

RECOMMENDATION SNAPSHOT				
*CMP	MCap (Rsbn)	Recommendation	Target	Potential Upside
Rs4681	558	Hold	Rs5200	11%

*as on 08th May, 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 12.5% to Rs34.3bn as compared to Rs30.5bn in Q4FY25
- The Ebitda margins for the quarter under review stood at 10.9% as against 9.8% in Q4FY25
- The net profit came in at Rs2.4bn as against Rs2.1bn in the comparative quarter last year
- The EPS for the quarter under review stood at Rs21.7 as against Rs18.3
- On the segmental performance, industrial products segment revenue grew by 17.3% on a y-o-y basis to Rs16.63bn, while industrial infra segment revenue grew by 5.6% to Rs14.69bn, green solutions grew by 34.1% on a y-o-y basis to Rs2.04bn and chemical segment revenue came in at Rs1.93bn, drop of 8.07% on a y-o-y basis
- For FY26, the revenues came in at Rs106.9bn as compared to Rs103.7bn; growth of 3.13% while the PAT stood at Rs7.2bn as against Rs6.3bn. The EPS came in at Rs64.0 as against Rs56.3 in FY25
- The Board recommended a dividend of Rs14 per share for FY26 and also declared a special dividend of Rs6 per share to mark the company's 60th anniversary

Conference Call Highlights:

- On the industry front, the quarter saw high volatility in input commodity prices amid geopolitical instability, with steel prices rising ~20-25%, significantly increasing the overall input costs. Crude oil fluctuations drove similar volatility in nonferrous metals (copper, aluminium, nickel), further impacted by USD appreciation against the INR. The bought-out equipment prices also rose by ~3-5% q-o-q
- With regard to **Middle East crisis**, the company mentioned that so far there have been no meaningful execution delays despite the ongoing conflict. While freight related challenges persist, execution remains largely unaffected. The company is seeing potential incremental opportunities arising from reconstruction-related demand post-war. The company booked ~Rs4.5bn orders from ME in Q2, with Industrial Products exposure being relatively smaller in value
- **Order book status:** For the quarter, the order book stands at Rs44.90bn growth of 112% y-o-y. For the full year the OB stands at Rs138.71bn with an order balance of Rs136.04bn; higher primarily driven by improved performance in Industrial Products and Industrial Infra segments
- OB inflows from power are highest given large single supercritical order (Rs16,340mn). There has been increase through the F&B, chemicals and drugs & pharma sectors. The refinery & petrochem drop over Q3 is due to outlying Q3 Dangote order (Rs5,840mn). Data centres are continuing as a new sector with tremendous future potential
- Enquiry pipeline for traditional sectors (steel, power, cement, O&G) both in the domestic and international markets is reasonably fair both for Industrial Products and Infra segment. The geopolitical volatility can create some disruption in coming quarters. The Management indicated of working on orders from refineries segment and on the data centre side, large supply order of boilers for exports is expected in Q1
- **Industrial Products**, (i) secured breakthrough order of multiple sets of hot water driven chillers with a combined capacity of 45,000TR to provide higher cooling capacity with fixed heat input at a large data centre in the US, (ii) successful commissioning and handover of a 250 m³/hr of water treatment plant package for a leading steel mill in Chittagong, Bangladesh, (iii) commissioned an ESP for a 35TPH AFBC boiler, handling high gas flow rates with optimised performance at 160°C and achieving outlet emissions well within norms, (iv) set up 16TPH biomass-fired RG boiler for a battery manufacturing in Southern India. The order booking for the quarter stands at Rs15.12bn while the order balance is Rs48.41bn. The order booking and backlog has improved primarily due to stronger performance in the heating, cooling and water & waste solutions businesses. The segment accounted for 49% of the total sales, as revenue increased by 17.3% y-o-y to Rs16.63bn. The Ebit margins fell by 100bps to 13.6% due to the product mix. There was some disruption seen in March due to gas shortages hurting smaller fabrication units though conditions have started stabilising. Despite these challenges, it remains confident of maintaining planned volumes and margins for Q1

Conference Call Highlights (contd.):

- In the **Industrial Infra**, (i) TBWES commissioned a 1 x 40TPH waste-to-energy boiler in North India, (ii) TBWES secured a boiler package order for a 1 x 800MW ultra supercritical thermal power plant (iii) P&ES has successfully commissioned 2 x 15MW cogeneration plant for an agro aqua company in Myanmar as per customer requirement, (iv) achieved ~8,000 tonnes of CBG production in Q4FY26 (19,400+ tonnes YTD), while commissioning the Reliance Akola and Nanded plants, thereby completing all 14 existing plants. The order booking at Rs24.33bn was up by 152% on a y-o-y basis with YTD order balance of Rs74.39bn. The segment reported revenue growth of 5.7% y-o-y with Ebit margins at 6.5% compared to 2.8% in Q4FY25 due to lower losses in some entities and increased operational efficiency. The supercritical boiler opportunities continue to be healthy across both public and private sectors, with a strategic preference toward private-sector projects. The NB Power order is also a private-sector opportunity and is likely to be executed over 42-45 months where the initial execution in year one shall largely involve design, engineering and procurement activities with execution intensity likely to ramp-up subsequently. The domestic industrial Infra order inflows excluding thermal order was weaker largely due to a slowdown in the FGD and bio-CNG businesses. Most legacy low-margin orders across FGD, bioenergy and power & energy solutions are largely executed or nearing closure. Bio-CNG projects are currently in trial/performance stages and are likely to close over Q1/Q2FY27 while the NRL project may take another year for full closure due to earlier cost overruns
- In the **Chemicals**, (i) secured an order from Navayuga Engineering for Pune ring road project, with an annual revenue potential of approx. Rs24mn, (ii) secured Rs40mn in new orders from pharma and steel sector customers, while facing RM cost escalation due to West Asia geopolitical risks and a weakened demand outlook in the ceramic segment, (iii) faced supply disruptions and RM volatility due to Middle East crisis, mitigated through price revisions and supply assurance, while securing breakthrough specialty resin orders across the US, East Asia and the Middle East. The order booking stood at Rs2.28bn with YTD order balance of Rs2.70bn. The topline decreased by 8.1% y-o-y while the Ebit margins dropped to 4.9%, due to higher input costs and change in the product mix. The overall business is facing supply and pricing pressure in key RM such as styrene and water-treatment chemicals, requiring active price management to protect margins
- In the **Green Solutions**, (i) Green operations began at a Malaysian MNC's greenfield PPE facility in Erode, TN, with a 16MW hot water heater delivering ~25,000 TPA CO₂ reduction, marking TOESL's first such project, (ii) secured TOESL's first community steam project (2 x 30TPH) for a food park in Mehsana, Gujarat, ensuring reliable availability of green steam with ~90,000 MT/year of CO₂ reduction potential, (iii) in Gujarat, 9 of 21 WTGs have been installed, and 40.8MWp of 69.5MWp module installation has been completed. EHV line and PSS charging have been completed, while the 33 kV line work is in progress. The order balance stands at Rs3,170mn end of the quarter. The order booking includes 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 Rs1,380mn, without affecting contracts, revenue recognition, or financial results. Although revenues grew by 34.2% y-o-y, Ebit margins plunged to (14.2%) compared to (5.3%) in Q4FY25. The losses were driven by the energy business after a contractor failed to execute a South India project, forcing Thermax to step in, resulting in cost overruns. Around 250MW capacity is on ground with one project commissioned by March-end and additional projects in Gujarat and South India likely over the next two-three quarters. FY27E performance is likely to improve materially. The Management clarified that both execution issues were linked to the same partner and not indicative of a wider problem across vendors or projects. The company acknowledged the issue, remains conscious of partner-risk management and indicated that future orders would incorporate learnings from this experience
- In regards to **Coal gasification**, technology solution for coal gasification has been tested and is in place. The company is working on getting customers currently. While nothing material on the order front as of now, but expect some orders in the coming months
- **Financials:** (i) in terms of margins in the industrial products and infra segment, there was no material raw material impact in Q4FY26 as procurement had largely been completed before the commodity spike post-March. While prices of steel, styrene, copper and nickel have risen, the Industrial Infra/project business remains relatively protected through back-to-back contracting. Some pressure could emerge in the Industrial Products segment, where inventory visibility is shorter, although the impact remains manageable currently with existing inventory cover, (ii) all orders are fixed price with a few with PVC. Most orders are in the range of 12-18 months execution cycle, (iii) the company has maintained regular capex of Rs1-1.5bn over the years. The boiler and cooling facility will have some capacity expansion, line extension which will be additional Rs20-30mn, (iv) increase in working capital has been due to project delays, which, in turn led to delays in receivables and retention collections. The company is focused on improving collections and normalising the situation in ensuing quarters

Financials:

Performance (Q4&FY26)									
Q4&FY26 Result (Rs mn)	Mar-26	Mar-25	y-o-y	Dec-25	q-o-q	FY26	FY25	y-o-y	FY27E
Total Revenue	34280	30464	12.5%	26347	30.1%	106942	103693	3.1%	122983
EBITDA	3743	2997	24.9%	2548	46.9%	10263	9078	13.1%	12274
Other Income	537	769	(30.1%)	627	(14.4%)	2675	2522	6.1%	3028
Interest	424	313	35.5%	342	23.7%	1390	1168	19.0%	1566
Depreciation	540	453	19.1%	533	1.4%	2076	1585	31.0%	2379
Share of JV/Associates	0	7	-	(1)	-	(4)	(2)	70.8%	(4)
Exceptional Items	25	0	-	588	(95.8%)	612	0	-	0
Tax	897	951	(5.6%)	837	7.3%	2877	2578	11.6%	3293
Net Profit	2444	2056	18.9%	2050	19.2%	7203	6267	14.9%	8059

Outlook and Recommendations:

The company has reported highest ever revenues with growth of 12.5% y-o-y during the quarter led by **strong growth** across all the segments except chemicals. With gross margins expanding to 47.2%, the Ebitda margins also came in strong at 10.9% for the quarter under reference. For the full-year FY26 execution remained muted, with revenue growth of just 3.1% y-o-y to Rs106.9bn, including PSI income of Rs682mn. The **industrial products** that accounted for 49% of the total sales, revenue increased 17.3% y-o-y to Rs16.63bn. The Ebit margins fell by 100bps to 13.6% due to the product mix. The **industrial infra** segment reported revenue growth of 5.7% y-o-y with Ebit margins at 6.5% compared to 2.8% in Q4FY25 due to lower losses in some entities. For the **chemicals**, the topline decreased by 8.1% y-o-y while the Ebit margins dropped to 4.9%, due to higher input costs and change in the product mix. For **Green solutions**, although the revenues grew by 34.2% y-o-y, the Ebit margins plunged to (14.2%) as compared to (5.3%) in Q4FY25. The profitability is not comparable as the company now reports the segment's PBT instead of Ebit. The overall profits reported growth of 18.9% y-o-y aided by the higher revenues and sharp jump in the order inflows which has crossed Rs136bn mark at the end of FY26. The order book during the quarter has more than doubled to Rs44.9bn compared to Rs21.19bn in the same quarter last year, marking Thermax's **highest-ever quarterly order bookings**, led by broad-based strength in Industrial Products across Heating, Cooling and Water & Waste Solutions, along with a large boiler package order secured by subsidiary Thermax Babcock & Wilcox Energy Solutions, worth about Rs16bn for a 1x800 MW ultra-supercritical thermal power plant in central India. Consequently, the order backlog surged 27% y-o-y to Rs136bn. The overall order inflow momentum during the quarter was supported by improved ordering activity in its industrial products and industrial infrastructure businesses. However, the company said that profitability in the chemicals segment remained under pressure due to higher input costs and changes in product mix. Margins in the green solutions business were also impacted by project overrun costs during the quarter. Although execution was affected by site challenges, civil delays and ME-related issues; visibility should improve by Q1/Q2 though the company remains positive on execution growth going forward. With the order balance being 27% better than the previous year, execution should be better going forward. The triggers include improved growth visibility through the encouraging order inflow, the waning low margin legacy projects which took a toll on the margins, new growth avenues emerging in the data centres domain and boiler opportunities with the thermal and metal capex ahead. We have recently recommended 20% profit booking after achieving our target and recommend Hold for revised target of Rs5200.

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