

Opportune

ADD – Thermax Ltd (TMX)

CMP: ₹1,917 (Upside Potential: 25.2%) as on 26th Dec 2022

Fair Value (FV): ₹2,400 | Time Period: 12 months

Why Invest?

- TMX's Q2FY23 results were ahead of our estimates on strong execution and operating leverage gains.
- Order backlog was up 46% yoy, reflecting healthy qoq growth in base ordering (excluding large orders).
- Outlook for most other verticals in the Products portfolio was quite positive.
- Increasing share of products & services orders to help improve margins.
- Balance sheet remains strong with net cash balance of Rs720 cr.
- We expect order inflows to remain strong for energy segment.
- We take notice of TMX's endeavors to transition from a people-intensive business model to a more digital-intensive offering.

Maintain ADD with **FV Rs 2,400**

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