



**THERMAX**

————— 29th August, 2025 —————



India's Best Performing and Most Customer Centric PMS

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Thermax Limited is a leading provider of integrated solutions in the energy, environment, and chemical sectors. With a diversified portfolio spanning industrial products, project infrastructure, green utilities, and specialty chemicals, the company delivers both equipment and services to address complex industrial sustainability needs.

**Business Segments-** Industrial Products remained the largest segment in Q4 FY25, delivering ₹1,430 crore—an 18.5% YoY increase—driven by robust demand for boilers, chillers, air and water treatment solutions, and after-sales services. Its growth reflects broad-based industrial capex recovery across sectors.

Industrial Infrastructure followed closely, contributing ₹1,415 crore, up 4.3% YoY, underscoring steady execution of large-scale EPC projects such as power plants, Bio-CNG units, and flue gas desulphurisation (FGD) systems. Chemicals recorded revenue of ₹210 crore, a sharp 36.3% YoY jump, led by strong sales in ion-exchange resins, water chemicals, specialty applications, and contributions from the Buildtech acquisition. Green Solutions generated ₹152 crore, growing 4.1% YoY, reflecting gradual traction in renewables, utility-scale green hydrogen, and decarbonisation technologies.

**Sector GDP Growth-** The engineering sector in India, which includes industrial equipment and engineering services is expected to grow at a compound annual growth rate of approximately 10-12% during the period from 2025 to 2030. Thermax Limited's revenue growth of 11.4% aligns closely with the expected growth rate of the engineering sector in India. This indicates that Thermax is performing in line with the overall industry trends, benefiting from the sector's expansion and increased demand for engineering solutions.

**Order Book & Execution-** Thermax Ltd.'s order booking for FY25 reached an all-time high of ₹10,337 crore, reflecting a 10.5% year-on-year increase over FY24's ₹9,355 crore. Over a five-year period, the company has delivered a 17% CAGR in order inflows. This order pipeline provides healthy revenue visibility going into FY26.

**Geographic Footprint-** Domestic revenues account for 79.92%, while exports contributed 20.08%. Projects span 90+ countries, supported by a 30+ country sales and service network.

**Product & Manufacturing Highlights-** The company launched hybrid heat pumps, biomass-fired boilers, multi-fuel steam boilers, ultrafiltration systems, MVR-based ZLD, and gas-purification tech in FY24. It Operates 10 plants in India and 4 overseas, including a new Pune wastewater solutions facility commissioned in April 2024. A new ₹295 Cr ion-exchange resin plant is under construction in Jhagadia, Gujarat.

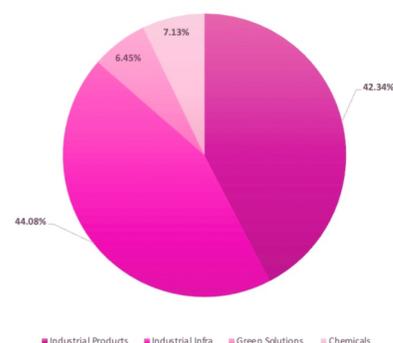
**Strategic Alliances-** Thermax has strategically expanded its portfolio through a series of targeted acquisitions and partnerships. In October 2024, it acquired Buildtech Products India Pvt Ltd for approximately ₹72 crore, marking its entry into the construction chemicals segment—an adjacent, high-growth space that complements its existing chemicals business. In September 2024, Thermax also entered into a global licensing agreement with Ceres Power to commercialize solid oxide electrolyser (SOEC) technology, a move that positions the company strongly in the green hydrogen value chain. Additionally, its earlier acquisitions of Danstoker A/S (Denmark) and PTTI (Indonesia) have helped expand Thermax's industrial products footprint globally, particularly in the small boiler and heating solutions segment. These moves reflect Thermax's ongoing strategy of aligning with future energy trends while enhancing its global competitiveness.

Stock Data	
CMP (23-07-2025)	Rs. 3,865.05
52 Week High/Low	Rs. 4,275 / Rs. 2,230
Face Value (in Rs.)	Rs.2
Market Cap (In Crs)	Rs. 46,054.51 Cr
Enterprise Value (In Crs)	42,802 Cr
NSE	THERMAX
BSE	500411
Bloomberg	TMX IN
Sector	Industrial Machinery

Shareholding Pattern (in %)		
	Mar 24	Mar 25
Promoter	61.99%	61.99%
FII	12.24%	15.86%
DII	15.82%	12.25%
Public	4.48%	4.43%
Others	5.48%	5.47%

Price Performance (in%)			
(%)	1M	6M	1Yr
Nifty 50	0.20%	8.60%	2.00%
Thermax Ltd.	11.24%	-1.54%	-21.35%

Business Segment Revenue Split



## Macroeconomic Drivers

- **Commodity Inflation:** Rising input costs continue to pressure margins; Thermax counters with cost optimization.
- **Geopolitical Tensions:** Global trade uncertainties disrupt international execution; Thermax adapts through strategic shifts.
- **Renewable Push:** Accelerating global demand for clean energy aligns with Thermax's expanding green portfolio.
- **Rate & Price Pressures:** High inflation and interest rates elevate costs; efficiency gains help offset impact.
- **Policy Tailwinds:** Supportive government policies unlock growth in renewables, though infra delays remain a risk.

## Key Business Updates

**1. FY26 Outlook: Targeted Growth with Focused Execution-** Thermax plans to re-enter BioCNG with two selective orders in Q1 FY26, supported by a ₹315 crore backlog. Despite ₹66 crore in technology-related losses in Q4 FY25, earnings impact is expected to ease going forward. Industrial Infrastructure is expected to recover, with FGD projects on track to finish mostly in FY26. Chemicals are forecasted to grow over 20%, driven by new business areas and acquisitions like Buildtech. Industrial Products remain strong, fueled by innovations in water, air pollution control, and heating/cooling solutions. Moderate CapEx focused on Chemicals and Industrial Products reflects controlled spending. The company aims for double-digit EBITDA margins, leveraging scale economies that lower costs and enhance competitiveness.

**2. Growth Drivers: Focused Expansion and Innovation** - Thermax benefits from scale economies via large manufacturing capacity and an efficient supply chain, enabling cost advantages and competitive pricing. Long-term service and maintenance contracts create switching costs, ensuring strong customer retention. Proprietary engineering and project management expertise ("process power") allow efficient, high-quality project execution. Growth is driven by expanding Green Solutions—including hydrogen and carbon capture—and new products like biomass gasification, solar thermal systems, and vapor absorption chillers. Digital investments improve operational efficiency and customer engagement. Global expansion into Southeast Asia, Middle East, and Africa opens new markets, supported by acquisitions like Danstoker and PTI.

**3. Headwinds: Execution Risks and Operational Challenges** - Thermax faced execution setbacks with BioCNG, including ₹85 crore in losses due to technology upgrades and delays. Project delays, high O&M costs, and regulatory uncertainties have also affected performance. The Industrial Infrastructure segment is pressured by low-margin FGD and BioCNG orders, with potential revenue slippages. Seasonal factors like monsoon and remote project locations add execution complexity. However, the company's process power and scale help mitigate some risks.

**4. Cash Flow: Improving Execution and Controlled Spending-** Improved execution in TBWES transformed losses into a cash surplus exceeding ₹1,000 crore. FEPL is shifting to external borrowing at market rates to reduce costs, and a significant insurance claim is expected to be resolved soon. Management focuses on better collections and working capital control through efficient project closure. Moderate CapEx spending, mainly in Chemicals and select Industrial Products, signals a cautious cash management approach.

**5. Revenue: Steady Growth** - Thermax delivered ₹3,084 crores revenue in Q4 FY25, maintaining operational stability amid project delays. Chemicals grew strongly despite initial costs in new businesses. Industrial Products' backlog rose nearly 20% YoY, though Q4 saw some moderation. Industrial Infrastructure experienced order inflow challenges but is poised for improvement. BioCNG revenue was hit by delays and technology gaps but will see measured re-entry. Long-term contracts and integrated solutions contribute to steady revenues by creating switching costs.

**6. Cost: Impacted by Technology and Expansion Investments-** BioCNG technology interventions caused a ₹66 crore hit, contributing to over ₹85 crore total losses in Q4. Chemicals faced higher base costs from team-building and acquisition-related expenses. Depreciation will increase as new plants commission. Green Solutions and Industrial Products continue investing in innovation. FEPL losses partly stem from insurance and borrowing costs, with future borrowing expected to be more efficient. Thermax avoids orders that compromise profitability despite low-margin project risks.

**7. Margins: Mixed Performance with Positive Outlook-** Q4 Chemicals EBIT margins were around 16%, down from prior highs due to mix shifts and start-up costs. Industrial Products posted a strong 14.4% EBIT margin, exceeding expectations. BioCNG margins were severely impacted but expected to reach breakeven or low single digits next year. FEPL losses weighed on Green Solutions margins but improvements are anticipated. Overall, the company targets double-digit EBITDA margins in FY26, driven by improved execution, selective project wins, growth in key segments, and cost control.

**8. Strategic Focus on Innovation and Partnerships-** Thermax is advancing climate-ready technologies and exploring partnerships, including in the ethanol sector, to boost global presence and growth. Lessons from previous projects like TBWES are guiding improvements in execution and operational management services. The company balances capital investment with profitability goals, especially in emerging markets.

## Peer Comparison

Name	Price	Mcap	PE	Sales Growth %	Profit Growth %	ROCE %
Thermax	3865.05	46054.51	73.27	11.43	6.88	16.22
BHEL	250.00	87051.60	163.23	18.61	92.90	4.46
Hitachi Energy	19975.00	89033.28	231.72	21.91	134.09	19.12
ABB	5664.00	120024.87	63.65	10.36	29.16	38.65
Siemens	3108.80	110710.71	58.98	5.59	9.95	23.61
CG Power & Ind	668.85	105313.12	111.07	23.15	31.80	37.48

## Result Highlights

Particulars	Q4 FY25	Q3 FY25	Q4 FY24	QoQ (%)	YoY (%)
Sales	3,084.93	2,507.76	2,763.68	23.00%	11.63%
Expenses	2,861.85	2,382.50	2,568.22	20.10%	11.43%
EBITDA	300.38	188.49	273.3	59.35%	9.91%
Other Income	76.85	31.51	55.25	143.99%	39.14%
Net Profit	206	114	188	80.70%	9.57%
EPS (Basic)	18.27	10.29	16.90	77.61%	8.09%

### Strong Revenue Growth

Sales grew 23.00% QoQ and 11.63% YoY, reaching ₹3,084.93 Cr. This reflects strong execution of the order book and a revival in demand across key end-user industries.

### Operational Efficiency Boost

EBITDA rose 59.35% QoQ and 9.91% YoY to ₹300.38 Cr, indicating improved cost control and early benefits of operating leverage.

#### Other Income Jump

A sharp increase in other income (+144% QoQ, +39.14% YoY) supported bottom-line performance—likely driven by higher treasury income or non-operating gains.

#### Profit Expansion

Net Profit surged 80.70% QoQ and 9.57% YoY to ₹206 Cr, driven by the jump in EBITDA and strong non-core income.

#### EPS Growth

Basic EPS rose to ₹18.27 (+77.61% QoQ, +8.09% YoY), underlining continued shareholder value creation.

## Financial Analysis

**Strategic Reinvestment of Earnings-** Thermax has demonstrated strong financial prudence by consistently increasing its reserves from ₹2,014 Cr in FY14 to ₹4,914 Cr in FY25. This buildup of retained earnings has provided the internal capital to fund significant growth initiatives. The company is actively deploying this financial strength, as evidenced by the substantial increase in fixed assets—nearly tripling since FY17—and a major surge in Construction Work in Progress (CWIP) from FY22 onwards. This indicates that profits are being strategically ploughed back into the business to expand capacity, which is a key driver for future revenue and earnings growth.

**Drastic Increase in Cash from Operating Activities-** The most striking feature is the massive jump in Cash from Operating Activities (CFO), which soared from ₹247 Cr in March 2024 to ₹1,043 Cr in March 2025. This represents a significant increase in the company's ability to generate cash from its core business operations and is primarily driven by increased operational efficiency.

**P&L Statement-** Thermax has demonstrated a strong and accelerating growth trajectory in recent years, with both sales and profitability showing significant gains. Sales have more than doubled since FY17, and this top-line growth has effectively translated into a great bottom-line expansion, with Net Profit rising from ₹312 Cr in FY22 to ₹627 Cr in FY25, while maintaining a consistent Operating Profit Margin of around 9% in the last two years.

**Return Performance-** Thermax has delivered impressive long-term returns, compounding at 39.8% CAGR over 5 years and 24.2% over 3 years, significantly outperforming broader indices. However, its 1-year return stands at -21.35%, reflecting near-term profit booking and sector rotation despite strong fundamentals. This contrast positions Thermax as a long-term compounder currently trading at a relative discount.

**Margins & Cost Structure-** Consolidated PBT margin stood at 9.7% in Q4 FY25, up from 9.1% a year ago, reflecting strong operating performance despite a ₹66 crore bio-CNG technology charge. Industrial Products delivered exceptional margin expansion (14.4% PBIT), while Industrial Infrastructure margins halved to 2.8% due to the bio-CNG charge. Green Solutions continued under water at -5.3%, and Chemicals held firm at 16.6% despite mild contraction.

Thermax demonstrated resilient Q4 performance with double-digit revenue growth, margin expansion in core segments, and disciplined order-book management. However, growing pains in green-tech solutions—especially bio-CNG—and a high valuation anchored on execution of new energy projects warrant cautious monitoring. Investors should closely watch upcoming quarters for margin recovery, order inflows in key sectors, and bio-CNG operational stability.

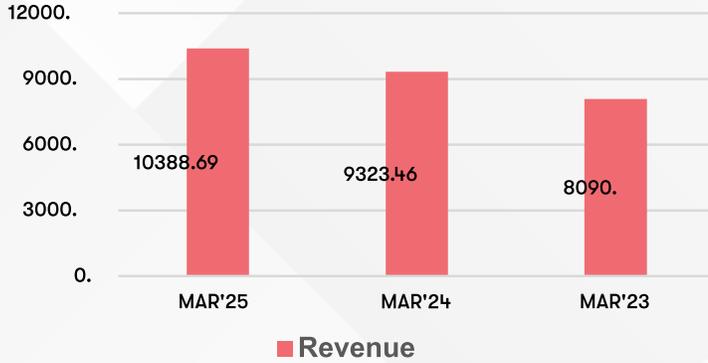
#### DuPont Analysis

Thermax's Return on Equity (ROE) moderated to 15.8% in FY25, down from 18.2% in FY24, reflecting a slight dip in profitability and lower financial leverage. The decline was primarily driven by a contraction in net profit margin, which fell from 6.90% to 6.03%, despite continued strength in execution. The margin pressure could stem from inflationary input costs, project mix effects, or timing-related provisions—offsetting gains in high-margin verticals like Chemicals and Green Solutions.

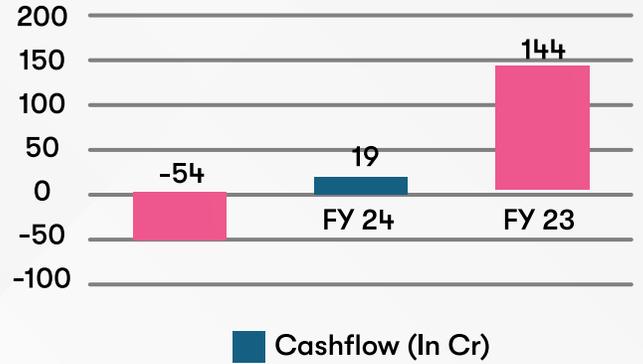
On the efficiency front, asset turnover improved marginally from 1.38x to 1.43x, suggesting slightly better utilization of capital employed, possibly due to revenue growth outpacing asset base expansion. However, financial leverage declined from 1.91x to 1.83x, indicating a more equity-funded balance sheet, consistent with Thermax's conservative capital structure and low long-term debt profile.

While FY25's ROE was below the previous year's peak, it remains well above pre-pandemic levels, reaffirming Thermax's disciplined capital allocation, strong cash generation, and its ability to scale emerging growth platforms in clean energy, decarbonisation, and digital solutions

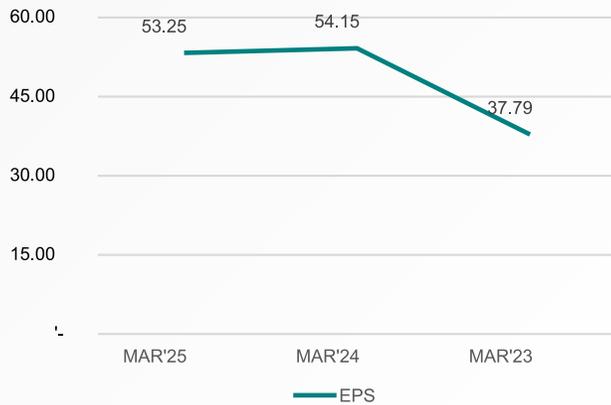
### Revenue (In Cr)



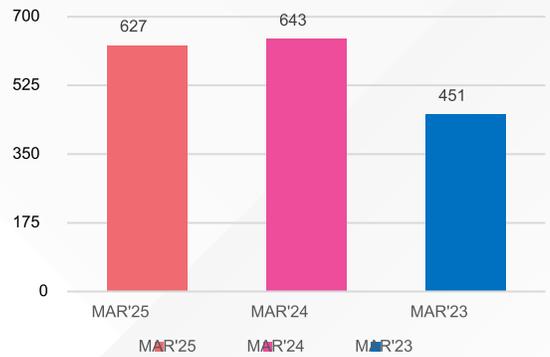
### Cashflow (In Cr)



### EPS



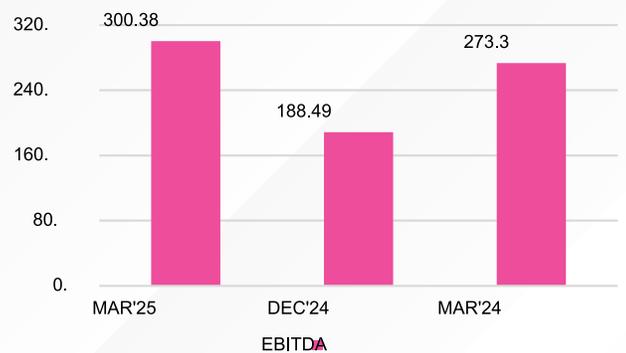
### Net Profit (in Cr)



### Compounded Growth (In %)



### Ebitda (in Cr)



## Technical Outlook



The weekly chart for Thermax Ltd. reflects a broad consolidation phase between ₹2,800 and ₹5,700, forming a well-defined horizontal channel. The price action indicates a mix of lower highs and multiple bottoming attempts, suggesting accumulation at lower levels as witnessed by the rise in volumes.

The stock recently rebounded sharply from the lower support zone near ₹2,800–₹3,000, marked by successive bullish candles and a short-term breakout attempt. This rebound signals growing buying interest and potential reversal from a multi-month downtrend.

Currently trading around ₹3,750, the price faces resistance from the mid-channel zone. Sustained move above ₹4,200 could confirm a trend reversal towards ₹5,000+. Conversely, ₹3,200–₹3,000 remains a strong support zone.

Overall, the structure suggests a base-building pattern, with a positive bias emerging if higher lows continue and volumes support further upside.

Moving Averages Days	Simple Moving Average	Exponential Moving Average
5	3861.24	3812.19
10	3764.99	3761.22
20	3600.30	3667.16
50	3536.22	3560.70
100	3449.83	3581.73
200	3889.67	3750.84

Pivot Levels : FIBONACCI			Relative Strength Index (RSI)	Daily	Weekly
R1 3908.27		S1 3832.79		58.04	52.68
R2 3931.59	Pivot 3870.53	S2 3809.47			
R3 3969.33		S3 3771.73			

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