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India | Equity Research | Results Update

Inox India

Capital Goods

Strong finish to the year; Pieces falling into place

INOX reported single digit growth in profit in 9MFY25 owing to trade headwinds. However, it finished the year on a strong note. It recovered lost ground with revenue growth of 34% YoY to INR3.7bn and profit growth of 49% YoY to INR 655m in Q4. For the year, as a whole, revenues grew 16% to INR 13bn and profit grew 15% to INR 2.2bn. Order inflow (OI) for FY25 was INR 15bn, + 30% YoY. It guided for revenue growth of 18-20% YoY in FY26 1) aided by a sharp rise in order inflow, 2) a slew of approvals for its stainless-steel beer keg, and 3) entry into new segments – LNG Fuel tank, fueling stations, IMO containers, semiconductors etc. INOX has reported a strong revenue CAGR of 14% between FY18-FY25 and ROEs of 28%. We expect INOX to grow at 18% earnings CAGR (FY25-FY27E). We reiterate **BUY** with a TP of **INR 1,400** (based on 40x FY27E earnings).

Strong finish to the year

Revenues for Q4 grew 34% YoY to INR 3.7bn. EBITDA stood at INR 817mn, with 22.1% margins (+300bps YoY). APAT stood at INR 655mn (+49% YoY). FY25 revenues/PAT were 13bn (+16% YoY)/INR 2.2bn (+15% YoY).

Order inflow grew by 30% YoY

INOX saw significant OI for FY25 of INR 15.5bn (+30% YoY) – essentially, two large orders in the LNG segment worth INR 2.4bn (4.6x YoY). Exports dominated OI, comprising 60% (50% YoY). Consequently, order backlog (OB) perched at a record INR 13.6bn with exports comprising 65% of the total OB. Hence, we expect the company to grow at an 18–20% earnings CAGR.

Tariff is less of a concern

In Q4, INOX saw delaying and renegotiation of orders due to tariffs. Given the tariff uncertainty and other geopolitical undercurrents, export revenues grew 46%/11% in Q4/FY25. US makes up 8–10% of Inox's revenues and is poised to grow in lieu of strong demand and a vacuum in manufacturing in the US.

Pieces starting to fall into place

In Q4, INOX received global approval from Heineken and AB & Bev for their beer kegs. Orders could pour in from H2FY26E. Inox received a domestic order for an LNG tank for semi-conductors due to their prior work on larger tanks for foreign players. They also received a certification critical for exports in the cryo tanks division. In terms of new sectors, the pieces are falling into place.

Maintain BUY at a revised TP of INR 1,400 per share

We maintain **BUY** on the stock and a revised TP of **INR 1,400**.

Financial Summary

Y/E Mar-31 (INR mn)	FY24A	FY25A	FY26E	FY27E
Net Revenue	11,312	13,060	15,521	18,129
EBITDA	2,503	2,919	3,412	4,053
EBITDA Margin (%)	22.1	22.3	22.0	22.4
Net Profit	1,960	2,260	2,612	3,176
EPS (INR)	21.6	24.9	28.8	35.0
EPS % Chg YoY	28.3	15.3	15.6	21.6
P/E (x)	53.7	46.6	40.3	33.2
EV/EBITDA (x)	41.1	35.3	29.5	24.4
RoCE (%)	33.3	29.8	26.9	26.6
RoE (%)	32.7	29.7	26.5	25.8

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Market Data

Market Cap (INR)	105bn
Market Cap (USD)	1,231mn
Bloomberg Code	INOXINDI IN Equity
Reuters Code	INOI.BO
52-week Range (INR)	1,507 /884
Free Float (%)	25.0
ADTV-3M (mn) (USD)	6.4

Price Performance (%)	3m	6m	12m
Absolute	28.5	(1.4)	(11.6)
Relative to Sensex	20.1	(7.5)	(23.4)

ESG Score	2023	2024	Change
ESG score	NA	52.6	NA
Environment	NA	28.1	NA
Social	NA	54.3	NA
Governance	NA	73.0	NA

Note - Score ranges from 0 - 100 with a higher score indicating higher ESG disclosures.

Source: SES ESG, I-sec research

Previous Reports

11-11-2024: [Q2FY25 results review](#)

12-08-2024: [Q1FY25 results review](#)

Outlook and valuation

Inox has witnessed stable growth over FY18–24 with revenue/EBITDA/PAT CAGRs of 16%/16%/17%. The company has built a strong product suite across cryogenic storage tanks ranging from ship fuel storage tanks and mini terminals at ports to fuel dispensation solutions, refrigerant cylinders, non-refillable disposable cylinders, cryogenic solutions for space and medical research, and the recently introduced stainless steel kegs. Inox, with existing growth drivers, is poised to capitalise on new growth drivers such as the shift to LNG – a cleaner fuel – for transportation (ships and heavy-duty CVs) from diesel, increased use of cryogenic gases in the general industrial purposes, entry into stainless steel kegs market, refrigerant cylinders, etc.

Given the logistics-led issues weakening the company's earnings, we revise our earnings estimates for FY25. We estimate Inox's revenue to grow at a 18% CAGR over FY24–27E to INR 18.3bn, EBITDA, expanding at a 19% CAGR to INR 4.2bn, as EBITDA margins inch up to 23% in FY27E (vs. 22% in FY24). Consequently, we envisage PAT growing at a 18% CAGR to INR 3.2bn over FY24- FY27E.

With Inox's strong moat and healthy profitability metrics, we believe a P/E multiple of 45x is fair as compared to the average P/E of 30x for FY27E of our coverage universe. Maintain **BUY**; TP revised to **INR 1,400** (earlier INR 1,250) as we roll over to FY27.

Key risks: Part of domestic industrial gas consumption is linked to steel and refinery capex cycle; loss of competitiveness in global markets; delay in market share gains of LNG in domestic and global markets; imposition of duties in export markets; and delay in market share gain in stainless steel kegs' markets.

Exhibit 1: Quarterly result highlights

(INR mn)	Q3FY25	Q4FY24	Q4FY25	YoY (%)	QoQ (%)	FY23	FY24	FY25	YoY (%)
Net sales	3,336	2,761	3,694	34%	11%	9,659	11,312	13,060	15%
EBITDA	692	532	817	53%	18%	2,044	2,503	2,842	14%
OPM (%)	21%	19%	22%	283 bps	136 bps	21%	22%	22%	-37 bps
Other inc.	84	112	131	17%	56%	202	313	407	30%
Interest	25	15	12	-23%	-53%	37	57	85	51%
Dep. & Amort.	64	52	71	38%	12%	139	181	251	38%
PBT	687	577	865	50%	26%	2,069	2,578	2,912	13%
PAT	512	441	655	49%	28%	1,547	1,960	2,183	11%
Reported PAT	584	441	655	49%	12%	1,547	1,960	2,189	12%
EPS (Rs)	6	5	7	49%	12%	17.0	21.6	24.1	12%
Order Inflow	4,930	2,810	3,650	30%	-26%	-	11,930	15,530	30%
Order Backlog	13,410	10,860	13,560	25%	1%	9,860	10,860	13,560	25%

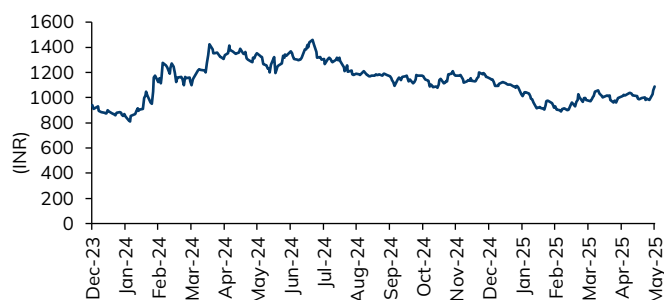
Source: I-Sec research, Company data

Exhibit 2: Shareholding pattern

%	Sep'24	Dec'24	Mar'25
Promoters	75.0	75.0	75.0
Institutional investors	13.0	13.5	13.1
MFs and others	5.5	5.4	4.9
FIs/Banks	0.0	0.0	0.4
Insurance	1.3	1.2	1.0
FIIIs	6.2	6.9	6.8
Others	12.0	11.5	11.9

Source: Bloomberg, I-Sec research

Exhibit 3: Price chart



Source: Bloomberg, I-Sec research

Q4FY25 Conference call highlights

Guidance

- Revenue growth for FY26 guided at +18-20% YoY
 - Revenues for the industrial gas segment to grow at 16-18% YoY
 - LNG segment revenues to grow at 20% YoY
- Growth shall be delivered through disposable tank sales in US, hydrogen, helium and ammonia.
- The company guided for EBITDA margins of 22-24% (21.8% in FY25)
- Finally, they have guided for PAT margins of +15-18% YoY

Beer kegs

- Inox sold 50k units in FY25
- 300-400k units are in pipeline for FY26
- They have received global approval from Heineken and AB&Bev in Q4
- TAM for India, specifically in beer kegs, is 1mn units per annum; it could increase if China faces significant tariffs on beer kegs

Orders

- The company is seeing significant traction in the stainless-steel keg segment with sample orders successfully delivered to leading breweries across Europe and US.
- Major breweries have started sending requests for their annual requirement, and the company hopes to convert these requests to orders in the next quarter.
- A few large scientific projects with low competition to be bid out in FY26 (international)
- A large order from Australia (49 industrial gas tanks) is to be delivered by H1FY26 (valued at INR 210mn)
- The company supplied their first ever large tank for semi-conductors in Q4.
- They supplied a total of nine tanks for semi-conductors in the US in FY25.
- On the back of these orders, they have received a large order from Tata Semiconductor Complex in Assam (to be delivered in FY26)
- They are executing the LNG order received from Indian railways with 4 tanks under-construction and two having already been installed.
- Their Adani Total order is also under implementation having supplied 7 tanks in Q4 and 18 to be supplied in FY26.
- They have supplied their fourth indigenously designed cryo-tank (for AIIMS).
- The government is keen on sourcing such IMO tanks locally to reduce costs and import reliance.

Financial Summary

Exhibit 4: Profit & Loss

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Net Sales	11,312	13,060	15,521	18,129
Operating Expenses	3,427	4,372	5,246	6,059
EBITDA	2,503	2,919	3,412	4,053
EBITDA Margin (%)	22.1	22.3	22.0	22.4
Depreciation & Amortization	181	251	244	189
EBIT	2,321	2,668	3,168	3,865
Interest expenditure	57	85	112	133
Other Non-operating Income	313	407	427	504
Recurring PBT	2,578	2,989	3,483	4,235
Profit / (Loss) from Associates	-	-	-	-
Less: Taxes	618	729	871	1,059
PAT	1,960	2,260	2,612	3,176
Less: Minority Interest	-	-	-	-
Extraordinaries (Net)	-	-	-	-
Net Income (Reported)	1,960	2,260	2,612	3,176
Net Income (Adjusted)	1,960	2,260	2,612	3,176

Source Company data, I-Sec research

Exhibit 5: Balance sheet

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Total Current Assets	6,838	10,076	13,847	17,503
of which cash & cash eqv.	118	235	2,153	3,847
Total Current Liabilities & Provisions	5,140	7,195	9,143	10,678
Net Current Assets	1,697	2,881	4,704	6,824
Investments	2,467	2,672	2,672	2,672
Net Fixed Assets	2,555	3,594	3,688	4,200
ROU Assets	-	-	-	-
Capital Work-in-Progress	48	42	42	42
Total Intangible Assets	-	-	-	-
Other assets	82	170	170	170
Deferred Tax Assets	-	-	-	-
Total Assets	6,848	9,358	11,276	13,908
Liabilities				
Borrowings	49	331	-	-
Deferred Tax Liability	85	137	137	137
provisions	-	-	-	-
other Liabilities	224	153	153	153
Equity Share Capital	182	182	182	182
Reserves & Surplus	6,309	8,555	10,805	13,436
Total Net Worth	6,491	8,737	10,986	13,618
Minority Interest	-	-	-	-
Total Liabilities	6,848	9,358	11,276	13,908

Source Company data, I-Sec research

Exhibit 6: Cashflow statement

(INR mn, year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Operating Cashflow	1,241	1,194	2,707	2,750
Working Capital Changes	(719)	(1,066)	95	(427)
Capital Commitments	(955)	(1,033)	(95)	(512)
Free Cashflow	2,197	2,227	2,802	3,261
Other investing cashflow	-	-	-	-
Cashflow from Investing Activities	(955)	(1,033)	(95)	(512)
Issue of Share Capital	(964)	(14)	(363)	(545)
Interest Cost	-	-	-	-
Inc (Dec) in Borrowings	49	282	(331)	-
Dividend paid	-	-	-	-
Others	129	(364)	-	-
Cash flow from Financing Activities	(785)	(44)	(694)	(545)
Chg. in Cash & Bank balance	(499)	117	1,918	1,693
Closing cash & balance	118	235	2,153	3,847

Source Company data, I-Sec research

Exhibit 7: Key ratios

(Year ending Mar-31)

	FY24A	FY25A	FY26E	FY27E
Per Share Data (INR)				
Reported EPS	21.6	24.9	28.8	35.0
Adjusted EPS (Diluted)	21.6	24.9	28.8	35.0
Cash EPS	23.6	27.7	31.5	37.1
Dividend per share (DPS)	-	-	-	-
Book Value per share (BV)	71.5	96.3	121.0	150.0
Dividend Payout (%)	-	-	-	-
Growth (%)				
Net Sales	17.1	15.5	18.8	16.8
EBITDA	22.5	16.6	16.9	18.8
EPS (INR)	28.3	15.3	15.6	21.6
Valuation Ratios (x)				
P/E	53.7	46.6	40.3	33.2
P/CEPS	49.2	41.9	36.9	31.3
P/BV	16.2	12.1	9.6	7.7
EV / EBITDA	41.1	35.3	29.5	24.4
P / Sales	9.3	8.1	6.8	5.8
Dividend Yield (%)	-	-	-	-
Operating Ratios				
Gross Profit Margins (%)	52.4	55.8	55.8	55.8
EBITDA Margins (%)	22.1	22.3	22.0	22.4
Effective Tax Rate (%)	24.0	24.4	25.0	25.0
Net Profit Margins (%)	17.3	17.3	16.8	17.5
NWC / Total Assets (%)	23.1	28.3	22.6	21.4
Net Debt / Equity (x)	(0.4)	(0.3)	(0.4)	(0.5)
Net Debt / EBITDA (x)	(1.0)	(0.9)	(1.4)	(1.6)
Profitability Ratios				
RoCE (%)	33.3	29.8	26.9	26.6
RoE (%)	32.7	29.7	26.5	25.8
RoIC (%)	33.3	29.8	26.9	26.6
Fixed Asset Turnover (x)	5.4	4.2	4.3	4.6
Inventory Turnover Days	151	148	150	148
Receivables Days	56	75	76	76
Payables Days	28	41	60	59

Source Company data, I-Sec research

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