motilal oswal
Financial Services

1 August 2026
1QFY27 Result Update| Sector: Capital Goods

Thermax

Estimate changes	↓
TP change	↓
Rating change	↔

Bloomberg	TMX IN
Equity Shares (m)	119
M.Cap.(INRb)/(USDb)	513.1 / 5.4
52-Week Range (INR)	5271 / 2739
1, 6, 12 Rel. Per (%)	-19/53/11
12M Avg Val (INR M)	843

Financials Snapshot (INR b)

Y/E MARCH	FY27E	FY28E	FY29E
Net Sales	127.9	154.0	178.7
EBITDA	10.9	16.2	19.4
PAT	6.4	10.0	12.3
EPS (INR)	56.8	88.8	109.3
GR. (%)	-5.5	56.3	23.2
BV/Sh (INR)	534.7	608.4	702.8
Ratios			
ROE (%)	11.1	15.5	16.7
RoCE (%)	9.5	12.8	13.9
Valuations			
P/E (X)	76.2	48.7	39.6
P/BV (X)	8.1	7.1	6.2
EV/EBITDA (X)	45.6	30.6	25.1
Div Yield (%)	0.3	0.3	0.3

Shareholding pattern (%)

As On	Jun-26	Mar-26	Jun-25
Promoter	62.0	62.0	62.0
DII	15.2	15.5	11.8
FII	16.9	16.7	21.5
Others	5.9	5.8	4.8

FII includes depository receipts

CMP: INR4,306 TP: INR4,000 (-7%) Sell

Performance sharply below estimates

Thermax's 1QFY27 results came in significantly below our estimates, impacted by cost overruns of nearly INR910m for an existing project in the industrial infra segment and lower revenue booking in the industrial products segment. The cost overrun was notably over and above what the company had seen for legacy projects. With the legacy order book of INR3-4b now nearing completion by 2HFY27, we expect the margin profile to start improving. The order pipeline is strong across heating, cooling, waste-to-energy products, sub-critical and super-critical thermal power projects, and data center-related projects from the US. Factoring in the weak 1QFY27 performance, we cut our estimates by 20%/3% for FY27/28 and arrive at a revised SoTP-based TP of INR4,000, based on 40x P/E for core business. We retain Sell rating on the stock on high valuations and negative surprises in the legacy order book.

Sharp miss on estimates due to cost overruns

Revenue increased by 7% YoY to INR23.0b vs. our estimate of INR24.4b. Growth was broad-based across segments, barring industrial infra. Gross margin contracted ~350bp YoY to 47% vs. our estimate of 45%. Absolute EBITDA decreased by 70% YoY to INR686m vs. our estimate of INR2.1b, while EBITDA margin stood at 3.0% (vs. 10.4% last year). The sharp contraction in margins was mainly due to an increase in the estimated cost to complete its legacy project in the industrial infra segment, impacting profitability by ~INR910m. However, even after adjusting these costs, industrial infra margins stood at 2.5% vs. our estimate of 4.0% and 7.9% last year. These factors, along with lower dispatches to an extent of INR3b in the industrial products segment during 1QFY27, led to 86% YoY decline in PAT to INR218m vs. our est. of INR1.1b. Order inflow for the quarter stood at INR28.1b, up ~2% YoY, taking the total order book as of Jun'26-end to INR140b (+23% YoY).

Multiple headwinds weighed on 1Q profitability

1QFY27 profitability was impacted by an additional ~INR910m provision on a loss-making ~INR12b legacy government project, which has its last four quarters of execution remaining (74% invoiced, 26% pending), after significant unbudgeted engineering changes were received from the engineering partner in Jun'26. Industrial Products execution was impacted by ~INR3b of delayed finished-goods shipments, largely to international customers, including the Middle East, and ~INR100m of commodity inflation, part of which was already anticipated. In Green Solutions, the company incurred ~INR70-80m of quarterly costs, while FEPL reported an unexpected ~INR200m loss as two completed Tamil Nadu projects could not commence power generation due to approval delays following the government transition and carrying costs related to the platform ahead of bringing in an external investor.

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Pipeline remains strong with margins expected to improve once legacy projects are over

Thermax's ~INR140b backlog provides strong execution visibility, with only ~INR25b scheduled beyond FY27, implying >INR30b quarterly revenue over the next 2-3 quarters. INR3b of shipments deferred from 1QFY27 should also support execution over the coming quarters. The opportunity pipeline remains strong across domestic supercritical, subcritical and captive thermal power, the Middle East and Africa, waste-to-energy, selective EPC projects and US data centers, which should support order inflow growth in FY27. Margin mix should improve as better-margin private/export projects and the US data center backlog are executed, with the first major US shipment contributing in 3QFY27 and two additional cooling wins targeted in 3Q-4QFY27. TBWES is also expanding its capacity and vendor ecosystem to address the rising thermal and US data center power pipeline. However, we will watch out for the pace of execution and delivery of the expected margin recovery. We expect a 19% CAGR in overall revenue over FY26-29, with margin to improve gradually to ~10.9% by FY29.

Data center opportunity

Thermax has data center exposure across four businesses: cooling, TBWES power equipment, water treatment and chemicals. **Cooling** is the most differentiated, comprising absorption chillers and hybrid cooling towers for co-located power/data center facilities, where management sees only 1-2 comparable global competitors and the company has MoUs with two major US solution providers following its first US win last year, with two additional wins expected in 3Q-4QFY27. **TBWES** supplies boiler pressure parts for gas-based power plants powering US data centers, where engineering capability and delivery speed are key differentiators. **Water** provides raw-water treatment and **Chemicals** supplies subsequent water-treatment chemicals, though both are relatively standard offerings. The existing US data center backlog is already large in size and has healthy margins, with the first major shipment expected to contribute revenue and margins in 3QFY27.

Segment outlook

Industrial Products: The segment is expected to sustain YoY growth, supported by water, clean air, cooling, heating, ZLD (Zero Liquid Discharge),ETP (Effluent Treatment Plant), desalination, heat pumps and biomass boilers, although margins could remain under pressure in 2QFY27 before improving in 3Q-4QFY27 as commodity inflation is absorbed and higher-margin cooling backlog is executed. Water and air-pollution-control segments structurally carry lower margins than cooling and boiler segments, with management focused on accelerating cooling to support the segment's profitability mix.

Industrial Infrastructure: Industrial Infra has a strong pipeline across domestic supercritical, subcritical, captive thermal and waste-to-energy, with TMX expecting another supercritical project this year, while international opportunities include large Middle East and Africa projects and an emerging US data-center pipeline, with one African project already commercially agreed in 1QFY27. Order booking is expected to improve through FY27, supported by TBWES capacity expansion, with Thermax guiding full-year margins to reach +10% once legacy projects wind down.

Chemicals: Chemicals witnessed volume recovery in 1QFY27 and returned to double-digit EBITDA margins, with management expecting **at least ~20% growth in FY27** and looking to sustain double-digit margins. Raw-material inflation and the **10% US tariff** remain key risks given the export-oriented business and Chinese competition, with Thermax pushing price increases to customers but remaining cautious about its ability to sustain pass-through if input-cost pressures persist.

Green Solutions: TOESL saw strong ordering over the last two quarters, with revenue already running above the annual run rate of ~INR6b and visibility toward ~INR8b-9b. FEPL is expected to improve as completed projects begin producing power and with an external investor targeted during FY27. Bio-CNG ordering could revive from 3Q-4QFY27 if expected policy changes raise prices by 20-30% and improve project economics. Green Hydrogen's first order is expected in 2QFY27, with its SOEC demo plant by end-FY27 and revenue from FY28, alongside emerging green-methanol opportunities, including the Kandla showcase project.

Financial outlook

We cut our estimates by 20%/3% for FY27/28 to factor in 1Q performance. We thus expect a revenue/EBITDA/PAT CAGR of 19%/24%/22% over FY26-29. We build in 1) 15% CAGR in order inflows, 2) a gradual recovery in EBIT margins of the industrial Infra/chemical divisions to 6.5%/10% by FY29E, and 3) control over working capital and NWC (at ~11 days).

Valuation and view

The stock is currently trading at 76.2x/48.7x/39.6x on FY27E/FY28E/FY29E EPS. **We reiterate our Sell rating with a revised TP of INR4,000 (INR4,300 earlier), based on 40x Sep'28E earnings for the core business.**

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	FY26				FY27E				FY26	FY27E	FY27E	Est
	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Net Sales	**21,575**	**24,739**	**26,347**	**34,280**	**23,027**	**29,083**	**32,710**	**43,075**	**106,942**	**127,895**	**24,361**	**-5**
YoY Change (%)	-1.2	-5.3	5.1	11.1	6.7	17.6	24.2	25.7	2.9	19.6	12.9	
Total Expenditure	**19,324**	**23,019**	**23,799**	**30,537**	**22,341**	**26,766**	**29,602**	**38,272**	**96,679**	**1,16,981**	**22,310**	
EBITDA	**2,251**	**1,720**	**2,548**	**3,743**	**686**	**2,317**	**3,108**	**4,803**	**10,263**	**10,914**	**2,051**	**-67**
YoY Change (%)	59.5	-38.1	34.8	24.9	-69.5	34.7	22.0	28.3	13.0	6.3	-8.9	
Margins (%)	10.4	7.0	9.7	10.9	3.0	8.0	9.5	11.1	9.6	8.5	8.4	-540 bp
Depreciation	489	515	533	540	595	577	577	560	2,076	2,310	550	8
Interest	302	322	342	424	352	466	490	603	1,390	1,910	455	-23
Other Income	656	854	627	537	682	548	577	442	2,675	2,249	535	27
PBT before EO expense	**2,117**	**1,738**	**2,300**	**3,317**	**421**	**1,822**	**2,617**	**4,082**	**9,471**	**8,943**	**1,582**	**-73**
Extra-Ord expense	0	0	588	25	0	0	0	0	612	0	0	
PBT	**2,117**	**1,738**	**2,888**	**3,341**	**421**	**1,822**	**2,617**	**4,082**	**10,084**	**8,943**	**1,582**	**-73**
Tax	600	543	837	897	204	519	746	1,080	2,877	2,549	451	
Rate (%)	28.4	31.2	29.0	26.9	48.3	28.5	28.5	26.5	28.5	28.5	28.5	
MI & P/L of Asso. Cos.	2	1	1	-0	0	0	0	0	4	0	0	
Reported PAT	**1,515**	**1,194**	**2,050**	**2,444**	**218**	**1,303**	**1,871**	**3,002**	**7,203**	**6,394**	**1,131**	**-81**
Adj PAT	**1,515**	**1,194**	**1,633**	**2,424**	**218**	**1,303**	**1,871**	**3,002**	**6,765**	**6,394**	**1,131**	**-81**
YoY Change (%)	38.4	-39.7	43.6	17.9	-85.6	9.1	14.6	23.8	14.9	-11.2	-25.3	
Margins (%)	7.0	4.8	6.2	7.1	0.9	4.5	5.7	7.0	6.3	5.0	4.6	

	FY26				FY27E				FY26	FY27E	FY26E	Est
INR m	1Q	2Q	3Q	4Q	1Q	2QE	3QE	4QE			1QE	Var (%)
Segmental revenue												
Industrial Products	9,547	11,888	12,898	16,628	10,582	14,265	15,607	19,610	50,961	60,064	10,883	-3
YoY Change (%)	*-0.6*	*12.4*	*19.4*	*16.2*	*10.8*	*20.0*	*21.0*	*17.9*	*12.5*	*17.9*	*14*	
Industrial Infra	8,975	9,487	10,326	14,693	8,142	10,910	13,424	20,053	43,481	52,528	10,052	-19
YoY Change (%)	*-3.0*	*-23.7*	*-8.8*	*3.8*	*-9.3*	*15.0*	*30.0*	*36.5*	*-7.8*	*20.8*	*12*	
Green Solutions	1,732	1,917	1,636	2,037	2,447	2,224	1,930	2,667	7,322	9,268	1,940	26
YoY Change (%)	*-0.3*	*9.5*	*-13.5*	*34.2*	*41.3*	*16.0*	*18.0*	*30.9*	*6.1*	*26.6*	*12*	
Chemical	1,732	1,910	2,002	1,932	2,295	2,235	2,363	1,998	7,576	8,891	1,974	16
YoY Change (%)	*1.4*	*0.4*	*4.5*	*-8.1*	*32.5*	*17.0*	*18.0*	*3.4*	*-0.7*	*17.4*	*14*	
Less: Intersegmental	-410	-463	-516	-1,010	-438	-551	-614	-1,252	-2,398	-2,856	-488	-10
Total revenues	**21,575**	**24,739**	**26,347**	**34,280**	**23,027**	**29,083**	**32,710**	**43,075**	**1,06,942**	**1,27,895**	**24,361**	**-5**
YoY Change (%)	*-1.6*	*-5.5*	*4.7*	*10.9*	*6.7*	*17.6*	*24.2*	*25.7*	*2.9*	*19.6*	*13*	
Segmental EBIT												
Industrial Products	777	1,173	1,194	2,256	642	1,141	1,717	2,867	5,400	6,367	871	-26
Margin (%)	*8.1*	*9.9*	*9.3*	*13.6*	*6.1*	*8.0*	*11.0*	*14.6*	*10.6*	*10.6*	*8.0*	
Industrial Infra	710	-148	655	959	-707	327	537	893	2,175	1,051	402	-276
Margin (%)	*7.9*	*-1.6*	*6.3*	*6.5*	*-8.7*	*3.0*	*4.0*	*4.5*	*5.0*	*2.0*	*4.0*	
Green Solutions	332	362	321	20	106	156	154	233	1,034	649	213	-51
Margin (%)	*19.2*	*18.9*	*19.6*	*1.0*	*4.3*	*7.0*	*8.0*	*8.7*	*14.1*	*7.0*	*11.0*	
Chemical	161	187	92	95	256	201	224	207	536	889	99	160
Margin (%)	*9.3*	*9.8*	*4.6*	*4.9*	*11.2*	*9.0*	*9.5*	*10.4*	*7.1*	*10.0*	*5.0*	

Please note that BioCNG, which was earlier part of Industrial Infra segment, is now part of Green Solutions segment 1QFY27 onwards.

CONFERENCE CALL

Key highlights from the management commentary

Industrial Products

- **Ordering/Pipeline:** Inflows grew 8% YoY to INR14b. The segment continues to see healthy opportunities across water, clean air, cooling, process heating, heat pumps and biomass boilers, with ZLD/ETP becoming the largest part of the water business from negligible levels two years ago and desalination emerging as another opportunity. Data center cooling remains a key growth area, where Thermax sees only 1-2 comparable global competitors, has MoUs with two major US solution providers after its first US win last year and expects two additional US cooling wins in 3Q-4QFY27.
- **Execution:** The segment delivered double-digit YoY growth in 1QFY27 despite ~INR3b of finished-goods shipments being delayed, largely for international customers, including the Middle East, with only part shipped by the time of the call. Management expects the double-digit growth trajectory seen over the past 2-3 years to continue in FY27, with the higher-margin cooling backlog largely scheduled for execution in 3Q-4QFY27.
- **Margins:** Profitability was impacted by ~INR100m of commodity inflation, with steel plate prices rising ~18% over two months from ~INR50-53/kg to >INR61/kg, particularly affecting steel-intensive air-pollution-control equipment. Management expects some pressure in 2QFY27 before improvement in 3Q-4QFY27 as commodity costs get absorbed and cooling execution increases, with water and air-pollution-control structurally carrying lower margins than cooling and boilers.

Industrial Infrastructure

- **Ordering/Pipeline:** Despite muted 1QFY27 ordering, management expects FY27 inflows to exceed FY26, supported by domestic supercritical, subcritical and captive thermal, waste-to-energy and selected EPC opportunities, alongside a healthy Middle East pipeline, refining/petrochemical opportunities in Africa and emerging US data center demand. An African project was commercially agreed in 1QFY27 but awaits advance for booking, while management expects another supercritical order and international ordering to at least match or exceed FY26.
- **Execution:** The ~INR12b government project booked in FY22 took another ~INR910m cost-to-completion provision following significant engineering changes received in Jun'26, taking cumulative expected losses to ~INR1.5b, with ~74% invoiced and the remaining 26% execution-heavy over the next four quarters through 1QFY28. HRRL was completed in 1QFY27, while the remaining FGD projects are targeted for handover in 2QFY27 and 4QFY27, leaving only ~INR3b-4b of legacy government exposure.
- **Margins:** Management expects the material cost impact on the loss-making government project to have been absorbed in FY27 and sees Industrial Infra profitability reaching 10%+ once legacy projects wind down, supported by a better mix of private/export orders taken at reasonable margins. TMX has avoided long-duration government projects involving significant civil/construction exposure for the past three years and indicated that, excluding the exceptional PSU project, execution across the broader project portfolio has generally added to rather than diluted as-sold margins.

Green Solutions

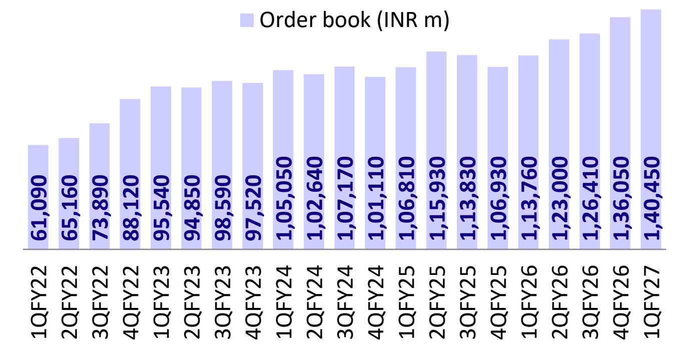
- **Ordering/Pipeline:** TOESL recorded healthy ordering in 1QFY27 with inflows growing 149% YoY to INR4b, and it retains a strong pipeline, with annual revenue run rate already at >INR6b and visibility toward ~INR8b-9b and eventually an ~INR8b-10b annual business over the next two years. Bio-CNG ordering could restart from 3Q-4QFY27 if expected policy changes raise prices by ~20-30% and improve project economics. The first Green Hydrogen order is expected in 2QFY27 and green-methanol opportunities are emerging, with Kandla being prioritized as the initial technology showcase.
- **Execution:** Of four legacy Bio-CNG projects with performance obligations, one has completed PGTR, another is more than halfway through successfully and the remaining two are targeted for Aug-Sep'26 after monsoon-related disruptions, following which management expects legacy liabilities to largely end. FEPL's two completed Tamil Nadu projects are awaiting approvals to begin power generation, while the SOEC Green Hydrogen demonstration plant is targeted for commissioning by end-FY27, with hydrogen revenue expected from FY28.
- **Margins:** The segment was impacted by an unexpected ~INR200m FEPL loss in 1QFY27 due to delayed power-generation approvals for the two Tamil Nadu projects and platform carrying costs, while Bio-CNG is carrying ~INR70m-80m of quarterly costs and requires roughly two projects aggregating ~INR2.5b to absorb the team cost. FEPL profitability should improve once completed projects start generating power, while Thermax plans to bring in an external investor during FY27 that would acquire a substantial majority of the platform.

Chemicals

- **Ordering/Pipeline:** Chemicals saw volumes recover in 1QFY27, with management expecting at least ~20% growth in FY27, supported by the recovery in demand. The business remains significantly export-oriented and competes with Chinese suppliers, although some of Thermax's larger customers are looking to reduce sourcing from China.
- **Execution:** Volume recovery supported the improvement in 1QFY27, while the export business is navigating commodity-price volatility and the 10% US tariff. Thermax is attempting to pass on higher costs to customers through price increases, with customers remaining supportive so far despite the increases.
- **Margins:** Chemicals returned to double-digit EBITDA margins in 1QFY27, which management expects to sustain, although raw-material inflation and the US tariff remain key near-term pressures. Management remains cautious about whether it can continue passing through commodity inflation to customers if elevated input costs persist for an extended period.

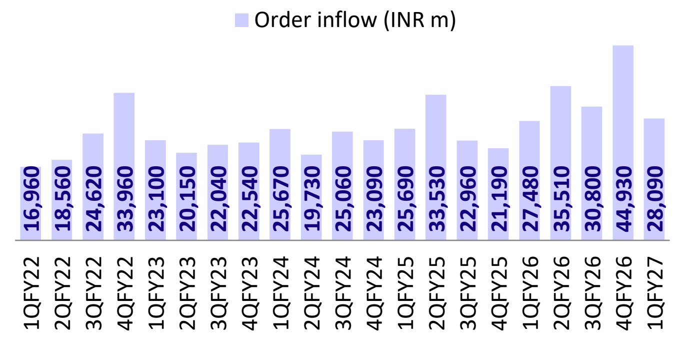
Key Exhibits

Exhibit 1: Inquiry pipeline remained strong (INR m)



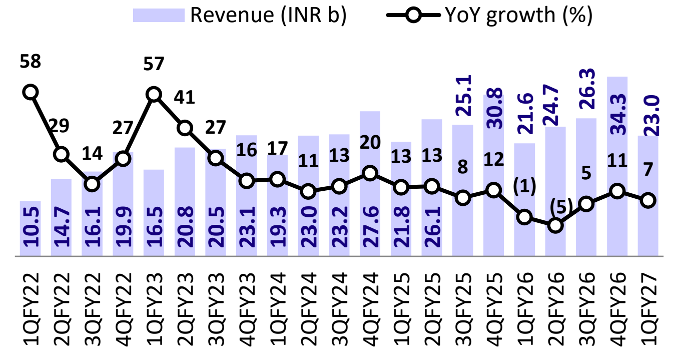
Source: Company, MOFSL

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



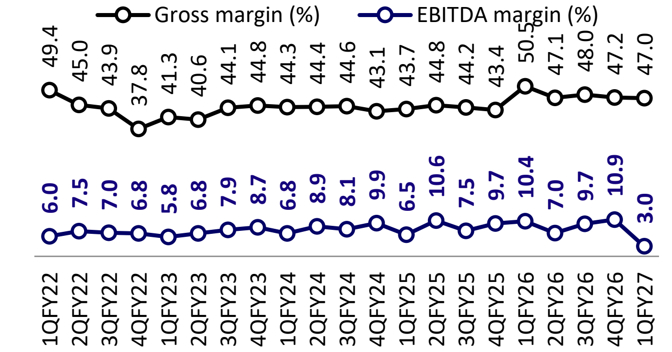
Source: Company, MOFSL

Exhibit 3: Revenue increased 7% YoY



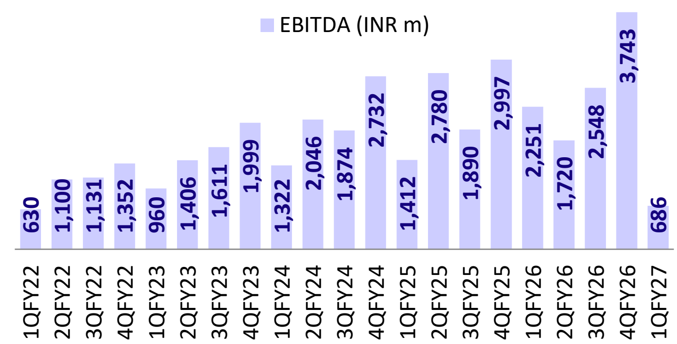
Source: Company, MOFSL

Exhibit 4: Gross margin contracted 350bp YoY



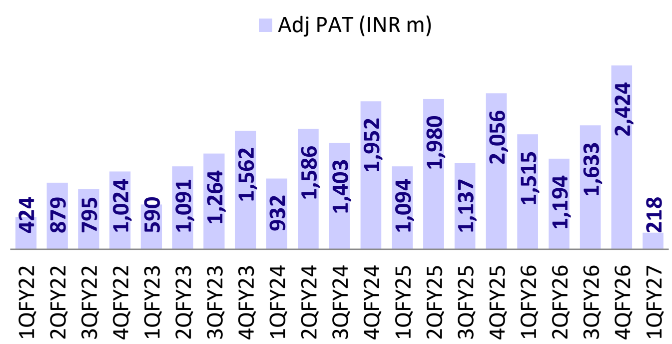
Source: Company, MOFSL

Exhibit 5: EBITDA declined 70% YoY in 4QFY26 (INR m)



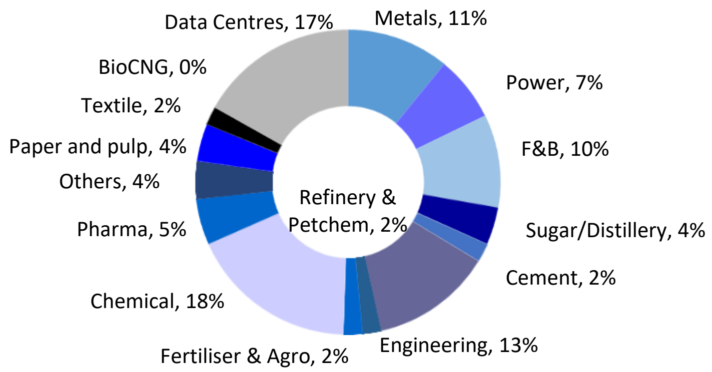
Source: Company, MOFSL

Exhibit 6: PAT declined 86% YoY (INR m)



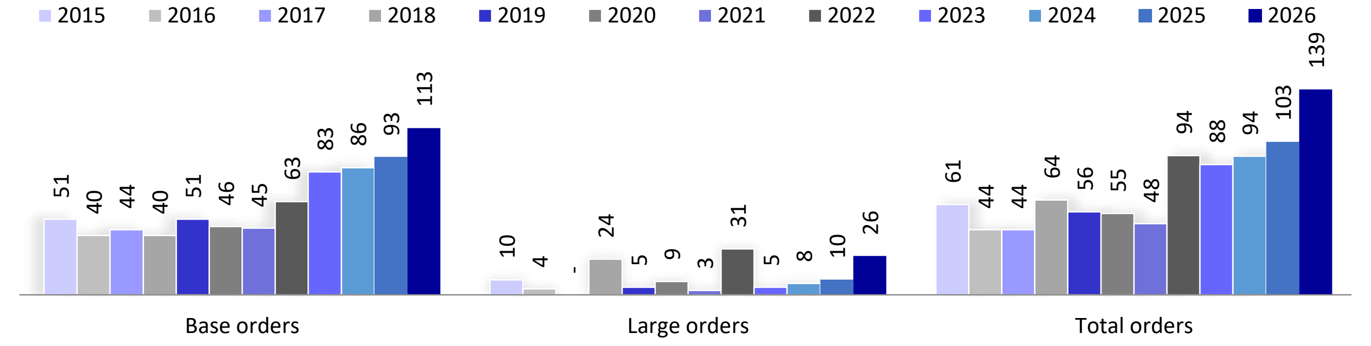
Source: Company, MOFSL

Exhibit 7: 1QFY27 order inflow breakup – INR28b



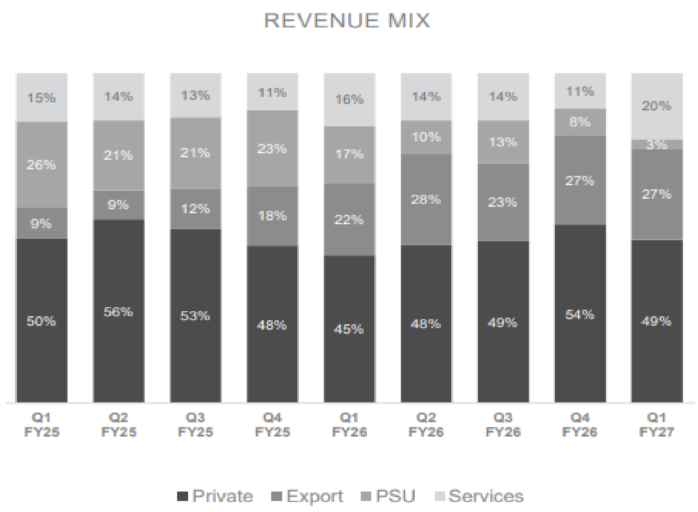
Source: Company, MOFSL

Exhibit 8: Large orders picked up in 2HFY26



Source: Company, MOFSL

Exhibit 9: Industrial Infra Segment – Key Metrics



>100 crore projects	Change in margin (from as sold)	Industrial Infra project count
Export	>0% to <5%	6
	>5%	7
	Total	**13**
Private	<-5%	3
	>-5% to <0%	5
	>0% to <5%	7
	>5%	1
	Total	**16**
PSU	<-5%	5
	>-5% to <0%	1
	Total	**6**

- Contribution variance is lower for export & private projects and higher for PSU projects.

Source: Company, MOFSL

Exhibit 10: TOESL – key financials (INR m)

Consol - TOESL Income statement (INR m)	FY21	FY22	FY23	FY24	FY25	FY26
Total Income	**1,274**	**2,180**	**3,486**	**4,575**	**5,623**	**5,823**
Expenditure	1,040	1,974	3,217	3,720	5,024	5,142
EBITDA	**235**	**206**	**269**	**855**	**599**	**682**
EBITDA %	18	9	8	19	11	12
Depreciation	5	5	7	5	7	7
EBIT	230	201	262	850	592	674
Interest	18	22	52	92	104	98
PBT	**212**	**179**	**210**	**758**	**489**	**577**
Tax	40	48	50	91	126	152
Tax%	19	27	24	12	26	26
PAT	**172**	**131**	**160**	**668**	**363**	**425**
Balance sheet	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Share capital	423	723	723	1,083	1,083	1,083
Reserves	531	663	819	1,079	1,442	1,867
Networth	954	1,386	1,542	2,161	2,524	2,950
Debt	117	578	909	1,196	1,056	794
Total liabilities	**1,071**	**1,964**	**2,451**	**3,357**	**3,580**	**3,743**
Net block	17	68	17	34	36	33
Cash and inv in subsidiary	327	328	341	532	592	642
Net WC and other assets	727	1,568	2,094	2,791	2,952	3,069
Total assets	**1,071**	**1,964**	**2,451**	**3,357**	**3,580**	**3,743**
RoE	18.0	9.5	10.4	30.9	14.4	14.4
RoCE	17.4	7.5	8.1	22.3	12.3	13.3

Source: Company, MOFSL

Exhibit 11: FEPL – key financials (INR m)

Consol - FEPL Income statement (INR m)	FY21	FY22	FY23	FY24	FY25	FY26
Total Income	**28**	**266**	**193**	**911**	**1,098**	**1,466**
Expenditure	17	252	347	556	385	674
EBITDA	**10**	**13**	**-154**	**355**	**713**	**792**
EBITDA %	37	5	-80	39	65	54
Depreciation	15	2	16	247	419	583
EBIT	-5	11	-170	108	294	209
Interest	17	1	35	435	712	939
PBT	**-21**	**10**	**-205**	**-327**	**-418**	**-731**
Tax	-	-	4	3	-1	3
Tax%	-	-	-2	-1	0	-0
PAT	**-21**	**10**	**-209**	**-330**	**-417**	**-733**
Balance sheet	**FY21**	**FY22**	**FY23**	**FY24**	**FY25**	**FY26**
Share capital	135	395	1,534	4,040	4,193	6,463
Reserves	-340	-67	-336	-264	-571	478
Networth	-205	327	1,198	3,776	3,622	6,941
Debt	195	41	5,994	8,890	15,066	21,156
Total liabilities	**-10**	**368**	**7,193**	**12,666**	**18,688**	**28,097**
Net block	2	338	5,018	11,860	17,406	27,832
Cash	108	393	1,234	333	437	854
Net WC and other assets	-120	-362	940	473	845	-589
Total assets	**-10**	**368**	**7,193**	**12,666**	**18,688**	**28,097**
RoE	10.4	3.0	-17.4	-8.8	-11.5	-10.6
RoCE	48.2	2.9	-2.4	0.9	1.6	0.7

Source: Company, MOFSL

Financial outlook

Exhibit 12: We expect a 19% revenue CAGR to be driven by a 21% order inflow CAGR over FY26-28

	2022	2023	2024	2025	2026	2027E	2028E	2029E
Industry Products								
Revenue	**25,757**	**33,375**	**40,552**	**45,290**	**50,961**	**60,064**	**72,229**	**83,765**
Growth (%)		29.6	21.5	11.7	12.5	17.9	20.3	16.0
Order inflow	28,910	41,720	43,290	50,140	59,850	70,025	80,528	92,607
Growth (%)	(22.4)	44.3	3.8	15.8	19.4	17.0	15.0	15.0
Order backlog	20,014	28,420	35,000	41,550	48,410	60,054	70,037	80,563
Growth (%)	(46.2)	42.0	23.2	18.7	16.5	24.1	16.6	15.0
EBIT	**1,815**	**2,739**	**3,970**	**5,290**	**5,400**	**6,367**	**7,945**	**9,633**
EBIT Margin (%)	7.0	8.2	9.8	11.7	10.6	10.6	11.0	11.5
Industrial Infra								
Revenue	**29,879**	**39,280**	**44,552**	**47,146**	**43,481**	**52,528**	**62,905**	**72,432**
Growth (%)		31.5	13.4	5.8	(7.8)	20.8	19.8	15.1
Order inflow	58,220	37,790	40,990	43,100	61,680	70,086	78,206	87,301
Growth (%)	816.9	(35.1)	8.5	5.1	43.1	13.6	11.6	11.6
Order backlog	63,717	63,080	56,820	54,340	74,390	91,948	1,07,250	1,22,118
Growth (%)	345.3	(1.0)	(9.9)	(4.4)	36.9	23.6	16.6	13.9
EBIT	**1,310**	**2,168**	**2,089**	**1,101**	**2,175**	**1,051**	**3,774**	**4,708**
EBIT Margin (%)	4.4	5.5	4.7	2.3	5.0	2.0	6.0	6.5
Green Solutions								
Revenue	**2,168**	**3,627**	**5,071**	**6,899**	**7,322**	**9,268**	**12,151**	**14,732**
Growth (%)		67.3	39.8	36.1	6.1	26.6	31.1	21.2
Order inflow	1,270	1,950	2,410	2,250	9,140	12,796	14,715	16,923
Growth (%)		53.5	23.6	(6.6)	306.2	40.0	15.0	15.0
Order backlog	3,566	5,920	7,910	8,820	10,550	14,078	16,642	18,833
Growth (%)		66.0	33.6	11.5	19.6	33.4	18.2	13.2
EBIT	**161**	**150**	**449**	**774**	**1,034**	**649**	**1,215**	**1,473**
EBIT Margin (%)	7.4	4.1	8.9	11.2	14.1	7.0	10.0	10.0
Chemical segment								
Revenues								
Revenue	**5,385**	**6,728**	**6,634**	**7,628**	**7,576**	**8,891**	**10,178**	**11,715**
Growth (%)	25.4	24.9	(1.4)	15.0	(0.7)	17.4	14.5	15.1
Order inflow	5,690	6,430	6,840	7,880	8,050	9,258	10,646	12,243
Growth (%)	33.9	13.0	6.4	15.2	2.2	15.0	15.0	15.0
Order backlog	1,282	1,090	1,380	2,220	2,700	3,067	3,535	4,064
Growth (%)	62.3	(15.0)	26.6	60.9	21.6	13.6	15.3	15.0
EBIT	**624**	**865**	**1,238**	**1,223**	**536**	**889**	**1,018**	**1,171**
EBIT Margin (%)	11.6	12.8	18.7	16.0	7.1	10.0	10.0	10.0
Sum of all segments								
Revenues	**61,283**	**80,898**	**93,235**	**1,03,887**	**1,06,942**	**1,27,895**	**1,54,047**	**1,78,697**
Growth (%)	27.9	32.0	15.2	11.4	2.9	19.6	20.4	16.0
EBIT	**4,353**	**6,409**	**9,566**	**10,015**	**11,469**	**10,853**	**15,967**	**19,209**
Margin (%)	7.1	7.9	10.3	9.6	10.7	8.5	10.4	10.7
Order inflow	**94,090**	**87,890**	**93,530**	**1,03,370**	**1,38,720**	**1,62,164**	**1,84,096**	**2,09,074**
Growth (%)	96.7	(6.6)	6.4	10.5	34.2	16.9	13.5	13.6
Order backlog	**88,580**	**98,510**	**1,01,110**	**1,06,930**	**1,36,050**	**1,69,148**	**1,97,465**	**2,25,578**
Growth (%)	69	11	2.6	5.8	27.2	24.3	16.7	14.2

Source: Company, MOFSL

Exhibit 13: We cut our estimates to factor in 1Q performance

(INR M)	FY27E			FY28E		
	Rev	Old	Chg (%)	Rev	Old	Chg (%)
Net Sales	1,27,895	1,27,145	0.6	1,54,047	1,52,024	1.3
EBITDA	10,914	13,188	(17.2)	16,157	16,518	(2.2)
EBITDA (%)	8.5	10.4	-180 bps	10.5	10.9	-40 bps
Adj. PAT	6,394	8,020	(20.3)	9,993	10,296	(2.9)
EPS (INR)	56.8	71.2	(20.3)	88.8	91.4	(2.9)

Source: MOFSL

Financials and Valuation

Consolidated - Income Statement (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Total Income from Operations	**47,913**	**61,283**	**80,898**	**93,235**	**1,03,887**	**1,06,942**	**1,27,895**	**1,54,047**	**1,78,697**
Change (%)	-16.4	27.9	32.0	15.2	11.4	2.9	19.6	20.4	16.0
Raw Materials	25,386	34,850	46,247	52,196	58,135	55,596	69,063	83,185	96,496
Gross Profit	**22,526**	**26,433**	**34,651**	**41,039**	**45,752**	**51,345**	**58,832**	**70,862**	**82,201**
Employee Cost	7,588	8,129	9,542	11,483	12,689	14,212	17,735	18,350	20,592
Other Expenses	11,387	14,090	19,134	21,582	23,985	26,871	30,183	36,355	42,173
Total Expenditure	**44,361**	**57,070**	**74,923**	**85,261**	**94,809**	**96,679**	**1,16,981**	**1,37,890**	**1,59,261**
% of Sales	92.6	93.1	92.6	91.4	91.3	90.4	91.5	89.5	89.1
EBITDA	**3,552**	**4,214**	**5,976**	**7,974**	**9,078**	**10,263**	**10,914**	**16,157**	**19,436**
Margin (%)	7.4	6.9	7.4	8.6	8.7	9.6	8.5	10.5	10.9
Depreciation	1,146	1,132	1,169	1,481	1,585	2,076	2,310	2,555	2,801
EBIT	**2,406**	**3,081**	**4,807**	**6,493**	**7,493**	**8,186**	**8,604**	**13,601**	**16,635**
Int. and Finance Charges	206	252	376	876	1,168	1,390	1,910	1,990	1,990
Other Income	1,077	1,270	1,602	2,326	2,522	2,675	2,249	2,366	2,574
PBT bef. EO Exp.	**3,277**	**4,100**	**6,033**	**7,943**	**8,847**	**9,471**	**8,943**	**13,977**	**17,218**
EO Items	-525	0	0	755	0	612	0	0	0
PBT after EO Exp.	**2,752**	**4,100**	**6,033**	**8,698**	**8,847**	**10,084**	**8,943**	**13,977**	**17,218**
Total Tax	686	978	1,524	2,258	2,578	2,877	2,549	3,983	4,907
Tax Rate (%)	24.9	23.9	25.3	26.0	29.1	28.5	28.5	28.5	28.5
Minority Interest	0	0	2	8	2	4	0	0	0
Reported PAT	**2,066**	**3,122**	**4,507**	**6,432**	**6,267**	**7,203**	**6,394**	**9,993**	**12,311**
Adjusted PAT	**2,460**	**3,122**	**4,507**	**5,873**	**6,267**	**6,765**	**6,394**	**9,993**	**12,311**
Change (%)	15.8	26.9	44.4	30.3	6.7	7.9	-5.5	56.3	23.2
Margin (%)	5.1	5.1	5.6	6.3	6.0	6.3	5.0	6.5	6.9

Consolidated - Balance Sheet (INR m)

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Equity Share Capital	225	225	225	225	225	225	225	225	225
Total Reserves	32,289	34,700	38,446	44,173	49,144	55,274	59,979	68,284	78,906
Net Worth	**32,514**	**34,925**	**38,671**	**44,398**	**49,369**	**55,500**	**60,205**	**68,509**	**79,131**
Minority Interest	0	0	22	0	57	292	292	292	292
Total Loans	3,051	3,554	8,105	12,560	16,933	22,880	24,880	24,880	24,880
Deferred Tax Liabilities	-1,540	-1,271	-1,057	-963	-1,243	-1,346	-1,346	-1,346	-1,346
Capital Employed	**34,024**	**37,208**	**45,741**	**55,995**	**65,116**	**77,326**	**84,031**	**92,336**	**1,02,958**
Gross Block	20,168	20,442	22,145	30,206	40,017	44,510	49,510	54,510	59,510
Less: Accum. Deprn.	7,777	8,525	9,694	11,175	12,760	14,836	17,146	19,701	22,502
Net Fixed Assets	**12,390**	**11,917**	**12,451**	**19,031**	**27,257**	**29,674**	**32,364**	**34,809**	**37,008**
Capital WIP	242	474	4,338	5,248	5,608	13,918	15,310	16,841	18,525
Total Investments	**2,375**	**14,765**	**16,370**	**17,681**	**17,879**	**18,637**	**18,637**	**18,637**	**18,637**
Curr. Assets, Loans&Adv.	**48,452**	**46,153**	**54,141**	**58,485**	**68,092**	**68,845**	**81,999**	**99,471**	**1,18,599**
Inventory	4,047	7,270	7,556	7,649	7,203	9,095	10,877	13,101	15,198
Account Receivables	13,380	15,972	18,766	22,671	25,654	22,048	26,368	31,760	36,842
Cash and Bank Balance	19,392	9,535	11,316	9,753	11,545	11,907	13,904	17,453	23,456
Loans and Advances	943	1,087	1,476	1,852	2,722	2,935	3,510	4,228	4,904
Other Current Assets	10,690	12,288	15,027	16,560	20,968	22,860	27,339	32,929	38,198
Curr. Liability & Prov.	**29,434**	**36,101**	**41,559**	**44,450**	**53,721**	**53,748**	**64,279**	**77,422**	**89,811**
Other Current Liabilities	27,224	33,709	39,128	40,972	49,576	50,025	59,827	72,060	83,591
Provisions	2,210	2,392	2,431	3,478	4,145	3,723	4,452	5,362	6,220
Net Current Assets	**19,018**	**10,051**	**12,581**	**14,035**	**14,371**	**15,097**	**17,720**	**22,049**	**28,787**
Appl. of Funds	**34,024**	**37,208**	**45,741**	**55,995**	**65,116**	**77,327**	**84,032**	**92,336**	**1,02,958**

Financials and Valuation

Ratios

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
Basic (INR)									
EPS	**21.9**	**27.7**	**40.0**	**52.2**	**55.7**	**60.1**	**56.8**	**88.8**	**109.3**
Cash EPS	32.0	37.8	50.4	65.3	69.7	78.5	77.3	111.4	134.2
BV/Share	288.8	310.2	343.4	394.3	438.4	492.9	534.7	608.4	702.8
DPS	7.0	9.0	10.0	10.0	10.0	14.0	15.0	15.0	15.0
Payout (%)	45.9	32.5	25.0	17.5	18.0	21.9	26.4	16.9	13.7
Valuation (x)									
P/E	197.9	156.0	108.0	82.9	77.7	72.0	76.2	48.7	39.6
Cash P/E	135.0	114.5	85.8	66.2	62.0	55.1	55.9	38.8	32.2
P/BV	15.0	13.9	12.6	11.0	9.9	8.8	8.1	7.1	6.2
EV/Sales	9.8	7.8	6.0	5.3	4.7	4.7	3.9	3.2	2.7
EV/EBITDA	132.5	114.1	81.0	61.4	54.2	48.5	45.6	30.6	25.1
Dividend Yield (%)	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3
FCF per share	60.9	21.4	(16.9)	(41.8)	12.7	(35.6)	12.0	43.2	63.1
Return Ratios (%)									
RoE	7.8	9.3	12.2	14.1	13.4	12.9	11.1	15.5	16.7
RoCE	7.7	9.0	11.2	12.6	11.5	10.7	9.5	12.8	13.9
RoIC	12.7	19.2	27.5	26.0	19.9	18.6	17.8	25.7	29.1
Working Capital Ratios									
Fixed Asset Turnover (x)	2.4	3.0	3.7	3.1	2.6	2.4	2.6	2.8	3.0
Asset Turnover (x)	1.4	1.6	1.8	1.7	1.6	1.4	1.5	1.7	1.7
Inventory (Days)	31	43	34	30	25	31	31	31	31
Debtor (Days)	102	95	85	89	90	75	75	75	75
Creditor (Days)	207	201	177	160	174	171	171	171	171
Leverage Ratio (x)									
Current Ratio	1.6	1.3	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	4.5	6.8	8.4
Net Debt/Equity	(0.6)	(0.6)	(0.5)	(0.3)	(0.3)	(0.1)	(0.1)	(0.2)	(0.2)

Consolidated - Cash flow Statement **(INR m)**

Y/E March	FY21	FY22	FY23	FY24	FY25	FY26	FY27E	FY28E	FY29E
OP/(Loss) before Tax	2,752	4,101	6,033	8,698	8,845	10,079	8,943	13,977	17,218
Depreciation	1,146	1,132	1,169	1,481	1,585	2,076	2,310	2,555	2,801
Interest & Finance Charges	118	135	260	837	1,415	1,252	1,910	1,990	1,990
Direct Taxes Paid	-938	-1,030	-1,512	-1,863	-1,861	-3,495	-2,549	-3,983	-4,907
(Inc)/Dec in WC	4,734	-5	-628	-4,760	1,291	-2,285	-625	-780	-735
CF from Operations	**7,811**	**4,333**	**5,321**	**4,392**	**11,275**	**7,629**	**9,989**	**13,759**	**16,367**
Others	-117	-1,084	-726	-1,919	-846	-2,213	-2,249	-2,366	-2,574
CF from Operating incl EO	**7,695**	**3,248**	**4,596**	**2,473**	**10,428**	**5,416**	**7,740**	**11,393**	**13,793**
(Inc)/Dec in FA	-834	-838	-6,499	-7,185	-9,002	-9,425	-6,392	-6,531	-6,684
Free Cash Flow	**6,861**	**2,411**	**-1,904**	**-4,712**	**1,426**	**-4,009**	**1,348**	**4,862**	**7,109**
(Pur)/Sale of Investments	-5,789	-4,263	-993	1,222	-2,661	2,193	0	0	0
Others	266	885	696	872	-743	1,361	2,249	2,366	2,574
CF from Investments	**-6,357**	**-4,216**	**-6,797**	**-5,092**	**-12,406**	**-5,871**	**-4,143**	**-4,165**	**-4,110**
Issue of Shares	0	0	379	598	70	367	0	0	0
Inc/(Dec) in Debt	891	762	4,481	4,306	4,336	5,585	2,000	0	0
Interest Paid	-118	-135	-256	-821	-1,758	-1,619	-1,910	-1,990	-1,990
Dividend Paid	0	-788	-1,021	-1,128	-1,352	-1,577	-1,689	-1,689	-1,689
Others		-45	-98	-102	-61	-279	0	0	0
CF from Fin. Activity	**772**	**-206**	**3,485**	**2,854**	**1,236**	**2,476**	**-1,599**	**-3,679**	**-3,679**
Inc/Dec of Cash	**2,110**	**-1,173**	**1,284**	**235**	**-742**	**2,021**	**1,998**	**3,548**	**6,003**
Opening Balance	4,761	19,392	9,535	11,316	9,753	11,545	11,907	13,904	17,453
Closing Balance	**19,392**	**9,535**	**11,316**	**9,753**	**11,546**	**11,907**	**13,904**	**17,453**	**23,456**

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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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