-17%)**

**Sell**

## Inflow outlook improving

Thermax (TMX) reported broadly in line results for 4QFY26 and full-year FY26. Order inflows for the year at INR137b witnessed 34% YoY growth, led by improvement in the base as well as large order inflows. The company is quite optimistic about sustaining large-sized order inflows. Going forward, we expect growth in inflows to be led by 1) continued traction across traditional segments such as steel, cement, chemicals, pharma, etc., 2) emerging opportunities related to data center cooling and boiler solutions across domestic and overseas markets, and 3) large private sector boiler projects and refinery-related capex. Margin performance improved YoY, while the impact of higher RM prices and the West Asia crisis can hurt overall fixed-price contracts. We raise our estimates by 6%/12% for FY27/28 to factor in higher inflows and execution, and a better margin profile from the recently awarded projects. We revise our SoTP-based TP to INR3,900 on a roll-forward basis to Jun'28E earnings. Our TP is based on a higher valuation multiple for the core business due to an improved order inflow trajectory going forward. Reiterate Sell owing to higher valuations.

### In-line revenue and PAT, but a beat on margins

Revenue increased 11% YoY to INR34.3b vs. our estimate of INR33b, mainly due to strong growth across all segments, barring chemicals. Gross margin expanded ~370bp YoY to 47.2%. Absolute EBITDA rose 25% YoY to INR3.7b, beating our estimate of INR3.3b by 14%, while EBITDA margin expanded 120bp YoY to 10.9% (vs. our estimate of 10.0%). PAT was in line with our estimate at INR2.4b, mainly due to lower-than-expected other income and higher-than-expected interest cost and tax rate. Order inflow for the quarter stood at INR45b, up 112% YoY, taking the total order book as of FY26-end to INR136b (+27% YoY). For FY26, revenue/EBITDA/PAT increased 3%/10%/20% YoY to INR107b/INR10.2b/INR6.8b, while EBITDA margin expanded 90bp YoY to 9.6%. For FY26, OCF declined 50% YoY to INR5.4b mainly due to higher working capital requirements, while the company incurred FCF outflow due to lower operating cash flow and higher capex during the year.

### Industrial products' margin improves QoQ, reaching double digits

Inflows in the industrial product segment remained quite strong at INR60b (up 19% YoY) for FY26. EBIT margin stood at 10.6% (down 110bps) for the year due to a change in revenue mix versus last year. Going forward, apart from conventional boiler growth, the company sees strong momentum in environmental solutions businesses such as air pollution control and water treatment. It is also witnessing cooling solution opportunities linked to data centers in both domestic and overseas markets. Due to the West Asia crisis, higher RM prices can hurt margins during 1QFY27. We expect a revenue CAGR of 19% over FY26-28 with an EBIT margin of 11.0%/11.5% for FY27/FY28.

### Industrial infra remains focused on selective bidding to protect margins

Industrial infra segment inflows increased 43% YoY to INR62b for the year due to a large order win related to boilers, while EBIT margin improved to 5% due to

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lower losses in some of its entities compared to last year. TMX has received a large order worth INR16b for a supercritical boiler and expects similar types of orders going forward, too. It also sees emerging opportunities in refinery projects and data-center-related boiler solutions globally, which could further strengthen the segment's order pipeline over the medium term. The pending legacy projects in the industrial infra division, the bio CNG order, is largely done and is in the performance trial stage. The NRL project and two FGD orders will be completed in a year. We expect 20% revenue CAGR with an EBIT margin of 5.5%/6.0% over FY26-28.

#### **Green solution performance impacted by cost overruns**

Green solution segment order inflows too improved to INR9b for FY26. Margins for the full year were supported by insurance claims and were impacted in 4QFY26 due to execution issues within FEPL's renewable projects business. Contractor-related challenges in a southern project resulted in cost overruns and forced Thermax to take over parts of the execution, highlighting continued risks around project management and partner dependency in the segment. The company has commissioned 250MW of renewable capacity, and two large projects in Gujarat and South India are expected to be commissioned in 2-3 quarters. We expect revenue to clock a CAGR of 18% over FY25-28, with an EBIT margin of 12%/12% for FY27/28.

#### **Chemical segment performance weighed down by margin pressures**

Chemical segment performance remained weak on all counts during the year on inflows, revenue, and margins. Margins continued to be hit by higher input costs and a change in product mix, declining to 7% in FY26 from 16% in FY25. The segment continued to face pressure from elevated raw material costs and supply disruptions, particularly for styrene and water treatment chemical intermediates. Fuel and gas unavailability also impacted smaller vendors, adding to supply chain challenges during the quarter. The company has been undertaking price revisions to partly offset the higher procurement costs, though near-term margin performance is likely to remain dependent on raw material stabilization and the company's ability to pass on cost increases. We expect revenue to grow at 16% CAGR over FY26-28, while margins may remain below historical highs due to elevated costs.

#### **Financial outlook**

We raise our estimates by 6%/12% for FY27/28 to factor in higher inflows and execution, and a better margin profile from the recently awarded projects. We thus expect a revenue/EBITDA/PAT CAGR of 19%/27%/23% over FY26-28. We build in 1) 14% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the industrial Infra/chemical divisions to 6.0%/10% by FY28E, and 3) control over working capital and NWC (at ~11 days).

#### **Valuation and view**

The stock is currently trading at 65.7x/51.2x on FY27E/FY28E EPS. **We reiterate our Sell rating with a revised TP of INR3,900, based on a revised 40x two-year forward earnings for the core business, which bakes in an improved order inflow outlook.**

#### **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				FY26				FY25	FY26	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Net Sales</b>	<b>21,844</b>	<b>26,116</b>	<b>25,078</b>	<b>30,849</b>	<b>21,575</b>	<b>24,739</b>	<b>26,347</b>	<b>34,280</b>	<b>1,03,887</b>	<b>1,06,942</b>	<b>32,964</b>	<b>4</b>
YoY Change (%)	13.0	13.4	7.9	11.6	-1.2	-5.3	5.1	11.1	11.4	2.9	6.9	
<b>Total Expenditure</b>	<b>20,433</b>	<b>23,336</b>	<b>23,188</b>	<b>27,853</b>	<b>19,324</b>	<b>23,019</b>	<b>23,799</b>	<b>30,537</b>	<b>94,809</b>	<b>96,679</b>	<b>29,678</b>	
<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>3,743</b>	<b>9,078</b>	<b>10,263</b>	<b>3,286</b>	<b>14</b>
YoY Change (%)	6.8	35.8	0.8	9.7	59.5	-38.1	34.8	24.9	13.8	13.0	9.6	
Margins (%)	6.5	10.6	7.5	9.7	10.4	7.0	9.7	10.9	8.7	9.6	10.0	90 bp
Depreciation	360	421	351	453	489	515	533	540	1,585	2,076	505	7
Interest	275	294	287	313	302	322	342	424	1,168	1,390	359	18
Other Income	841	598	315	769	656	854	627	537	2,522	2,675	658	-18
<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>3,317</b>	<b>8,847</b>	<b>9,471</b>	<b>3,080</b>	<b>8</b>
Extra-Ord expense	0	0	0	0	0	0	588	25	0	612		
<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>3,341</b>	<b>8,847</b>	<b>10,084</b>	<b>3,080</b>	<b>8</b>
Tax	519	683	425	951	600	543	837	897	2,578	2,877	606	
Rate (%)	32.1	25.6	27.1	31.7	28.4	31.2	29.0	26.9	29.1	28.5	19.7	
MI & P/L of Asso. Cos.	4	0	5	-7	2	1	1	-0	2	4	-4	
<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>2,444</b>	<b>6,267</b>	<b>7,203</b>	<b>2,478</b>	<b>-1</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>2,424</b>	<b>6,267</b>	<b>6,765</b>	<b>2,462</b>	<b>-2</b>
YoY Change (%)	17.4	24.9	-19.0	5.3	38.4	-39.7	43.6	17.9	6.7	14.9	19.8	
Margins (%)	5.0	7.6	4.5	6.7	7.0	4.8	6.2	7.1	6.0	6.3	7.5	

INR m	FY25				FY26				FY25	FY26E	FY26E	Est
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
<b>Segmental revenue</b>												
Industrial Products	9,608	10,576	10,801	14,304	9,547	11,888	12,898	16,628	45,290	50,961	16,344	2
Industrial Infra	9,251	12,426	11,317	14,152	8,975	9,487	10,326	14,693	47,146	43,481	12,862	14
Green Solutions	1,737	1,751	1,892	1,519	1,732	1,917	1,636	2,037	6,899	7,322	1,861	10
Chemical	1,708	1,903	1,916	2,101	1,732	1,910	2,002	1,932	7,628	7,576	2,517	-23
Less: Intersegmental	-460	-541	-849	-1,226	-410	-463	-516	-1,010	-3,076	-2,398	-620	63
<b>Total revenues</b>	<b>21,844</b>	<b>26,116</b>	<b>25,078</b>	<b>30,849</b>	<b>21,575</b>	<b>24,739</b>	<b>26,347</b>	<b>34,280</b>	<b>1,03,887</b>	<b>1,06,942</b>	<b>32,964</b>	<b>4</b>
<b>Segmental EBIT</b>												
Industrial Products	867	1,145	1,215	2,063	777	1,173	1,194	2,256	5,290	5,400	1,924	17
Margin (%)	9.0	10.8	11.3	14.4	8.1	9.9	9.3	13.6	11.7	10.6	11.8	
Industrial Infra	-184	882	13	389	710	-148	655	959	1,101	2,175	447	115
Margin (%)	-2.0	7.1	0.1	2.8	7.9	-1.6	6.3	6.5	2.3	5.0	3.5	
Green Solutions	230	216	180	148	332	362	321	20	774	1,034	343	-94
Margin (%)	13.2	12.3	9.5	9.8	19.2	18.9	19.6	1.0	11.2	14.1	18.4	
Chemical	304	306	264	349	161	187	92	95	1,223	536	131	-27
Margin (%)	17.8	16.1	13.8	16.6	9.3	9.8	4.6	4.9	16.0	7.1	5.2	



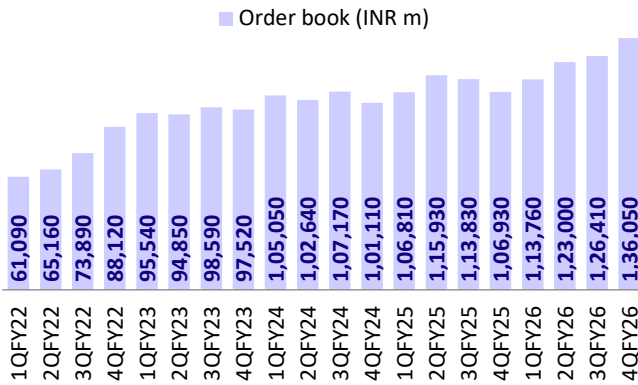
## Key highlights from the management commentary

- **Healthy order enquiry pipeline:** Management highlighted a robust order enquiry pipeline across traditional sectors like steel, cement, power, and oil & gas, as well as industrial projects and products, including pharma, chemicals, and FMCG. The pipeline for heating, water treatment, and pollution control businesses remains reasonably strong at this point. Future opportunities can also emerge from Bio-CNG and coal gasification, once the government starts providing some support. The company expressed confidence in the overall order inflow outlook, both domestically and internationally, while noting the potential impact from prolonged war across industries that could affect 1QFY27.
- **Data center opportunities:** Management is reasonably confident about boiler-related opportunities from the US-based data centers after winning a cooling solutions-related order in 3QFY26. The margin profile in these orders is better than the current margin levels of the company.
- **Coal gasification tech:** Management confirmed the technology solution for coal gasification is tested and fairly in place, with prior progress in a facility where the technology was finalized. The company is hopeful for government support in this area amid the energy crisis, similar to expectations for bio-CNG with state policies.
- **Sufficient capacity to execute boiler orders:** Management highlighted strong momentum in the boiler business, the largest within industrial products, complemented by robust growth in enviro segments like air pollution control and water treatment. Capacity at three facilities supports execution of the recent private sector supercritical order (INR16b order with 42-45 months execution timeline), and the company is also simultaneously doing debottlenecking, line extensions, and outsourced fabrication. Most of these orders will be done under TBWES.
- **Legacy order status:** The pending legacy projects in the industrial infra division, the Bio CNG order is largely done and is in the performance trial stage. The NRL project and two FGD orders will be completed in a year.
- **The Middle East exposure:** Management noted the Middle East as a good opportunity over the last two years, with current order balances for execution, including a large INR4.5b order in industrial infra from 3QFY26 and smaller values in industrial products. No specific execution delays, supply chain issues, cost overruns, or payment challenges observed at this stage. The company is hopeful for additional future opportunities arising from war-related damages.
- **Commodity price effects:** No large raw material cost impact seen in 4Q as procurement completed before March war-related price hikes in steel, styrene, copper, nickel, etc. Industrial infra project business margins are controllable via back-to-back tie-ups on buyouts and contracts for large orders. Industrial products are more exposed on the side due to shorter inventory visibility, but increases not substantial. Most of the order book of Thermax is fixed price in nature.
- **Working capital trend:** Substantial 4Q build-up due to project delays causing collection delays on receivables and retentions across large orders, industrial products, and infra. But the company is conscious and focusing on improving in the coming quarters and is hopeful to resolve overdues over the next couple of quarters despite business realities.

- **Revenue growth outlook:** Order book was up 27% YoY, providing better revenue opportunity. The company is confident in its execution plans across businesses despite site challenges, civil delays, and the Middle East crisis, which will be monitored in 1Q and 2Q.
- **FY27 capex plans:** Regular Capex planned at INR1b-1.5b, plus capacity expansions in boiler and cooling facilities as line extensions, totaling roughly INR2.5b. Cooling facility capex for line building/expansion at three-city sites to support data center demand growth in FY27 is also being carried out along with Boiler facility debottlenecking and expansions, with outsourced fabrication ability for execution.

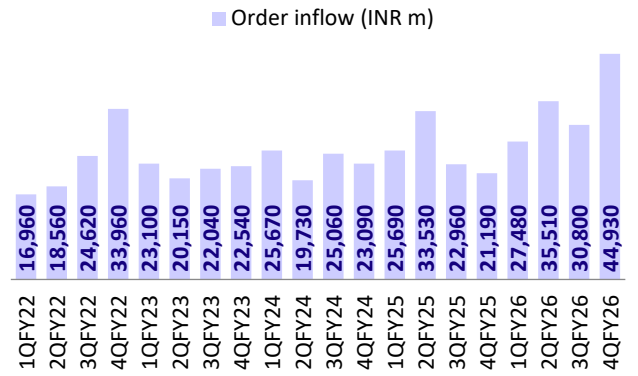
## Key Exhibits

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



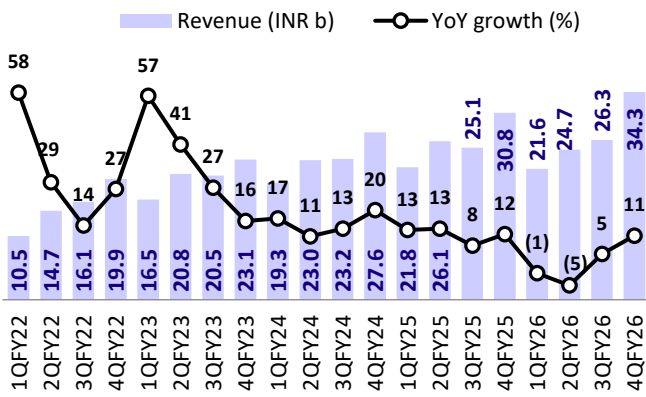
Source: Company, MOFSL

**Exhibit 2: Ordering increased 112% YoY (INR m)**



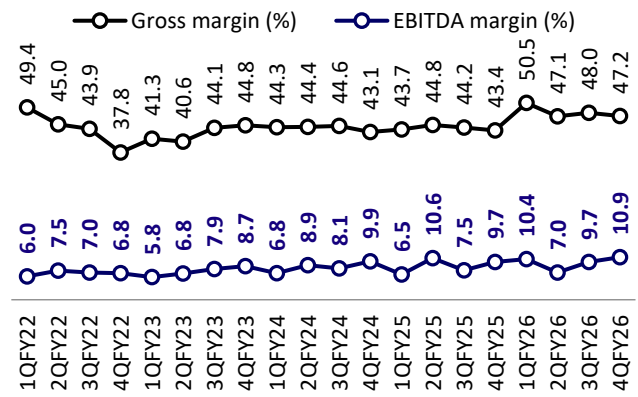
Source: Company, MOFSL

**Exhibit 3: Revenue increased 11% YoY**



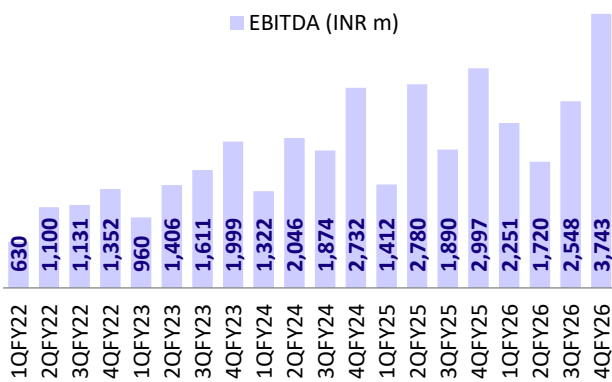
Source: Company, MOFSL

**Exhibit 4: EBITDA margin expanded 120bp YoY**



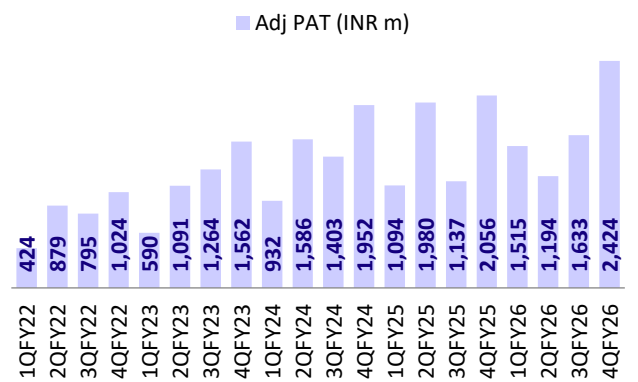
Source: Company, MOFSL

**Exhibit 5: EBITDA increased 25% YoY in 4QFY26 (INR m)**



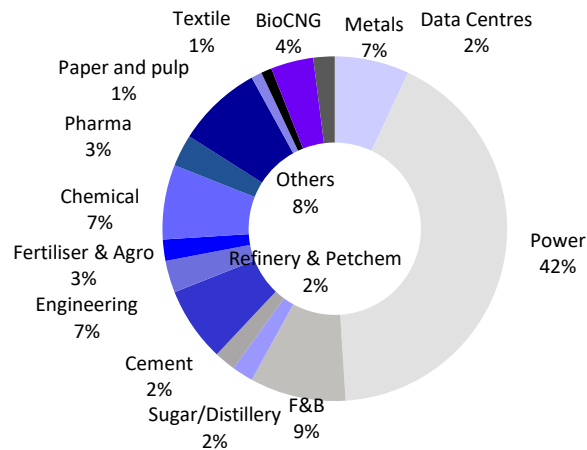
Source: Company, MOFSL

**Exhibit 6: PAT increased 18% YoY (INR m)**



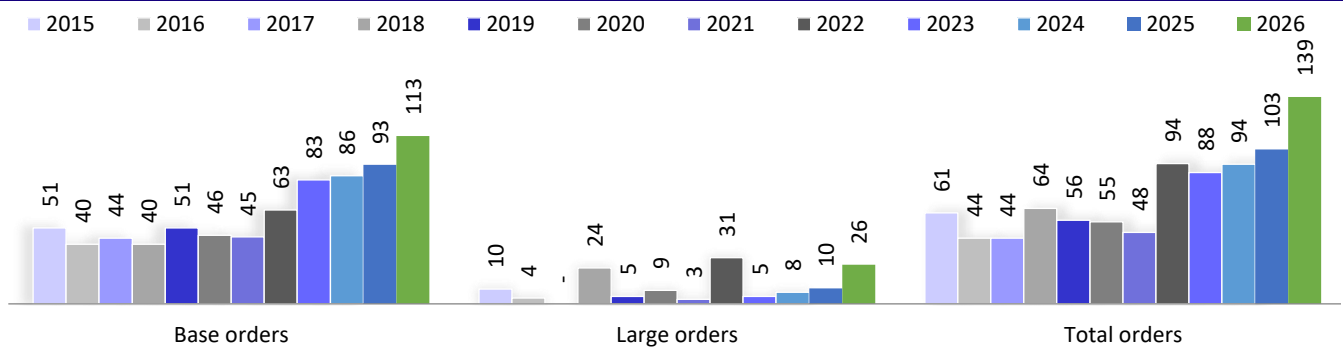
Source: Company, MOFSL

**Exhibit 7: 4QFY26 order inflow breakup – INR44.9b**



Source: Company, MOFSL

**Exhibit 8: Large orders picked up in 2HFY26**



Source: Company, MOFSL

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

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

Source: Company, MOFSL

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

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

Source: Company, MOFSL

## Financial outlook

### Exhibit 11: We expect a 19% revenue CAGR to be driven by a 14% order inflow CAGR over FY26-28

	2022	2023	2024	2025	2026	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>50,961</b>	<b>60,064</b>	<b>72,229</b>
Growth (%)		29.6	21.5	11.7	12.5	17.9	20.3
Order inflow	28,910	41,720	43,290	50,140	59,850	70,025	80,528
Growth (%)	(22.4)	44.3	3.8	15.8	19.4	17.0	15.0
Order backlog	20,014	28,420	35,000	41,550	48,410	60,054	70,037
Growth (%)	(46.2)	42.0	23.2	18.7	16.5	24.1	16.6
<b>EBIT</b>	<b>1,815</b>	<b>2,739</b>	<b>3,970</b>	<b>5,290</b>	<b>5,400</b>	<b>6,607</b>	<b>8,306</b>
EBIT Margin (%)	7.0	8.2	9.8	11.7	10.6	11.0	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>43,481</b>	<b>52,528</b>	<b>62,905</b>
Growth (%)		31.5	13.4	5.8	(7.8)	20.8	19.8
Order inflow	58,220	37,790	40,990	43,100	61,680	70,086	78,206
Growth (%)	816.9	(35.1)	8.5	5.1	43.1	13.6	11.6
Order backlog	63,717	63,080	56,820	54,340	74,390	91,948	1,07,250
Growth (%)	345.3	(1.0)	(9.9)	(4.4)	36.9	23.6	16.6
<b>EBIT</b>	<b>1,310</b>	<b>2,168</b>	<b>2,089</b>	<b>1,101</b>	<b>2,175</b>	<b>2,889</b>	<b>3,774</b>
EBIT Margin (%)	4.4	5.5	4.7	2.3	5.0	5.5	6.0
<b>Green Solutions</b>							
<b>Revenue</b>	<b>2,168</b>	<b>3,627</b>	<b>5,071</b>	<b>6,899</b>	<b>7,322</b>	<b>8,518</b>	<b>10,128</b>
Growth (%)		67.3	39.8	36.1	6.1	16.3	18.9
Order inflow	1,270	1,950	2,410	2,250	9,140	10,054	11,562
Growth (%)		53.5	23.6	(6.6)	306.2	10.0	15.0
Order backlog	3,566	5,920	7,910	8,820	10,550	12,086	13,520
Growth (%)		66.0	33.6	11.5	19.6	14.6	11.9
<b>EBIT</b>	<b>161</b>	<b>150</b>	<b>449</b>	<b>774</b>	<b>1,034</b>	<b>1,022</b>	<b>1,215</b>
EBIT Margin (%)	7.4	4.1	8.9	11.2	14.1	12.0	12.0
<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>7,576</b>	<b>8,891</b>	<b>10,178</b>
Growth (%)	25.4	24.9	(1.4)	15.0	(0.7)	17.4	14.5
Order inflow	5,690	6,430	6,840	7,880	8,050	9,258	10,646
Growth (%)	33.9	13.0	6.4	15.2	2.2	15.0	15.0
Order backlog	1,282	1,090	1,380	2,220	2,700	3,067	3,535
Growth (%)	62.3	(15.0)	26.6	60.9	21.6	13.6	15.3
<b>EBIT</b>	<b>624</b>	<b>865</b>	<b>1,238</b>	<b>1,223</b>	<b>536</b>	<b>711</b>	<b>1,018</b>
EBIT Margin (%)	11.6	12.8	18.7	16.0	7.1	8.0	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>1,06,942</b>	<b>1,27,145</b>	<b>1,52,024</b>
Growth (%)	27.9	32.0	15.2	11.4	2.9	18.9	19.6
<b>EBIT</b>	<b>4,353</b>	<b>6,409</b>	<b>9,566</b>	<b>10,015</b>	<b>11,469</b>	<b>13,127</b>	<b>16,390</b>
Margin (%)	7.1	7.9	10.3	9.6	10.7	10.3	10.8
<b>Order inflow</b>	<b>94,090</b>	<b>87,890</b>	<b>93,530</b>	<b>1,03,370</b>	<b>1,38,720</b>	<b>1,59,422</b>	<b>1,80,943</b>
Growth (%)	96.7	(6.6)	6.4	10.5	34.2	14.9	13.5
<b>Order backlog</b>	<b>88,580</b>	<b>98,510</b>	<b>1,01,110</b>	<b>1,06,930</b>	<b>1,36,050</b>	<b>1,67,155</b>	<b>1,94,342</b>
Growth (%)	69	11	2.6	5.8	27.2	22.9	16.3

Source: Company, MOFSL

### Exhibit 12: We increase our estimates to factor in higher inflows, execution, and better margin from recently awarded projects

(INR M)	FY27E			FY28E		
	Rev	Old	Chg (%)	New	Old	Chg (%)
Net Sales	1,27,145	1,21,554	4.6	1,52,024	1,38,099	10.1
EBITDA	13,188	11,940	10.5	16,518	14,215	16.2
EBITDA (%)	10.4	9.8	50 bps	10.9	10.3	60 bps
Adj. PAT	8,020	7,546	6.3	10,296	9,172	12.3
EPS (INR)	71.2	67.0	6.3	91.4	81.5	12.3

Source: MOFSL

## Financials and Valuation

### Consolidated - Income Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	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>1,06,942</b>	<b>1,27,145</b>	<b>1,52,024</b>
Change (%)	-16.4	27.9	32.0	15.2	11.4	2.9	18.9	19.6
Raw Materials	25,386	34,850	46,247	52,196	58,135	55,596	68,658	82,093
<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>51,345</b>	<b>58,487</b>	<b>69,931</b>
Employee Cost	7,588	8,129	9,542	11,483	12,689	14,212	15,292	17,535
Other Expenses	11,387	14,090	19,134	21,582	23,985	26,871	30,006	35,878
<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>96,679</b>	<b>1,13,957</b>	<b>1,35,506</b>
% of Sales	92.6	93.1	92.6	91.4	91.3	90.4	89.6	89.1
<b>EBITDA</b>	<b>3,552</b>	<b>4,214</b>	<b>5,976</b>	<b>7,974</b>	<b>9,078</b>	<b>10,263</b>	<b>13,188</b>	<b>16,518</b>
Margin (%)	7.4	6.9	7.4	8.6	8.7	9.6	10.4	10.9
Depreciation	1,146	1,132	1,169	1,481	1,585	2,076	2,310	2,555
<b>EBIT</b>	<b>2,406</b>	<b>3,081</b>	<b>4,807</b>	<b>6,493</b>	<b>7,493</b>	<b>8,186</b>	<b>10,879</b>	<b>13,963</b>
Int. and Finance Charges	206	252	376	876	1,168	1,390	1,910	1,990
Other Income	1,077	1,270	1,602	2,326	2,522	2,675	2,249	2,428
<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>9,471</b>	<b>11,217</b>	<b>14,400</b>
EO Items	-525	0	0	755	0	612	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>10,084</b>	<b>11,217</b>	<b>14,400</b>
Total Tax	686	978	1,524	2,258	2,578	2,877	3,197	4,104
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	28.5	28.5	28.5
Minority Interest	0	0	2	8	2	4	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>7,203</b>	<b>8,020</b>	<b>10,296</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>6,765</b>	<b>8,020</b>	<b>10,296</b>
Change (%)	15.8	26.9	44.4	30.3	6.7	7.9	18.6	28.4
Margin (%)	5.1	5.1	5.6	6.3	6.0	6.3	6.3	6.8

### Consolidated - Balance Sheet

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity Share Capital	225	225	225	225	225	225	225	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	55,274	61,606	70,213
<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>55,500</b>	<b>61,831</b>	<b>70,438</b>
Minority Interest	0	0	22	0	57	292	292	292
Total Loans	3,051	3,554	8,105	12,560	16,933	22,880	24,880	24,880
Deferred Tax Liabilities	-1,540	-1,271	-1,057	-963	-1,243	-1,346	-1,346	-1,346
<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>77,326</b>	<b>85,658</b>	<b>94,265</b>
Gross Block	20,168	20,442	22,145	30,206	40,017	44,510	49,510	54,510
Less: Accum. Deprn.	7,777	8,525	9,694	11,175	12,760	14,836	17,146	19,701
<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>29,674</b>	<b>32,364</b>	<b>34,809</b>
Capital WIP	242	474	4,338	5,248	5,608	13,918	15,310	16,841
<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>18,637</b>	<b>18,637</b>	<b>18,637</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>68,845</b>	<b>83,248</b>	<b>1,00,383</b>
Inventory	4,047	7,270	7,556	7,649	7,203	9,095	10,813	12,929
Account Receivables	13,380	15,972	18,766	22,671	25,654	22,048	26,214	31,343
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	11,907	15,553	19,442
Loans and Advances	943	1,087	1,476	1,852	2,722	2,935	3,489	4,172
Other Current Assets	10,690	12,288	15,027	16,560	20,968	22,860	27,179	32,497
<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>53,748</b>	<b>63,902</b>	<b>76,405</b>
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	50,025	59,476	71,114
Provisions	2,210	2,392	2,431	3,478	4,145	3,723	4,426	5,292
<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>15,097</b>	<b>19,346</b>	<b>23,977</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>77,327</b>	<b>85,658</b>	<b>94,265</b>

## Financials and Valuation

### Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	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>60.1</b>	<b>71.2</b>	<b>91.4</b>
Cash EPS	32.0	37.8	50.4	65.3	69.7	78.5	91.7	114.1
BV/Share	288.8	310.2	343.4	394.3	438.4	492.9	549.1	625.6
DPS	7.0	9.0	10.0	10.0	10.0	14.0	15.0	15.0
Payout (%)	45.9	32.5	25.0	17.5	18.0	21.9	21.1	16.4
<b>Valuation (x)</b>								
P/E	214.2	168.8	117.0	89.8	84.1	77.9	65.7	51.2
Cash P/E	146.2	123.9	92.9	71.7	67.1	59.6	51.0	41.0
P/BV	16.2	15.1	13.6	11.9	10.7	9.5	8.5	7.5
EV/Sales	10.7	8.5	6.5	5.7	5.1	5.0	4.2	3.5
EV/EBITDA	143.8	123.7	87.7	66.5	58.7	52.4	40.7	32.2
Dividend Yield (%)	0.1	0.2	0.2	0.2	0.2	0.3	0.3	0.3
FCF per share	60.9	21.4	(16.9)	(41.8)	12.7	(35.6)	26.6	45.7
<b>Return Ratios (%)</b>								
RoE	7.8	9.3	12.2	14.1	13.4	12.9	13.7	15.6
RoCE	7.7	9.0	11.2	12.6	11.5	10.7	11.4	12.9
RoIC	12.7	19.2	27.5	26.0	19.9	18.6	22.5	26.4
<b>Working Capital Ratios</b>								
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.4	2.6	2.8
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.6	1.4	1.5	1.6
Inventory (Days)	31	43	34	30	25	31	31	31
Debtor (Days)	102	95	85	89	90	75	75	75
Creditor (Days)	207	201	177	160	174	171	171	171
<b>Leverage Ratio (x)</b>								
Current Ratio	1.6	1.3	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	5.9	5.7	7.0
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.1)	(0.2)	(0.2)

### Consolidated - Cash flow Statement

(INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	10,079	11,217	14,400
Depreciation	1,146	1,132	1,169	1,481	1,585	2,076	2,310	2,555
Interest & Finance Charges	118	135	260	837	1,415	1,252	1,910	1,990
Direct Taxes Paid	-938	-1,030	-1,512	-1,863	-1,861	-3,495	-3,197	-4,104
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-2,285	-603	-742
<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>7,629</b>	<b>11,637</b>	<b>14,099</b>
Others	-117	-1,084	-726	-1,919	-846	-2,213	-2,249	-2,428
<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>5,416</b>	<b>9,389</b>	<b>11,672</b>
(Inc)/Dec in FA	-834	-838	-6,499	-7,185	-9,002	-9,425	-6,392	-6,531
<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>-4,009</b>	<b>2,997</b>	<b>5,141</b>
(Pur)/Sale of Investments	-5,789	-4,263	-993	1,222	-2,661	2,193	0	0
Others	266	885	696	872	-743	1,361	2,249	2,428
<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>-5,871</b>	<b>-4,143</b>	<b>-4,104</b>
Issue of Shares	0	0	379	598	70	367	0	0
Inc/(Dec) in Debt	891	762	4,481	4,306	4,336	5,585	2,000	0
Interest Paid	-118	-135	-256	-821	-1,758	-1,619	-1,910	-1,990
Dividend Paid	0	-788	-1,021	-1,128	-1,352	-1,577	-1,689	-1,689
Others		-45	-98	-102	-61	-279	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>2,476</b>	<b>-1,599</b>	<b>-3,679</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>2,021</b>	<b>3,646</b>	<b>3,889</b>
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	11,907	15,553
<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>11,907</b>	<b>15,553</b>	<b>19,442</b>

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## NOTES

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

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