

Thermax (TMX)

Capital Goods

BUY

CMP(₹): 2,799

Fair Value(₹): 3,575

Sector View: Cautious

NIFTY-50: 25,899

December 11, 2025

Poised to grow fast and improve margin; upgrade to BUY

The recent price correction provides an attractive entry into a play with a portfolio benefitting from scale-up in existing businesses, geographical expansion and entry into new businesses. Margin improvement appears imminent due to the reduction in the share of troubled orders, the rebound in the underutilized chemical business and positive mix effects in the products segment. We upgrade the stock to BUY (from ADD) with an unchanged FV of Rs3,575. It trades at 40X pro forma FY2025, assuming nil margin issues.

Scale-up of existing businesses and entry into new growth markets bode well

Thermax India stands out within the diversified capex plays for the strength of its order inflows (1.3X revenues in 1HFY26), with limited support of lumpy orders. A large order win in 3Q has boosted the case for year-end backlog up by 15% yoy, boosting growth visibility. Select verticals such as waste-to-energy and water have scaled up to closer to (if not larger than) US\$100 mn businesses. These are seeing increasing traction in both domestic and Middle Eastern markets. New growth markets include (1) datacenters (water, cooling, enviro), (2) entry into O&G in the Middle East through a marquee customer and (3) HRSG prospects for gas-to-power (Middle East). Thermax is considering setting up sales and service centers and local legal entities in the Middle East and Africa. It also sees CIS countries and Latin America as potential markets.

Irritants to margin in their final stages; margin-accretive mix effects on the anvil

The 5% of backlog, weak on profitability, has limited probability of throwing any incremental surprise—(1) the NRL order has only site execution remaining (10% of project value), for which adequate provisions have been taken in 2Q, (2) the second of the three FGD orders will get completed in 3Q and the remaining third order is margin-accretive and (3) bio-CNG orders are continuing to impact 20-30 bps of segment margin and are in the final stages of handover. The chemicals segment margins are likely to move up, as the 200 bps impediment from underutilization and growth investments eases—Thermax is seeing a strong rebound in the US chemical business. The industrial products segment will see improving qoq margin on mix effects, with increasing salience of the high-margin heating business in execution.

Investments in solar captive should moderate over the next two years

Thermax (standalone) has invested ~60% of its Rs7.5 bn equity investment limit in FEPL (solar/hybrid captive). It will reach closer to its investment limit over the next two years, after which the incremental growth requirements may get funded by the entry of a strategic partner.

Appears attractively valued on trailing earnings, assuming normalized margin

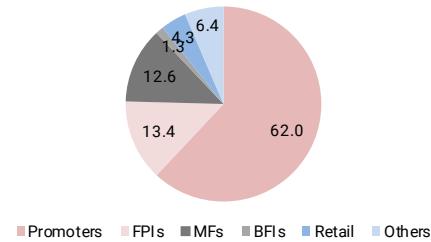
We estimate pro forma FY2025 EPS of Rs72, adjusting for the losses seen in the projects portfolio (bioenergy, NRL project, FGD) and solar captive business. The recent correction makes the stock attractively valued at sub-40X on such pro forma trailing earnings. We expect a large part of such margin normalization to happen over FY2025-28 and assume 12% revenue CAGR over this period.

Company data and valuation summary

Stock data

| | |
|-------------------------------|-----------------|
| CMP(Rs)/FV(Rs)/Rating | 2,799/3,575/BUY |
| 52-week range (Rs) (high-low) | 5,003-2,743 |
| Mcap (bn) (Rs/US\$) | 333/3.7 |
| ADTV-3M (mn) (Rs/US\$) | 312/3.5 |

Shareholding pattern (%)



| Price performance (%) | 1M | 3M | 12M |
|-----------------------|------|------|------|
| Absolute | (12) | (16) | (41) |
| Rel. to Nifty | (12) | (20) | (46) |
| Rel. to MSCI India | (11) | (19) | (43) |

| Forecasts/Valuations | 2026E | 2027E | 2028E |
|----------------------|-------|-------|-------|
| EPS (Rs) | 56.1 | 72.3 | 91.8 |
| EPS growth (%) | 0.9 | 28.8 | 26.9 |
| P/E (X) | 49.9 | 38.7 | 30.5 |
| P/B (X) | 5.9 | 5.3 | 4.6 |
| EV/EBITDA (X) | 36.8 | 28.7 | 22.7 |
| RoE (%) | 12.3 | 14.3 | 16.1 |
| Div. yield (%) | 0.5 | 0.5 | 0.5 |
| Sales (Rs bn) | 107 | 125 | 145 |
| EBITDA (Rs bn) | 9.4 | 12 | 15 |
| Net profits (Rs bn) | 6.3 | 8.1 | 10 |

Source: Bloomberg, Company data, Kotak Institutional Equities estimates

Prices in this report are based on the market close of December 11, 2025

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New projects/expansions across thermal, cement and steel sectors can benefit the order book of Thermax

Exhibit 1: Highlights and commentary from major domestic players across power, refineries, cement and steel sectors

Power & Energy

| | |
|-------------|---|
| NTPC | Company has an aggressive target to reach 149 GW capacity from the current ~85 GW. As of 1HFY26, nearly 17 GW of capacity under construction is coal-based. Another 13 GW of thermal capacity is to be added until 2032 |
| Adani Power | Aiming to more than double its thermal capacity from ~18 GW to ~42 GW by FY2032, with a proposed investment of Rs1.8-2.0 tn |
| Multiple | A healthy pipeline of MW scale utility thermal projects like Talcher TPP, Ennore SCTPP, etc. along with smaller 200-300 MW projects is developing |

Refineries & Petrochemical complex

| | |
|------|--|
| BPCL | Undergoing major capex cycle (Rs430 bn) which involves 1,200 KTPA Ethylene cracker, and Bina refinery capacity expansion to 11 MMTPA from 7.8 MMTPA. |
|------|--|

Cement

| | |
|------------------|--|
| Ambuja Cements | About 12 ongoing expansion initiatives adding 19 MMTPA capacity with the aim to power 60% of its expanded capacity with green energy by FY2028, including 376 MW of WHRS |
| UltraTech Cement | Plans to increase WHRS capacity to 511 MW by FY2027 (~24% of its power requirement) from 342 MW |
| Shree Cement | Ongoing brownfield projects in Rajasthan and Karnataka are nearing completion. Every new kiln is being equipped with WHRS. |

Steel

| | |
|------------|---|
| Tata Steel | Ramp-up of Kalinganagar expansion (5 MTPA) and opportunities like 0.75 MTPA EAF at Ludhiana to be commissioned by FY2027 |
| JSW Steel | Phase III expansion at Dolvi (10 to 15 MTPA) is progressing for completion by September 2027. A new 1 MTPA EAF-based plant in Kadapa, Andhra Pradesh, is approved for FY2029 |
| SAIL | The company has a capex plan of Rs75 bn for FY2026, focusing on green capacity addition and decarbonisation. Long-term plans include expanding capacity from ~19 MTPA to ~35 MTPA by 2030-31. |

Source: Companies, Media Reports, Kotak Institutional Equities

Beyond the big Dangote refinery in Nigeria, the pipeline of refinery projects across Africa may yield into a healthy prospect pipeline for Thermax

Exhibit 2: Pipeline of refinery capacities likely to come up in Africa over the next 3-5 years

| Project name | Country | Refining Capacity (bpd) | Project cost | Commercial operations |
|-------------------------------------|-------------|-------------------------|--|-----------------------|
| Hoima Refinery | Uganda | 60,000 | US\$4 bn | 2028 |
| Cabinda Refinery Phase II | Angola | 30,000 | US\$500-530 mn | 2028 |
| Lobito Refinery | Angola | 200,000 | US\$6.6 bn | end-2027 |
| Soyo Refinery | Angola | 150,000 | US\$3.5 bn | 2028 ^(a) |
| Senegal Second Oil Refinery Project | Senegal | 30,000 | US\$2-5 bn | 2029 |
| Gode Oil Refinery Project | Ethiopia | 70,000 | US\$2.5 bn | 2028 (first phase) |
| Ndola Crude Oil Refinery | Zambia | 60,000 | US\$1.1 bn | 2026 (first phase) |
| Abia Modular Refinery | Nigeria | 10,000 | US\$300 mn | end-2026 |
| Tharjithi field oil refinery | South Sudan | Not finalized | US\$3 bn | Not finalized |
| Jomoro Oil Refinery | Ghana | 300,000 (proposed) | US\$12 bn | 2028 (first phase) |
| Ondo Oil Refinery | Nigeria | 500,000 | Part of the larger US\$50 bn free trade zone project | 2029 |

Legend

Regions where Thermax has an existing relationship

Notes:

(a) Project is currently on hold as per latest media reports, with only preparatory work being done.

Source: Africa Oil & Gas, Construction Review, Media Reports, Kotak Institutional Equities

A host of gas power plants are under construction in the Middle East, which would be using Heat Recovery Steam Generation (HSRG) units

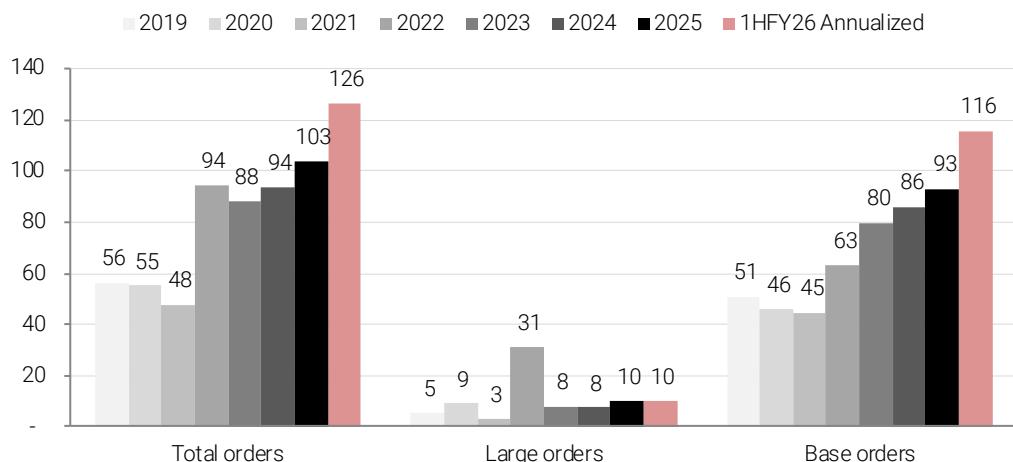
Exhibit 3: Upcoming gas power generation capacities in the Middle East

| Project Name | Country | Capacity (MW) | Developer/Operator | Project cost | Expected Commercial Operations |
|----------------------------------|--------------|---------------|--|--------------|--------------------------------|
| Misfah CCGT IPP | Oman | 1,600 | Nama PWP (Oman) | US\$1.5 bn | 2029 |
| Duqm CCGT IPP | Oman | 800 | Nama PWP (Oman) | US\$0.8 bn | 2029 |
| Al-Zour North Phase 2 & 3 IWPP | Kuwait | 2,700 | ACWA Power & Gulf Investment Corp. (GIC) | US\$4.0 bn | 2028 |
| Ras Abu Fontas "Facility E" IWPP | Qatar | 2,400 | Sumitomo Corp. & partners (Shikoku Elec., KOSPO, KIND) | US\$3.7 bn | mid-2029 |
| Rumah 2 IPP | Saudi Arabia | 1,800 | TAQA (Abu Dhabi) + JERA (Japan) + Al Bawani (KSA) | US\$2.0 bn | mid-2028 |
| Al Nairyah 2 IPP | Saudi Arabia | 1,800 | TAQA + JERA + Al Bawani | US\$2.0 bn | mid-2028 |
| Qurayyah IPP Expansion | Saudi Arabia | 3,000 | Hajr Electric Co. (SEC/Aramco JV) | US\$3.6 bn | 2027-2028 (staggered) |
| Nasiriyah CCGT Plant | Iraq | 920 | Ministry of Electricity (Iraq) | US\$1.7 bn | mid-2029 |
| Bazian Combined-Cycle Upgrade | Iraq | 1,250 | Mass Energy / Taurus Arm (Onex) | US\$0.3 bn | mid-2028 |

Source: Media Reports, EPC Intel, Kotak Institutional Equities

Management has guided for a 20% yoy growth in ordering for FY2026, aligned to 1HFY26 run-rate

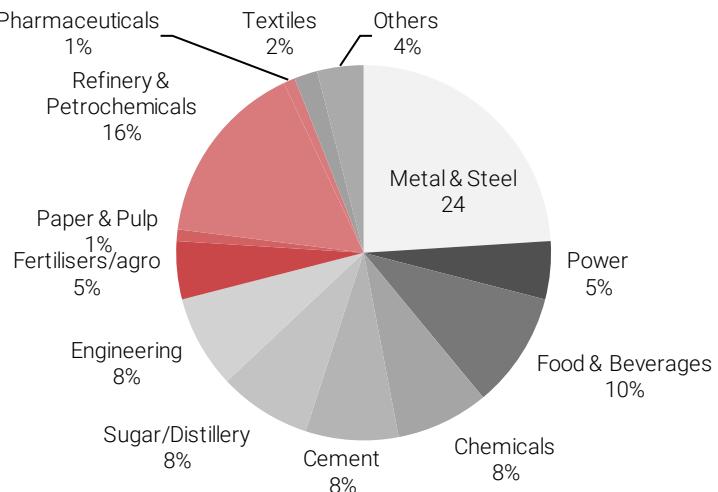
Exhibit 4: Trends in ordering for TMX, March fiscal year-ends, 2019-1HFY26 (Rs bn)



Source: Company, Kotak Institutional Equities

Ordering picked up in metals & mining, power (waste to energy), F&B

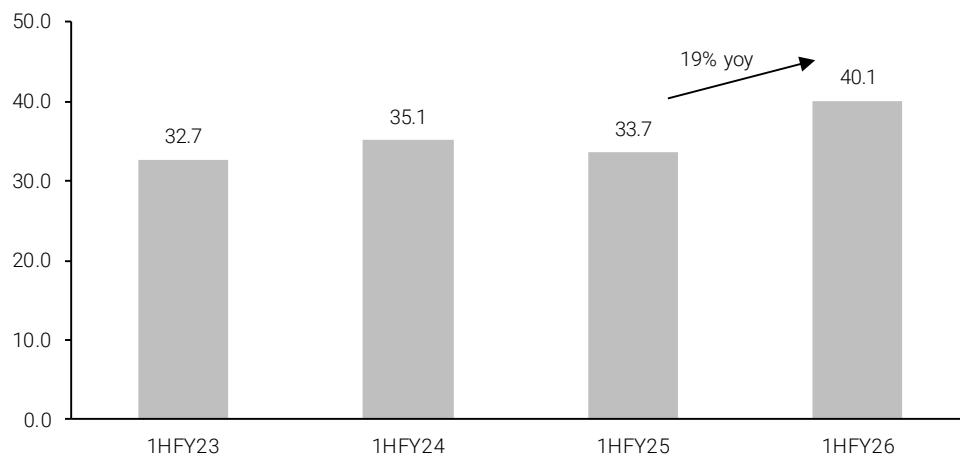
Exhibit 5: Breakup of order book for TMX across segments, March fiscal year-end, 2QFY26 (%)



Source: Company, Kotak Institutional Equities

Domestic order inflow for Thermax rose by 19% yoy in the first half of FY2026

Exhibit 6: Domestic order inflow for Thermax, March fiscal year-ends, 1HFY23-1HFY26



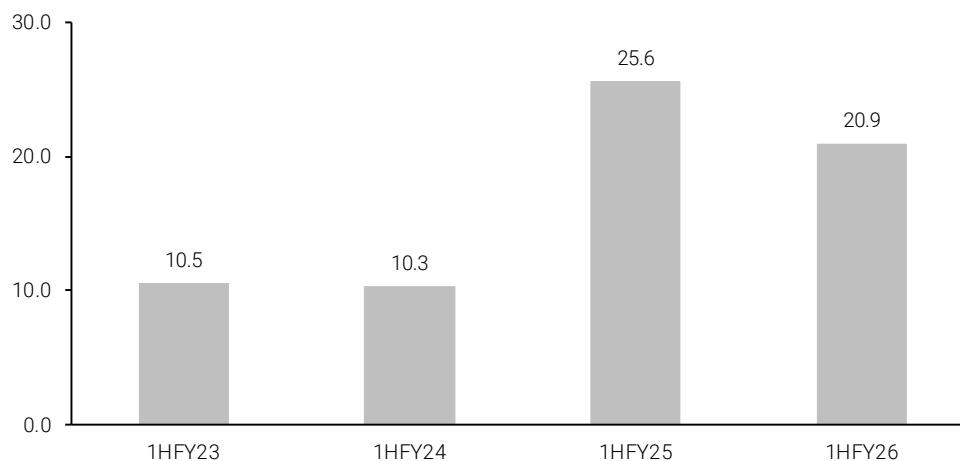
Notes:

(a) 1HFY25 order inflow has been adjusted for Rs1,970 mn of impact from the adjustment in order recognition policy by Thermax's subsidiary – TOESL.

Source: Company, Kotak Institutional Equities

International order inflow for Thermax saw a near 20% yoy decline in 1HFY26

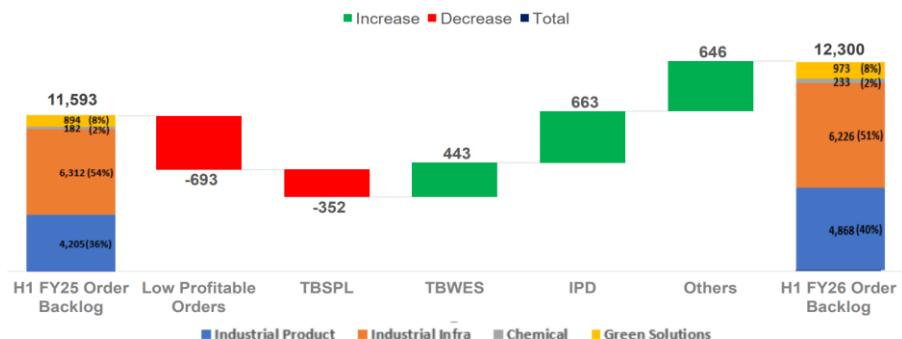
Exhibit 7: International order inflow for Thermax, March fiscal year-ends, 1HFY23-1HFY26



Source: Company, Kotak Institutional Equities

Low profitability and bio-CNG order backlog is expected to be executed in the early part of FY2027

Exhibit 8: Order backlog quality of Thermax, March fiscal year-ends, 1HFY25-1HFY26



Source: Company

Thermax has stopped taking low-margin orders, which should help in reducing incremental drag on margins

Exhibit 9: Trends of low-margin order inflow and order backlog for Thermax, March fiscal year-ends, 1HFY21-2026



Source: Company

Our margin estimates for TMX bake in a sufficient cushion for delivering modest margins in the profitable segments despite the drag, albeit decreasing revenue contribution from the lossmaking businesses

Exhibit 10: Split of businesses of Thermax based on reported profitability, March fiscal year-ends, 2025-27E

| | FY2025 | | | | | FY2026E | | | FY2027E | | |
|---|--------------------|-----------------|--------------------|--------------------------|---------------------|--------------------|-----------------|--------------------|--------------------|-----------------|--------------------|
| | Revenue (Rs mn) | EBIT (Rs mn) | EBIT margin (%) | Share of revenues (%) | Share of EBIT(%) | Revenue (Rs mn) | EBIT (Rs mn) | EBIT margin (%) | Revenue (Rs mn) | EBIT (Rs mn) | EBIT margin (%) |
| Split of businesses | | | | | | | | | | | |
| Industrial Products excluding Danstoker | 42,633 | 4,511 | 10.6 | 40 | 59 | 47,359 | 4,844 | 10.2 | 55,086 | 5,827 | 10.6 |
| Danstoker A/S + Poland | 2,657 | 779 | 29.3 | 2 | 10 | 2,657 | 399 | 15.0 | 2,657 | 399 | 15.0 |
| Industrial Infra excluding TBWES and Bioenergy and legacy projects | 10,055 | 627 | 6.2 | 9 | 8 | 7,077 | 451 | 6.4 | 14,306 | 868 | 6.1 |
| Thermax Babcock and Wilcox (TBWES) | 23,393 | 2,423 | 10.4 | 22 | 32 | 26,902 | 2,421 | 9.0 | 30,937 | 2,784 | 9.0 |
| Legacy projects (KIE estimates) | 8,000 | (1,000) | (12.5) | 7 | (13) | 5,670 | (650) | (11.5) | 3,666 | (700) | (19.1) |
| Thermax BioEnergy Solutions | 5,698 | (949) | (16.7) | 5 | (12) | 3,500 | (280) | (8.0) | 1,500 | (180) | (12.0) |
| Chemicals | 7,628 | 1,223 | 16.0 | 7 | 16 | 7,981 | 798 | 10.0 | 9,239 | 1,109 | 12.0 |
| Green Solutions excluding TOESL | 1,296 | (580) | (44.8) | 1 | (8) | 989 | (118) | (11.9) | 944 | (15) | (1.6) |
| TOESL | 5,603 | 572 | 10.2 | 5 | 8 | 7,103 | 604 | 8.5 | 8,603 | 731 | 8.5 |
| Total | 106,963 | 7,605 | 7.1 | 100 | 100 | 109,237 | 8,467 | 7.8 | 126,937 | 10,822 | 8.5 |
| Relevant aggregates | | | | | | | | | | | |
| Businesses with double-digit EBIT profitability | 81,914 | 9,507 | 11.6 | 77 | | 92,001 | 9,065 | 9.9 | 106,522 | 10,849 | 10.2 |
| Business with single-digit profitability | 10,055 | 627 | 6.2 | 9 | | 7,077 | 451 | 6.4 | 14,306 | 868 | 6.1 |
| Businesses with losses | 14,994 | (2,529) | (16.9) | 14 | | 10,159 | (1,048) | (10.3) | 6,110 | (895) | (14.7) |
| Overall business | 106,963 | 7,605 | 7.1 | 100 | | 109,237 | 8,467 | 7.8 | 126,937 | 10,822 | 8.5 |
| Overall business (assuming 6% margin for loss-making businesses + normalized margin for Danstoker + lower grant for TBWES Pune plant) | 106,638 | 10,329 | 9.7 | 100 | | | | | | | |

Source: Company, Kotak Institutional Equities estimates

We expect 15% yoy growth in order backlog in FY2026
Exhibit 11: Segmental estimates for Thermax, March fiscal year-ends, 2022-28E (Rs mn)

| | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|----------------------------------|---------------|---------------|---------------|----------------|----------------|----------------|----------------|
| Sum of Segments | | | | | | | |
| Order inflow | 94,100 | 87,890 | 93,540 | 103,370 | 126,310 | 145,695 | 167,259 |
| Growth (%) | | (7) | 6 | 11 | 22 | 15 | 15 |
| Order backlog | 87,983 | 97,520 | 101,110 | 106,920 | 122,467 | 141,224 | 161,092 |
| Growth (%) | | 11 | 4 | 6 | 15 | 15 | 14 |
| Revenues | 61,283 | 80,898 | 93,235 | 103,887 | 107,189 | 124,556 | 144,627 |
| Growth (%) | | 32 | 15 | 11 | 3 | 16 | 16 |
| EBITDA | 4,214 | 5,976 | 7,974 | 9,078 | 9,355 | 12,110 | 15,333 |
| EBITDA margin (%) | 6.9 | 7.4 | 8.6 | 8.7 | 8.7 | 9.7 | 10.6 |
| PBT | 4,100 | 6,033 | 7,943 | 8,848 | 8,735 | 11,022 | 13,896 |
| PAT | 3,122 | 4,509 | 5,685 | 6,270 | 6,321 | 8,141 | 10,334 |
| EPS | 27.7 | 40.0 | 50.6 | 55.7 | 56.1 | 72.3 | 91.8 |
| Industrial Products | | | | | | | |
| Revenue | 25,757 | 33,375 | 40,552 | 45,290 | 50,016 | 57,743 | 66,255 |
| Growth (%) | | 29.6 | 21.5 | 11.7 | 10.4 | 15.5 | 14.7 |
| Order inflow | 41,720 | 43,290 | 50,140 | 56,157 | 64,019 | 72,981 | |
| Growth (%) | | | 3.8 | 15.8 | 12.0 | 14.0 | 14.0 |
| Order backlog | 20,014 | 28,420 | 35,000 | 41,540 | 47,681 | 53,957 | 60,683 |
| Growth (%) | | 42.0 | 23.2 | 18.7 | 14.8 | 13.2 | 12.5 |
| EBIT | 1,815 | 2,739 | 3,970 | 5,290 | 5,242 | 6,225 | 7,275 |
| EBIT Margin (%) | 7.0 | 8.2 | 9.8 | 11.7 | 10.5 | 10.8 | 11.0 |
| Industrial Infrastructure | | | | | | | |
| Revenue | 29,879 | 39,280 | 44,552 | 47,146 | 43,149 | 50,409 | 58,030 |
| Growth (%) | | 31.5 | 13.4 | 5.8 | (8.5) | 16.8 | 15.1 |
| Order inflow | 37,790 | 41,000 | 43,110 | 51,732 | 59,492 | 67,226 | |
| Growth (%) | | | 8.5 | 5.1 | 20.0 | 15.0 | 13.0 |
| Order backlog | 63,717 | 63,080 | 56,820 | 54,340 | 62,923 | 72,006 | 81,202 |
| Growth (%) | | (1.0) | (9.9) | (4.4) | 15.8 | 14.4 | 12.8 |
| EBIT | 1,310 | 2,168 | 2,089 | 1,101 | 1,942 | 2,772 | 3,772 |
| EBIT Margin (%) | 4.4 | 5.5 | 4.7 | 2.3 | 4.5 | 5.5 | 6.5 |
| Green Solutions | | | | | | | |
| Revenue | 2,168 | 3,627 | 5,071 | 6,899 | 8,093 | 9,547 | 12,160 |
| Growth (%) | | 67.3 | 39.8 | 36.1 | 17.3 | 18.0 | 27.4 |
| Order inflow | 1,950 | 2,410 | 2,250 | 10,000 | 12,500 | 15,625 | |
| Growth (%) | | | 23.6 | (6.6) | 30.0 | 25.0 | 25.0 |
| Order backlog | 2,970 | 4,930 | 7,910 | 8,820 | 9,702 | 12,655 | 16,120 |
| Growth (%) | | 66.0 | 60.4 | 11.5 | 10.0 | 30.4 | 27.4 |
| EBIT | 161 | 150 | 449 | (9) | 486 | 716 | 1,216 |
| EBIT Margin (%) | 7.4 | 4.1 | 8.9 | (0.1) | 6.0 | 7.5 | 10.0 |
| Chemicals | | | | | | | |
| Revenue | 5,385 | 6,728 | 6,634 | 7,628 | 7,981 | 9,239 | 10,946 |
| Growth (%) | | 24.9 | (1.4) | 15.0 | 4.6 | 15.8 | 18.5 |
| Order inflow | 6,430 | 6,840 | 7,870 | 8,421 | 9,684 | 11,427 | |
| Growth (%) | | | 6.4 | 15.1 | 7.0 | 15.0 | 18.0 |
| Order backlog | 1,282 | 1,090 | 1,380 | 2,220 | 2,160 | 2,606 | 3,087 |
| Growth (%) | | (15.0) | 26.6 | 60.9 | (2.7) | 20.6 | 18.5 |
| EBIT | 624 | 865 | 1,238 | 1,223 | 798 | 1,109 | 1,532 |
| EBIT Margin (%) | 11.6 | 12.8 | 18.7 | 16.0 | 10.0 | 12.0 | 14.0 |

Source: Company, Kotak Institutional Equities

We maintain FV at Rs3,575 at 40X two-year forward earnings and ~6% additional boost from investments in green energy and thermal projects

Exhibit 12: Fair Value added from each segment for TMX

| Segmental PBIT (Rs mn) | Solutions business (Rs mn) | Adjusted | | | Difference between segmental PBIT and PBT and adjusting for interest cost of Green Solutions business |
|------------------------------|----------------------------------|----------------|-----------------|--------------------------|---|
| | | PAT (Rs mn) | Multiple (X) | Fair Value (Rs/share) | |
| Industrial Products | 6,925 | 658 | 5,431 | 43 | 2,074 |
| Industrial Infra | 3,439 | 526 | 2,941 | 32 | 832 |
| Chemical | 1,391 | 132 | 1,214 | 43 | 464 |
| Total | 11,755 | 1,315 | 9,586 | 40 | 3,370 |
| Green Solutions | | | 127 | | We value the products business at our earlier blended multiple factoring in 15% sales CAGR over the next twenty years, 2.5% higher than past twenty years history |
| Supercritical | | | 54 | | We value the cyclical EPC business at 35% discount to the Industrial Products business |
| SoTP | | | | | We value the chemicals business at our earlier blended multiple factoring in 15% sales CAGR over the next twenty years |
| | | | | | |
| | | | | | We value Green Solutions at 1.3X book that we assume at Rs7.5 bn investment cap and value hydrogen business at Rs10 bn or 5X initial investment. |
| | | | | | Assuming present value of 10 GW worth of boiler orders at 5% margin over the next decade |

Source: Company, Kotak Institutional Equities

**We build in a 12% revenue CAGR for Thermax, but a higher 19%/16% EBITDA/PAT CAGR helped by modest margin improvement****Exhibit 13: Consolidated financials of TMX, March fiscal year-ends, 2019-28E**

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|----------------|---------------|---------------|---------------|----------------|----------------|---------------|----------------|----------------|----------------|
| Profit model | | | | | | | | | | |
| Total operating income | 59,732 | 57,313 | 47,913 | 61,283 | 80,898 | 93,235 | 103,887 | 107,189 | 124,556 | 144,627 |
| Cost of sales and service | (33,367) | (30,857) | (25,386) | (34,850) | (46,247) | (52,196) | (58,135) | (56,231) | (65,342) | (75,870) |
| Other expenses | (14,116) | (14,404) | (11,387) | (14,090) | (19,134) | (21,582) | (23,985) | (26,891) | (30,874) | (35,415) |
| Employees | (7,675) | (7,990) | (7,588) | (8,129) | (9,542) | (11,483) | (12,689) | (14,712) | (16,231) | (18,008) |
| Total operating costs | (55,157) | (53,251) | (44,361) | (57,070) | (74,923) | (85,261) | (94,809) | (97,833) | (112,447) | (129,294) |
| EBITDA | 4,574 | 4,062 | 3,552 | 4,214 | 5,976 | 7,974 | 9,078 | 9,355 | 12,110 | 15,333 |
| Other income | 1,499 | 1,000 | 1,077 | 1,270 | 1,602 | 2,326 | 2,522 | 2,707 | 2,697 | 2,837 |
| PBDIT | 6,073 | 5,062 | 4,629 | 5,484 | 7,577 | 10,300 | 11,600 | 12,063 | 14,806 | 18,170 |
| Financial charges | (143) | (150) | (206) | (252) | (376) | (876) | (1,168) | (1,285) | (1,477) | (1,699) |
| Depreciation | (920) | (1,166) | (1,146) | (1,132) | (1,169) | (1,481) | (1,585) | (2,043) | (2,307) | (2,575) |
| Pre-tax profit | 5,010 | 3,745 | 3,277 | 4,100 | 6,033 | 7,943 | 8,848 | 8,735 | 11,022 | 13,896 |
| Taxation | (849) | (1,621) | (686) | (978) | (1,524) | (2,258) | (2,578) | (2,414) | (2,880) | (3,562) |
| Adjusted PAT | 4,160 | 2,125 | 2,591 | 3,122 | 4,509 | 5,685 | 6,270 | 6,321 | 8,141 | 10,334 |
| Reported PAT | 3,254 | 2,125 | 2,066 | 3,122 | 4,509 | 6,453 | 6,267 | 6,321 | 8,141 | 10,334 |
| Balance sheet | | | | | | | | | | |
| Shareholders funds | 30,143 | 30,279 | 32,514 | 34,925 | 38,671 | 44,398 | 49,369 | 53,747 | 59,946 | 68,338 |
| Loan funds | 2,403 | 2,115 | 3,051 | 3,554 | 8,105 | 12,560 | 16,933 | 21,933 | 26,933 | 31,933 |
| Total sources of funds | 32,645 | 32,445 | 35,635 | 38,510 | 46,827 | 57,080 | 66,660 | 76,038 | 87,237 | 100,628 |
| Net block | 12,788 | 12,706 | 12,390 | 11,917 | 12,451 | 19,031 | 27,257 | 36,214 | 44,906 | 53,331 |
| CWIP | 401 | 553 | 242 | 474 | 4,338 | 5,248 | 5,626 | 6,188 | 6,807 | 7,488 |
| Net fixed assets | 13,189 | 13,258 | 12,632 | 12,391 | 16,789 | 24,279 | 32,883 | 42,402 | 51,714 | 60,819 |
| Investments | 8,624 | 9,105 | 2,375 | 14,765 | 16,370 | 17,681 | 17,885 | 17,885 | 17,885 | 17,885 |
| Cash balances | 3,691 | 4,761 | 19,392 | 9,535 | 11,316 | 9,753 | 11,545 | 11,402 | 13,276 | 17,547 |
| Net current assets excluding cash | 4,922 | 3,767 | (374) | 516 | 1,266 | 4,282 | 2,802 | 2,805 | 2,818 | 2,834 |
| Total application of funds | 32,644 | 32,445 | 35,635 | 38,510 | 46,827 | 57,080 | 66,660 | 76,038 | 87,237 | 100,629 |
| Cash flow statement | | | | | | | | | | |
| Operating profit before working capital changes | 5,201 | 4,350 | 3,899 | 4,284 | 6,736 | 9,095 | 11,000 | 9,355 | 12,110 | 15,333 |
| Change in working capital / other adjustments | (4,485) | 218 | 4,734 | (5) | (628) | (4,760) | 1,289 | (3) | (13) | (16) |
| Net cashflow from operating activites | (1,154) | 3,256 | 7,695 | 3,248 | 4,596 | 2,473 | 10,428 | 6,939 | 9,216 | 11,755 |
| Fixed Assets | (1,547) | (480) | (834) | (838) | (6,499) | (8,474) | (10,408) | (11,563) | (11,619) | (11,681) |
| Free cash flow | (2,701) | 2,776 | 6,861 | 2,411 | (1,904) | (6,002) | 20 | (4,624) | (2,403) | 75 |
| Growth (%) | | | | | | | | | | |
| Revenue growth | 33.8 | (4.0) | (16.4) | 27.9 | 32.0 | 15.2 | 11.4 | 3.2 | 16.2 | 16.1 |
| EBITDA growth | 14.1 | (11.2) | (12.6) | 18.6 | 41.8 | 33.4 | 13.8 | 3.1 | 29.4 | 26.6 |
| Recurring PAT growth | 62.3 | (48.9) | 22.0 | 20.5 | 44.4 | 26.1 | 10.3 | 0.8 | 28.8 | 26.9 |
| Key ratios (%) | | | | | | | | | | |
| Raw material / sales | 55.9 | 53.8 | 53.0 | 56.9 | 57.2 | 56.0 | 56.0 | 52.5 | 52.5 | 52.5 |
| Other expenses / sales | 23.6 | 25.1 | 23.8 | 23.0 | 23.7 | 23.1 | 23.1 | 25.1 | 24.8 | 24.5 |
| Employee expense / sales | 12.8 | 13.9 | 15.8 | 13.3 | 11.8 | 12.3 | 12.2 | 13.7 | 13.0 | 12.5 |
| Gross margin | 44.1 | 46.2 | 47.0 | 43.1 | 42.8 | 44.0 | 44.0 | 47.5 | 47.5 | 47.5 |
| EBITDA margin | 7.7 | 7.1 | 7.4 | 6.9 | 7.4 | 8.6 | 8.7 | 8.7 | 9.7 | 10.6 |
| PAT margin | 7.0 | 3.7 | 5.4 | 5.1 | 5.6 | 6.1 | 6.0 | 5.9 | 6.5 | 7.1 |
| RoE | 14.5 | 7.0 | 8.3 | 9.3 | 12.3 | 13.7 | 13.4 | 12.3 | 14.3 | 16.1 |
| RoCE | 13.8 | 6.8 | 8.1 | 9.0 | 11.2 | 12.2 | 11.5 | 10.2 | 11.4 | 12.4 |
| EPS (consol) (Rs) | 36.9 | 18.9 | 23.0 | 27.7 | 40.0 | 50.6 | 55.7 | 56.1 | 72.3 | 91.8 |

Source: Company, Kotak Institutional Equities

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ADD. We expect this stock to deliver 5-15% returns over the next 12 months.

REDUCE. We expect this stock to deliver -5+5% returns over the next 12 months.

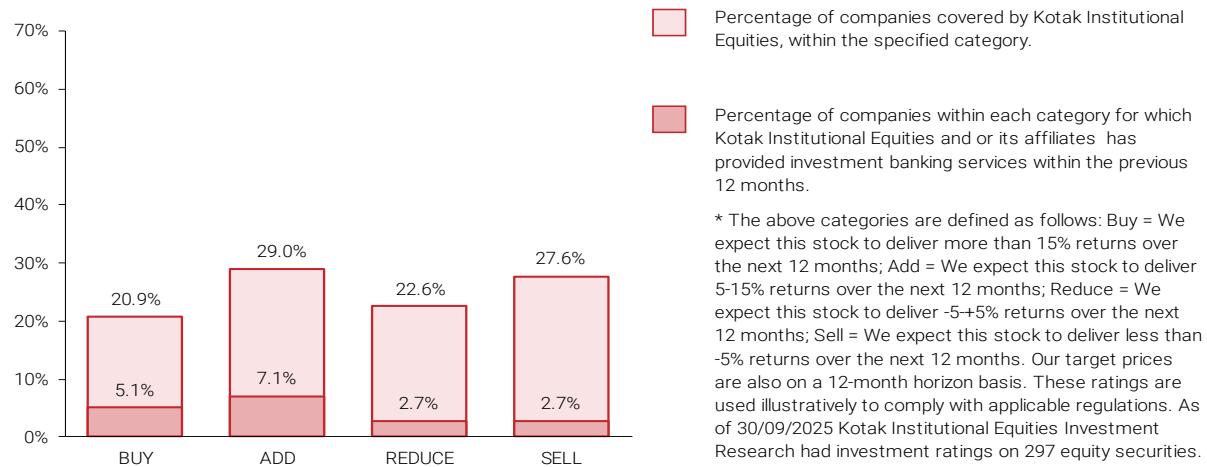
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As of September 30, 2025

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