




# BUY

23<sup>rd</sup> December 2025

Key Changes		Target		Rating		Earnings		Target	Rs.3,440
Stock Type	Bloomberg Code	Sensex		NSE Code		BSE Code	Time Frame	CMP	Rs. 2,938
Mid Cap	TMX:IN	85,525		THERMAX		500411	12 Months	Return	+17%

## Falling Legacy Orders & Healthy H2 guidance to aid growth...

**Thermax Ltd (TMX)** is a leading energy and environment solutions provider. They offer integrated, innovative solutions in the areas of heating, cooling, power, water & waste management, air pollution control and chemicals.

- TMX reported a revenue de-growth of -3.6% YoY in H1FY26 as the impact of legacy orders in Industrial Infra lagged execution.
- TMX's legacy order book has reduced to Rs.475cr, with around 62% scheduled for completion in H2FY26 and the remaining 38% expected to be executed in FY27.
- The industrial product segment continued to do well with an order inflow growth of 18% YoY in Q2FY26.
- TMX's order book rose 6% YoY to Rs.12,300cr, equivalent to 1.2x its trailing twelve-month revenue. The company anticipates stronger order inflows in H2FY26, supported by a major boiler order from an upstream oil and gas client in the Middle East.
- We expect that the margins should stabilize in FY27 as most of the legacy orders are nearing completion.

Domestic order pipeline remains strong across power, metals, refining, petrochemicals, and fertilizers sectors. International prospects are also robust, particularly in power for data centers and in refining and petrochemicals. We, **therefore, upgrade our rating to BUY and value TMX at a P/E of 40x FY27 EPS with a revised target price of Rs. 3,440.**

(Rs cr)	Q2FY26	Q2FY25	YoY Growth (%)	Q1FY26	QoQ Growth (%)	H1FY26	H1FY25	YoY Growth (%)
Sales	2,474	2,612	-5.3	2,150	15.1	4,624	4,796	-3.6
EBITDA	172	278	-38.1	225	-23.6	397	419	-5.2
EBITDA margins (%)	7.0	10.6	-369bps	10.5	-352bps	8.6	8.7	-15bps
EBIT	121	236	-48.9	176	-31.6	297	341	-13.0
PBT	174	266	-34.7	212	-17.9	385	428	-9.9
Reported PAT	119	198	-39.7	151	-21.2	271	307	-11.9
Adj PAT	119	198	-39.7	151	-21.2	271	307	-11.9
EPS (Rs)	10.0	16.6	-39.7	12.7	-21.2	22.7	25.8	-11.9

Month	Thermax Ltd (INR)	Sensex Rebased (INR)
Dec. 24	4800	4800
Jan. 24	4000	4500
Feb. 24	3200	4400
Mar. 24	3500	4300
Apr. 24	3200	4500
May. 24	3500	4700
Jun. 24	3500	4700
Jul. 24	3800	4800
Aug. 24	3200	4700
Sep. 24	3300	4700
Oct. 24	3200	4800
Nov. 24	3000	4900
Dec. 24	2800	5000

Consolidated (cr)	FY26E	FY27E	FY28E
Sales	10,881	12,440	14,461
Growth (%)	5.5	14.3	16.2
EBITDA	1,077	1,281	1,518
EBITDA Margin(%)	9.9	10.3	10.5
PAT Adj.	681	812	1,025
Growth (%)	11.0	19.3	26.2
Adj.EPS	57.1	68.2	86.0
Growth (%)	11.0	19.3	26.2
P/E	51.4	43.1	34.2
P/B	6.6	5.8	5.1
EV/EBITDA	34.2	28.8	24.4
ROE (%)	13.0	13.9	15.4
D/E	0.3	0.3	0.3

**Author: Antu Eapan Thomas - Sr. Research Analyst**

## Key Concall Highlights

- Water and environmental businesses are delivering low double-digit margins and expanding globally, while heating and cooling segments continue to post mid- to high-teen profitability.
- The industrial products portfolio—comprising heating, water, environmental, and cooling systems—continued to register broad-based growth.
- The chemicals division experienced subdued international demand and faced pricing pressure due to Chinese competition during the first half of FY26.
- TBWES is experiencing strong momentum and is projected to deliver substantial growth in the H2FY26, supported by robust domestic and international boiler orders.
- For new industrial infrastructure projects, the company aims for margins of 5–8% on domestic orders and about 10% or higher on international orders, with an overall blended PBT margin target of roughly 10% when services are included.

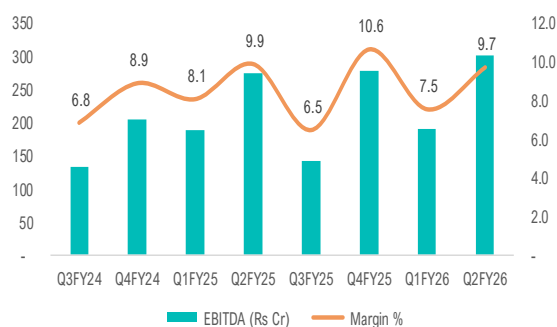
### Revenue



### Order Book



### EBITDA



### PAT



## Change in Estimates

Year / Rs cr	Old estimates		New estimates			Change (%)	
	FY26E	FY27E	FY26E	FY27E	FY28E	FY26E	FY27E
Revenue	11,827	13,936	10,881	12,440	14,461	-8.0	-10.7
EBITDA	1,171	1,435	1,077	1,281	1,518	-8.0	-10.7
Margins (%)	9.9	10.3	9.9	10.3	10.5	0bps	0bps
Adj. PAT	813	989	681	812	1,025	-16.2	-17.8
EPS	68	83	57	68	86	-16.2	-17.8



## Consolidated Financials

### PROFIT & LOSS

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Revenue	9,323	10,318	10,881	12,440	14,461
% change	15.2	10.7	5.5	14.3	16.2
EBITDA	797	898	1,077	1,281	1,518
% change	33.4	12.6	20.0	18.9	18.5
Depreciation	148	156	225	236	248
EBIT	649	742	852	1,045	1,270
Interest	88	125	166	185	132
Other Income	232.6	235.0	240.0	245.0	256.0
PBT	870	852	926	1,105	1,394
% change	44.2	-2.1	8.8	19.3	26.2
Tax	226	238	245	293	369
Tax Rate (%)	26	28	27	27	27
Reported PAT	643	613	681	812	1,025
Adj*	75	0	0	0	0
Adj PAT	719	613	681	812	1,025
% change	59.5	-14.7	11.0	19.3	26.2
No. of shares (cr)	12	12	12	12	12
Adj EPS (Rs.)	54	51	57	68	86
% change	59.5	-14.7	11.0	19.3	26.2
DPS (Rs.)	8.8	9.0	9.0	9.0	9.0

### BALANCE SHEET

Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Cash	487	1,155	1,681	2,254	2,794
Accounts Receivable	2,267	2,565	2,623	2,931	3,368
Inventories	765	720	817	924	1,070
Other Cur. Assets	3,688	3,929	4,174	4,840	5,547
Investments	402	131	157	188	226
Gross Fixed Assets	2,262	3,544	3,744	3,964	4,184
Net Fixed Assets	1,874	2,615	2,518	2,368	2,380
CWIP	519	561	500	400	400
Intangible Assets	37	192	212	222	233
Def. Tax (Net)	96	124	122	120	118
Other Assets	-	9	10	10	10
<b>Total Assets</b>	<b>10,141</b>	<b>12,008</b>	<b>12,820</b>	<b>14,264</b>	<b>16,153</b>
Current Liabilities	4,097	4,958	5,064	5,634	6,418
Provisions	348	414	447	511	594
Debt Funds	1,256	1,693	1,798	1,903	2,008
Other Liabilities	-	-	-	-	-
Equity Capital	23	23	23	23	23
Reserves & Surplus	4,417	4,920	5,488	6,193	7,110
Shareholder's Fund	4,440	4,943	5,510	6,215	7,133
<b>Total Liabilities</b>	<b>10,141</b>	<b>12,008</b>	<b>12,820</b>	<b>14,264</b>	<b>16,153</b>
<b>BVPS (Rs.)</b>	<b>373</b>	<b>414</b>	<b>462</b>	<b>522</b>	<b>599</b>

### CASH FLOW

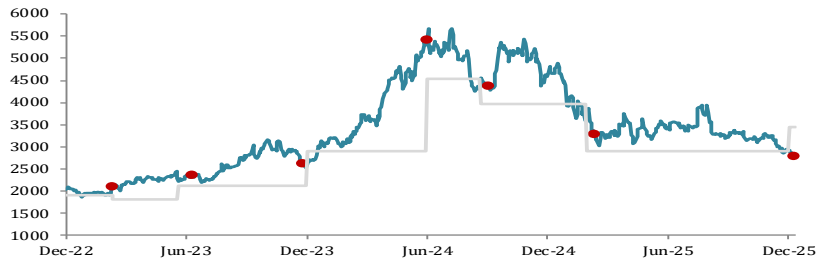
Y.E March (Rs. cr)	FY24A	FY25A	FY26E	FY27E	FY28E
Net inc. + Depn.	1,018	1,007	1,151	1,341	1,642
Non-cash adj.	-129	-141	-78	-106	-235
Changes in W.C	-81	432	-259	-448	-424
<b>C.F. Operation</b>	<b>575</b>	<b>1,063</b>	<b>574</b>	<b>543</b>	<b>727</b>
Capital exp.	315	1,333	150	131	231
Change in inv.	-168	271	-26	-31	-38
Other invest.CF	0	0	0	0	0
<b>C.F – Investment</b>	<b>377</b>	<b>1845</b>	<b>358</b>	<b>344</b>	<b>450</b>
Issue of equity	0	0	0	0	0
Issue/repay debt	445	437	105	105	105
Dividends paid	-105	-107	-107	-107	-107
Other finance.CF	-1171	-2444	-237	-127	-502
<b>C.F – Finance</b>	<b>-919</b>	<b>-2240</b>	<b>-405</b>	<b>-315</b>	<b>-637</b>
Chg. in cash	34	668	527	573	540
Closing cash	487	1,155	1,681	2,254	2,794

### RATIOS

Y.E March	FY24A	FY25A	FY26E	FY27E	FY28E
<b>Profitab. &amp; Return</b>					
EBITDA margin (%)	8.6	8.7	9.9	10.3	10.5
EBIT margin (%)	7.0	7.2	7.8	8.4	8.8
Net profit mgn.(%)	7.7	5.9	6.3	6.5	7.1
ROE (%)	17.3	13.1	13.0	13.9	15.4
ROCE (%)	9.5	7.3	8.9	9.6	9.9
<b>W.C &amp; Liquidity</b>					
Receivables (days)	81.1	85.5	87.0	81.5	79.5
Inventory (days)	53.2	47.1	47.0	47.1	46.6
Payables (days)	102.1	95.4	102.0	96.3	93.6
Current ratio (x)	1.6	1.6	1.7	1.8	1.8
Quick ratio (x)	0.7	0.8	0.5	0.5	0.5
<b>Turnover &amp; Leverage</b>					
Gross asset T.O (x)	4.3	3.6	3.0	3.2	3.5
Total asset T.O (x)	1.0	0.9	0.9	0.9	1.0
Int. coverage ratio (x)	7.4	5.9	5.1	5.6	9.6
Adj. debt/equity (x)	0.8	0.4	0.3	0.3	0.3
<b>Valuation</b>					
EV/Sales (x)	3.8	3.5	3.3	2.9	2.5
EV/EBITDA (x)	44.6	40.1	33.5	28.2	23.9
P/E (x)	47.7	55.9	50.3	42.2	33.4
P/BV (x)	7.8	7.2	6.5	5.7	5.0



## Recommendation Summary (last 3 years)



Dates	Rating	Target
11-Feb-22	Sell	1,700
01-Sep-22	Reduce	2,178
18-Nov-22	Reduce	1,911
15-Feb-23	Sell	1,806
21-Jun-23	Sell	2,113
01-Dec-23	Accumulate	2,913
05-Jun-24	Sell	4,546
04-Sep-24	Sell	3,968
12-Feb-25	Sell	2,905
23-Dec-25	BUY	3,440

## Investment rating criteria

Ratings	Large caps	Midcaps	Small Caps
Buy	Upside is above 10%	Upside is above 15%	Upside is above 20%
Accumulate	-	Upside is between 10%-15%	Upside is between 10%-20%
Hold	Upside is between 0% - 10%	Upside is between 0%-10%	Upside is between 0%-10%
Reduce/sell	Downside is more than 0%	Downside is more than 0%	Downside is more than 0%

### Not rated/Neutral

#### Definition:

**Buy:** Acquire at Current Market Price (CMP), with the target mentioned in the research note; **Accumulate:** Partial buying or to accumulate as CMP dips in the future; **Hold:** Hold the stock with the expected target mentioned in the note.; **Reduce:** Reduce your exposure to the stock due to limited upside.; **Sell:** Exit from the stock; **Not rated/Neutral:** The analyst has no investment opinion on the stock.

#### Symbols definition:



Upgrade



No Change



Downgrade

To satisfy regulatory requirements, we attribute 'Accumulate' as Buy and 'Reduce' as Sell.

The recommendations are based on 12 month horizon, unless otherwise specified. The investment ratings are on absolute positive/negative return basis. It is possible that due to volatile price fluctuation in the near to medium term, there could be a temporary mismatch to rating. For reasons of valuations/ return/lack of clarity/event we may revisit rating at appropriate time. Please note that the stock always carries the risk of being upgraded to BUY or downgraded to a HOLD, REDUCE or SELL.

Not rated/Neutral- The analyst has no investment opinion on the stock under review.

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