

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs2875	343	Hold	Rs3400	18%

\*as on 06th Feb, 2026

#### About the Company:

Thermax Group company provides a range of engineering solutions majorly to the energy and environment sectors. Thermax Limited (Thermax) is based in Pune and has 16 manufacturing facilities with India and international presence (Denmark, Germany, Indonesia, Poland to mention a few). The company with its subsidiaries offers integrated innovative solutions in the areas of heating, cooling, power, water & waste management, air pollution control and chemicals to different sectors such as oil & gas, cement, metals, pharma and food processing to mention a few.

#### Results: Quick Glance:

- The net sales the quarter under review grew by 4.2% to Rs26.3bn as compared to Rs25.3bn in Q3FY25
- The Ebitda margins for the quarter under review stood at 9.7% as against 7.5% in Q3FY25
- The net profit came in at Rs2.1bn as against Rs1.1bn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs18.1 as against Rs10.3 in Q3FY25
- On the segmental performance, industrial products segment revenue grew by 18.0% on a y-o-y basis to Rs12.9bn, while industrial infra segment revenue de-grew by 9.4% to Rs10.3bn, green solutions de-grew by 13.5% on a y-o-y basis to Rs1.64bn and chemical segment revenue came in at Rs2.0bn, growth of 4.5% on a y-o-y basis
- For 9MFY26, the revenues came in at Rs72.7bn as compared to Rs73.2bn; drop of 0.8% while the PAT stood at Rs4.8bn as against Rs4.2bn. The EPS came in at Rs42.2 as against Rs38.0 in 9MFY25
- The quarter has an exceptional gain on account of reversal of existing provision of Rs506.3mn and interest on the deposit regarding the same at Rs291.6mn. Also, it includes impact of new labour code of Rs210.4mn

#### Conference Call Highlights:

- In terms of the industry, although there have been fluctuations across key input materials, there has been no significant impact on input costs for Thermax during the quarter
- The OB inflows from refinery & petrochemical are highest given large Dangote order (Rs5,840mn). There has been increase in the engineering orders, however a drop in sugar/distillery which historically is a leading contributor. Data centre is emerging as a new sector with tremendous future potential
- **Order book status:** For the quarter, the order book stands at Rs30.80bn as against Rs22.96bn in Q3FY25. The overall order balance stood at Rs126.41bn as against Rs113.83bn in Q3FY25
- The order booking and balance for current year is higher, driven by improved performance in Industrial Products and Industrial Infra segments. Thermax has secured a large order for utility boilers and associated systems from Dangote Industries, a major West African conglomerate, for their refinery and petrochemical complex in Nigeria. Thermax has received orders aggregating approx. Rs2bn in the data centre segment from customers in North America and India
- **Industrial Products** (i) first order for Biomass Centre of Excellence, including fuel consultancy, and a 15TPH biomass-fired RG boiler order from a major wood processing plant in the Republic of Congo, Africa, (ii) orders for 28 units of cooling towers for a 50MW hyperscale data centre are currently under execution, (iii) commissioning of an electrostatic precipitator (ESP) enabled effective fly ash removal and stable particulate emission control for a flue gas volume of 135,000 m<sup>3</sup>/h, reinforcing Thermax's expertise in reliable APC solutions, (iv) successful delivery of 300 m<sup>3</sup>/hr effluent recycle plant for a leading steel & power producer. The order booking for the quarter stands at Rs15.80bn while the order balance is Rs51.54bn. The order booking and backlog has improved primarily due to better demand. Revenues increased 18.0% y-o-y to Rs13bn; while the EBIT margins remained impacted, declining 200bps y-o-y to 9.3% due to faster growth in relatively lower-margin segments such as clean air solutions and slower growth in high-margin heating products. However, with the rising adoption of cooling solutions in data centers, revival of heating solution, and sustained demand across core industrial applications, margins are expected to improve going forward
- In the **Industrial Infra** (i) commissioned a 1 x 38 TPH waste-to-energy boiler for a paper and packaging manufacturer in Thailand, marking its first EFB-fired boiler for a high-pressure, high temperature cycle in the export market, (ii) received an order to supply four 400TPH plug-and-play, modularised boilers for a refinery major in Nigeria, (iii) commissioned and synchronised a 6.25MW cogeneration system ensuring stable grid integration and reliable operations, reinforcing our execution capability in grid-connected projects, (iv) first cascade dispatched from the MSW-to-CBG plant in Prayagraj, Uttar Pradesh

Conference Call Highlights (contd.):

- **Industrial Infra (contd.):** The order booking stood at Rs11.20bn; up by 68% on a y-o-y basis with YTD order balance of Rs62.78bn. The improvement is attributed to the stronger performance in the exports. Revenues declined 9.4% y-o-y to Rs10.3bn, but there was improvement in the EBIT margin to 6.3%. The segment is still impacted by the low-margin legacy projects in areas such as bioCNG, FGD (which operate at relatively low margins), NRL (remains at breakeven levels), and certain refinery-linked works that have faced execution and cost challenges. While these pressures are gradually moderating, a full recovery is likely to be phased, with most overruns easing by Q2FY27. At the same time, a more disciplined approach to order selection, with greater focus on equipment-led and relatively lower-risk projects, is helping improve order book quality. The Management expects revenue growth and margin expansion gradually, reflecting the ongoing normalization of the project portfolio
- In the **Chemicals** (i) Thermax was approved by the Shinku La Tunnel project authorities as an official supplier for their prestigious tunnel project, being constructed at an altitude of 15,800 ft, (ii) the ceramic industry continues to show strong traction, with volumes scaling to over 300MT per month, complemented by order wins worth Rs50mn across steel, textiles, cement, and carbon black segments, (iii) good orders for high-purity and specialty resins from the US and Middle East, with ongoing water treatment resin demand across India's power, petroleum, steel, and OEM sectors. The order booking stood at Rs2.07bn with YTD order balance of Rs2.44bn. The profitability is lower due to fixed cost of new plant and change in the product mix. Due to high depreciation and operating costs from new capacity additions, high overhead expenses, and weak volumes amid competitive pressure; there has been an impact on the margins that dropped to 4.6% v/s 13.8% last year. The roughly Rs500mn y-o-y shortfall at PBT level was due to higher costs, around 60% related to net incremental costs from the new plant (mainly depreciation after netting the old plant), about 20% growth investments in construction chemicals (Fortmax and international expansion), and the remaining 20% base cost inflation. The demand remained subdued, reflecting continued pricing pressure and muted volume growth. The company expects the segment's performance to begin improving from Q4FY26, with recovery gaining momentum from FY27E onwards, as margins gradually move back toward the double-digit range
- In the **Green Solutions** (i) 16TPH boiler project breaks ground in Hosur, Tamil Nadu, (ii) TOESL recognised with "Contractor Safety Management award 2025", (iii) hybrid project breaks ground in Jafrabad, Gujarat, (iv) in Tamil Nadu, 39MW of wind capacity has been commissioned under the TN-II cluster. For the 60MW Trichy project, WTG pre-commissioning for 11 out of 17 turbines and the associated transmission works have been completed. The order balance stands at Rs9,650mn towards the end of the quarter. The order booking includes a change in the reporting methodology adopted by TOESL, that has shifted to a rolling 12-month forecast model for its order book this year, replacing the earlier practice of reporting only the first year's revenue from contracts that typically run for 10 years. As a result, the reported order book has increased by Rs1,280mn, without affecting contracts, revenue recognition, or financial results. Green Solutions business has margin improvement due to operational efficiency and one of the subsidiary has received insurance claim proceeds. The order intake in TOESL was negligible in Q3, while FEPL underperformed as two large projects faced disruptions (one was completed in Jan'26 and the other is nearing completion). Continued investments in manpower across TOESL, FEPL, and the hydrogen business impacted the on margins. Overall, Thermax expects to add ~250MW in FY26E, close to 700MW in FY27E, and ~1.1GW by FY28E, while options to monetize the business are being evaluated as scale improves. Thermax is executing five projects; two of them have faced major delays because a key partner has run into financial trouble, causing a meaningful drag on performance. One of these two projects was completed in Jan'26, and a large portion of the second is expected to be completed in Q4. The Management expects new FEPL projects (to be reflected from end-March through June) to be among its best-ever in terms of execution and profitability

Financials:

Performance (Q3FY26)										
Q3FY26 Result (Rs mn)	Dec-25	Dec-24	y-o-y	Sept-25	q-o-q	9MFY26	9MFY25	y-o-y	FY26E	
<b>Total Revenue</b>	26347	25287	4.2%	24739	6.5%	72661	73229	(0.8%)	98434	
<b>EBITDA</b>	2548	1890	34.8%	1720	48.1%	6520	6081	7.2%	9056	
<b>Other Income</b>	627	315	99.1%	854	(26.6%)	2138	1754	21.9%	2525	
<b>Interest</b>	342	287	19.5%	322	6.4%	966	855	13.0%	1397	
<b>Depreciation</b>	533	351	51.9%	515	3.5%	1536	1132	35.8%	2114	
<b>Share of JV/Associates</b>	(1)	(5)	-	(1)	-	(4)	(10)	-	(4)	
<b>Exceptional Items</b>	588	0	-	0	-	588	0	-	588	
<b>Tax</b>	837	425	96.7%	543	54.2%	1980	1627	21.7%	2300	
<b>Net Profit</b>	<b>2050</b>	<b>1137</b>	<b>80.3%</b>	<b>1194</b>	<b>71.7%</b>	<b>4759</b>	<b>4212</b>	<b>13.0%</b>	<b>6353</b>	

Outlook and Recommendations:

Some of the execution delays that affected Q2 performance persisted in early Q3 as well, with some of the customers continuing to postpone project progress. Prolonged rains until October also impacted Q3 execution, particularly at the beginning of the quarter. As of now, the Management sees only a few minor cases of customer-driven revenue delays. The company has reported flat revenue growth of 4.2% y-o-y but strong margins at 9.7% for the quarter under reference. There has been exceptional gains (Rs588mn) that have inflated the profit growth to 80% y-o-y, barring which as well there has been 28% y-o-y growth registered. For the quarter, the **order book** stands at Rs30.80bn as against Rs22.96bn in Q3FY25. The overall order balance stood at Rs126.41bn as against Rs113.83bn in Q3FY25. The significant orders secured during the quarter include a utility boiler order worth over Rs5800mn from Dangote Industries for their refinery in Nigeria, and orders aggregating approximately Rs2000mn in the data centre segment. The strong order book provides significant revenue visibility for the upcoming quarters. The company remains bullish on orders for FY26E, stating that Q2 and Q3 order inflows reflect this optimism, and that Q4 should also be strong. The project pipeline across large and small orders is healthy, supported by both domestic and international opportunities. The opportunity set in power, refinery/petrochemical, and data centers has been the strongest in the last 2-3 years, with multiple customers in India and a couple internationally.

On the segmental performance, the **Industrial products** reported a growth of 18.0% y-o-y. The order booking is improved due to better demand. However, the performance during the quarter has been marginally lower due to product mix. The Management is reasonably bullish, stating that YTD revenue performance is strong and backlog is also building up well. It acknowledged that current Ebitda margins are tracking below 10% and that profitability in this segment is lower than last year because the most profitable product line (heating) growing slower than the clean-air product line. However, it expects strong growth in Q4 with margin recovery. One of the cooling product line, where Thermax has specific IP; has started winning meaningful data-center orders, with two sizeable wins in the latest quarter (one domestic, one international). The **Industrial infra** de-grew by 9.42% y-o-y. The order booking improved due to the stronger performance in the export. The profitability has been higher due to increased operational efficiency. Thermax intends to avoid very large, civil-intensive, especially government-linked projects where delays are frequent and back-ended costs can escalate. Instead, it focuses on projects with higher equipment content where it has more control. For refinery and petrochemicals, the company expects some tender finalizations over the next 12-18 months and sees a reasonable pipeline under both EPC-heavy and equipment-heavy models. TBWES has already booked an order book of about Rs27-28bn in 9MFY26 and Management believes TBWES could face capacity constraints before demand constraints if the current trajectory continues. The **chemical** segment reported growth of 4.5% y-o-y; lower profitability attributed to the fixed cost of new plant and change in product mix. The segment reported lower than planned volumes for the quarter with market share loss in the US; with reversals expected from Q4 onwards. **Green solutions** de-grew by 13.5% y-o-y; but reported margin improvement due to operational efficiency and one of the subsidiary has received insurance claim proceeds.

### Outlook and Recommendations (contd.):

The company is positive on the government's announced Rs200bn outlay for **carbon capture** and considers itself well positioned to benefit. It is partnering with global EPC players to build execution capability in this space although it cautioned that it is still early days and that the eventual impact will depend on how the scheme is structured, how tenders are designed and how funds are actually disbursed. Of the recently awarded **biomass-to-methanol** project of about Rs1bn in India, Thermax supplied both the biomass gasification solution (with a domestic technology partner) and its own in-house methanol island technology, building on its coal-gasification experience. The Management has reiterated its positive stance on order inflows for the current year and for the short-to-medium term as well. It expects Q4 to be a strong, profitable quarter with double-digit revenue growth y-o-y, although it does not expect FY26E revenue to grow in double digits because 9MFY26 growth is only about 1%. It guided that a strong Q4 will position the company well for FY27E. We have tweaked our numbers to factor in the lower than expected numbers and maintain Hold for target of Rs3400.


**DISCLAIMERS AND DISCLOSURES-**

Progressive Share Brokers Pvt. Ltd. and its affiliates are a full-service, brokerage and financing group. Progressive Share Brokers Pvt. Ltd. (PSBPL) along with its affiliates are participants in virtually all securities trading markets in India. PSBPL started its operation on the National Stock Exchange (NSE) in 1996. PSBPL is a corporate trading member of Bombay Stock Exchange Limited (BSE), National Stock Exchange of India Limited (NSE) for its stock broking services and is Depository Participant with Central Depository Services Limited (CDSL) and is a member of Association of Mutual Funds of India (AMFI) for distribution of financial products.

PSBPL is SEBI registered Research Analyst under SEBI (Research Analysts) Regulations, 2014 with SEBI Registration No. INH000000859/Research Analyst BSE Enlistment No. 5049. PSBPL hereby declares that it has not defaulted with any stock exchange nor its activities were suspended by any stock exchange with whom it is registered in last five years. PSBPL has not been debarred from doing business by any Stock Exchange/SEBI or any other authorities; nor has its certificate of registration been cancelled by SEBI at any point of time.

PSBPL offers research services to clients as well as prospects. The analyst for this report certifies that all of the views expressed in this report accurately reflect his or her personal views about the subject company or companies and its or their securities, and no part of his or her compensation was, is or will be, directly or indirectly related to specific recommendations or views expressed in this report.

Other disclosures by Progressive Share Brokers Pvt. Ltd. (Research Entity) and its Research Analyst under SEBI (Research Analyst) Regulations, 2014 with reference to the subject company (s) covered in this report:-

- PSBPL or its associates financial interest in the subject company: NO
- Research Analyst (s) or his/her relative's financial interest in the subject company: NO
- PSBPL or its associates and Research Analyst or his/her relative's does not have any material conflict of interest in the subject company. The research Analyst or research entity (PSBPL) has not been engaged in market making activity for the subject company.
- PSBPL or its associates actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- Research Analyst or his/her relatives have actual/beneficial ownership of 1% or more securities of the subject company at the end of the month immediately preceding the date of publication of Research Report: NO
- PSBPL or its associates may have received any compensation including for brokerage services from the subject company in the past 12 months. PSBPL or its associates may have received compensation for products or services other than brokerage services from the subject company in the past 12 months. PSBPL or its associates have not received any compensation or other benefits from the Subject Company or third party in connection with the research report. Subject Company may have been client of PSBPL or its associates during twelve months preceding the date of distribution of the research report and PSBPL may have co-managed public offering of securities for the subject company in the past twelve months.
- The research analyst has served as officer, director or employee of the subject company: NO
- Registration granted by SEBI and certification from NISM is in no way guarantee performance of the intermediary or provide any assurance of returns to investors

PSBPL and/or its affiliates may seek investment banking or other business from the company or companies that are the subject of this material. Our sales people, traders, and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses (if any) may make investment decisions that may be inconsistent with the recommendations expressed herein. In reviewing these materials, you should be aware that any or all of the foregoing, among other things, may give rise to real or potential conflicts of interest including but not limited to those stated herein. Additionally, other important information regarding our relationships with the company or companies that are the subject of this material is provided herein. This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution publication, availability or use would be contrary to law or regulation or which would subject PSBPL or its group companies to any registration or licensing requirement within such jurisdiction. If this document is sent or has reached any individual in such country, especially, USA, the same may be ignored. Unless otherwise stated, this message should not be construed as official confirmation of any transaction. None of the material, nor its content, nor any copy of it, may be altered in any way, transmitted to, copied or distributed to any other party, without the prior express written permission of PSBPL. All trademarks, service marks and logos used in this report are trademarks or registered trademarks of PSBPL or its Group Companies. The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market. In so far as this report includes current or historic information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed.

**Terms & Conditions:**

This report has been prepared by PSBPL and is meant for sole use by the recipient and not for circulation. The report and information contained herein is strictly confidential and may not be altered in any way, transmitted to, copied or distributed, in part or in whole, to any other person or to the media or reproduced in any form, without prior written consent of PSBPL. The report is based on the facts, figures and information that are considered true, correct, reliable and accurate. The information is obtained from publicly available media or other sources believed to be reliable. Such information has not been independently verified and no guaranty, representation of warranty, express or implied, is made as to its accuracy, completeness or correctness. All such information and opinions are subject to change without notice. The report is prepared solely for informational purpose and its at the discretion of the clients to buy or sell or subscribe for securities or other financial instruments. Though disseminated to all the customers simultaneously, not all customers may receive this report at the same time. PSBPL will not treat recipients as customers by virtue of their receiving this report.

**Registered Office Address:**

Progressive Share Brokers Pvt. Ltd,  
122-124, Laxmi Plaza, Laxmi Indl Estate,  
New Link Rd, Andheri West,  
Mumbai-400053, Maharashtra  
[www.progressiveshares.com](http://www.progressiveshares.com) | Contact No.:022-40777500

**Compliance Officer:**

Ms. Mamatha Poojari,  
Email: [compliance@progressiveshares.com](mailto:compliance@progressiveshares.com),  
Contact No.:022-40777500

**Grievance Officer:**

Email: [grievancecell@progressiveshares.com](mailto:grievancecell@progressiveshares.com)