

Thermax Ltd.

Accumulate

Sector: Capital Goods

13th May 2026

Key Changes	Target	▲	Rating	▼	Earnings	▲	Target	Rs.4,965
Stock Type	Bloomberg Code	Sensex	NSE Code	BSE Code	Time Frame	CMP	Rs. 4,485	
Mid Cap	TMX:IN	74,559	THERMAX	500411	12 Months	Return	+11%	

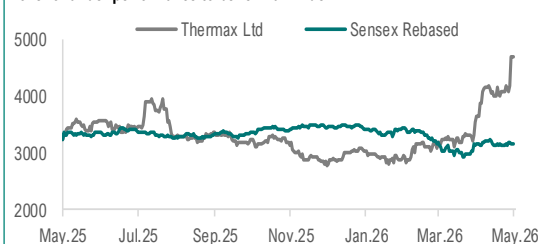
Data as of: 12-05-2026, 18:00hrs

Company Data	
Market Cap (Rs Cr)	53,438
52 Week High — Low (Rs.)	4,867-2,744
Enterprise Value (cr)	55,236
Outstanding Shares (cr)	11.9
Free Float (%)	32.4
Dividend Yield (%)	0.3
6m average volume (cr)	0.06
Beta	0.43
Face value (Rs)	2

Shareholding (%)	Q2FY26	Q3FY26	Q4FY26
Promoters	62.0	62.0	62.0
FII's	13.4	12.4	11.3
MFs/Insti	14.0	14.8	15.5
Public	10.6	10.8	11.3
Total	100.0	100.0	100.0
Promoter pledge	Nil	Nil	Nil

Price Performance	3 Month	6 Month	1 Year
Absolute Return	53%	43%	40%
Absolute Sensex	-10%	-9%	-4%
Relative Return*	63%	52%	44%

*over or under performance to benchmark index



Consolidated (Rs cr)	FY26A	FY27E	FY28E
Sales	10,694	12,790	15,146
Growth (%)	3.1	19.6	18.4
EBITDA	1,026	1,317	1,590
EBITDA Margin(%)	9.6	10.3	10.5
PAT Adj.	659	837	1,076
Growth (%)	5.1	27.0	28.5
Adj. EPS	60.4	70.2	90.3
Growth (%)	5.1	27.0	28.5
P/E	81.1	63.8	49.7
P/B	10.4	9.3	8.2
EV/EBITDA	53.8	42.0	34.9
ROE (%)	12.8	14.8	16.9
D/E	0.3	0.3	0.3

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Strong order inflow to aid execution; valuation appeared stretched...

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.

- The TMX order book grew by 27% YoY in FY26, led by strong traction in industrial infra (37% YoY) and industrial products segments (17% YoY). The company has received a super critical boiler of Rs 1,600 cr from a leading thermal power company, which will strengthen margin and execution cycle in coming quarters.
- Revenue during Q4FY26 grew by 11% supported by the industrial product export business and green solution business, while moderation in legacy orders further supported the execution strength.
- Gross margin improved by 371 bps YoY to 47.2% due to benign commodity prices; EBITDA margin expanded by 121 bps YoY to 10.9%. While the impact of the West Asian crisis and higher commodity prices is likely to impact margins in the coming quarters.
- We expect execution to pick up due to a strong order book (Rs 13,604 cr) and an improved order inflow trajectory from refineries, cooling, and heating opportunities in data center-related projects.

Outlook & Valuation

TMX may face execution challenges in the short term due to supply chain disruptions amid the West Asia crisis. Management also hopes to bid for the opportunities arising out of rebuilding in the Middle Eastern region. Due to the improved long-term sector prospects and the recent run-up in price, the valuation appeared stretched; **we therefore revise our rating to Accumulate and value TMX at a P/E of 55x FY28 EPS with a revised target price of Rs. 4,965.**

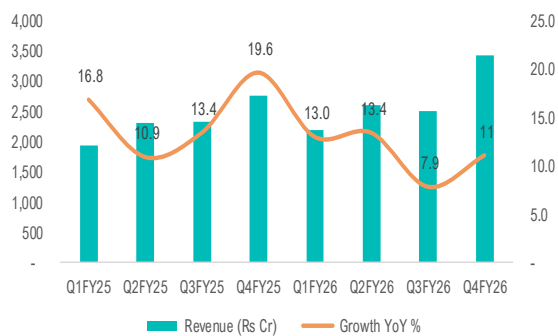
Quarterly Financials Consol.

(Rs cr)	Q4FY26	Q4FY25	YoY Growth (%)	Q3FY26	QoQ Growth (%)	FY26	FY25	YoY Growth (%)
Sales	3,428	3,085	11.1	2,635	30.1	10,687	10,389	2.9
EBITDA	374	300	24.9	255	46.9	1,026	908	13.1
EBITDA margins (%)	10.9	9.7	121bps	9.7	125bps	9.6	8.7	86bps
EBIT	320	254	25.9	202	58.9	819	749	9.3
PBT	334	300	11.4	289	15.7	1,008	885	14.0
Reported PAT	244	206	18.9	205	19.2	720	627	14.9
Adj PAT	244	206	18.9	146	67.1	662	627	5.6
EPS (Rs)	20.5	17.3	18.9	12.3	67.1	55.5	52.6	5.6

Key Concall Highlights

- Execution faces challenges from customer site delays (civil and other issues) and potential impacts from the Middle East crisis.
- Management has not provided a specific revenue growth number for the next year but anticipates better performance due to a 27% higher order balance.
- The Green Solutions business expects to close FY27 with significantly better capacity than the current 250 megawatts, with two large projects commissioning in the next two to three quarters.
- The chemicals business is experiencing significant challenges with raw material supply and price increases for key inputs like styrene, water treatment, and construction chemicals.
- Commodity prices, including steel, copper, and nickel, showed price movements, which are a challenge for the Q1FY27.
- New opportunities are emerging in data centers for both cooling solutions, which remain robust, and boiler supplies, which represent a new solution opening for revenues.

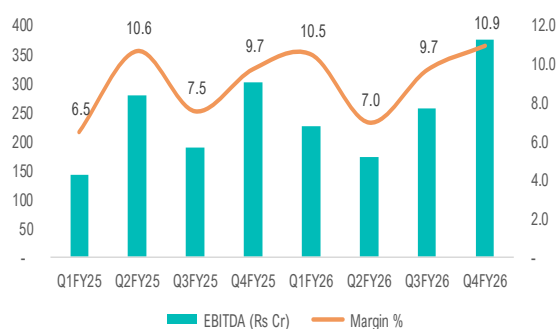
Revenue



Order Book



EBITDA



PAT



Change in Estimates

Year / Rs cr	Old estimates		New estimates		Change (%)	
	FY27E	FY28E	FY27E	FY28E	FY27E	FY28E
Revenue	12,440	14,461	12,790	15,146	2.8	4.7
EBITDA	1,281	1,518	1,317	1,590	2.8	4.8
Margins (%)	10.3	10.5	10.3	10.5	0bps	0bps
Adj. PAT	812	1,025	837	1,076	3.1	4.9
EPS	68	86	70	90	3.3	5.0



Consolidated Financials

PROFIT & LOSS

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Revenue	9,323	10,369	10,694	12,790	15,146
% change	15.2	11.2	3.1	19.6	18.4
EBITDA	797	908	1,026	1,317	1,590
% change	33.4	13.8	13.1	28.4	20.7
Depreciation	148	159	208	239	251
EBIT	649	749	819	1,079	1,340
Interest	88	117	139	185	132
Other Income	232.6	252.2	267.5	245.0	256.0
PBT	870	885	1,008	1,139	1,464
% change	44.2	1.7	14.0	12.9	28.5
Tax	226	258	288	302	388
Tax Rate (%)	26	29	29	27	27
Reported PAT	643	627	720	837	1,076
Adj*	75	0	61	0	0
Adj PAT	719	627	659	837	1,076
% change	59.5	-12.8	5.1	27.0	28.5
No. of shares (cr)	11.9	11.9	11.9	11.9	11.9
Adj EPS (Rs.)	54	53	60	70	90
% change	59.5	-12.8	5.1	27.0	28.5
DPS (Rs.)	8.8	13.9	20.0	20.4	20.4

CASH FLOW

Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Net inc. + Deprn.	1,018	1,043	1,216	1,377	1,714
Non-cash adj.	-129	-169	-147	-115	-254
Changes in W.C	-81	432	-438	-437	-1,015
C.F. Operation	575	1,054	364	581	189
Capital exp.	315	1,333	200	131	231
Change in inv.	-168	271	-26	-31	-38
Other invest.CF	0	0	0	0	0
C.F – Investment	377	1862	435	344	450
Issue of equity	0	0	0	0	0
Issue/repay debt	445	437	105	105	105
Dividends paid	-105	-166	-238	-243	-243
Other finance.CF	-1171	-2444	-339	-127	-502
C.F – Finance	-919	-2290	-611	-451	-773
Chg. in cash	34	626	189	475	-134
Closing cash	487	1,112	1,301	1,776	1,642

BALANCE SHEET

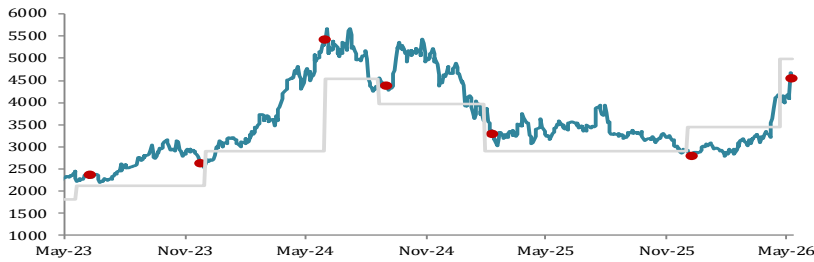
Y.E March (Rs. cr)	FY24A	FY25A	FY26A	FY27E	FY28E
Cash	487	1,155	1,301	1,776	1,642
Accounts Receivable	2,267	2,565	2,578	3,014	3,527
Inventories	765	720	762	950	1,165
Other Cur. Assets	3,688	3,929	4,102	4,976	5,809
Investments	402	131	157	188	226
Gross Fixed Assets	2,262	3,544	3,794	4,014	4,234
Net Fixed Assets	1,874	2,615	2,568	2,415	2,425
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
Total Assets	10,141	12,008	12,318	14,079	15,564
Current Liabilities	4,097	4,958	4,722	5,698	6,274
Provisions	348	414	439	526	498
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	5,336	5,929	6,761
Shareholder's Fund	4,440	4,943	5,358	5,952	6,784
Total Liabilities	10,141	12,008	12,318	14,079	15,564
BVPS (Rs.)	373	414	450	500	569

RATIOS

Y.E March	FY24A	FY25A	FY26A	FY27E	FY28E
Profitab. & Return					
EBITDA margin (%)	8.6	8.8	9.6	10.3	10.5
EBIT margin (%)	7.0	7.2	7.7	8.4	8.8
Net profit mgn.(%)	7.7	6.0	6.2	6.5	7.1
ROE (%)	17.3	13.4	12.8	14.8	16.9
ROCE (%)	9.5	6.6	8.4	10.1	10.7
W.C & Liquidity					
Receivables (days)	81.1	85.1	87.8	79.8	78.8
Inventory (days)	53.2	46.8	48.6	45.0	47.2
Payables (days)	102.1	94.8	102.7	93.1	96.4
Current ratio (x)	1.6	1.6	1.7	1.7	1.8
Quick ratio (x)	0.7	0.8	0.5	0.5	0.6
Turnover & Leverage					
Gross asset T.O (x)	4.3	3.6	2.9	3.3	3.7
Total asset T.O (x)	1.0	0.9	0.9	1.0	1.0
Int. coverage ratio (x)	7.4	6.4	5.9	5.8	10.1
Adj. debt/equity (x)	0.8	0.4	0.3	0.3	0.3
Valuation					
EV/Sales (x)	5.9	5.3	5.2	4.3	3.7
EV/EBITDA (x)	68.6	60.7	53.8	42.0	34.9
P/E (x)	74.4	85.2	81.1	63.8	49.7
P/BV (x)	12.1	11.3	10.4	9.3	8.2



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
13-May-26	Accumulate	4,965

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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