INOX India Ltd.

Q2FY27 Result Update | Industrials

Aerospace Orders Take Off; Record Order Inflows to Drive Growth

DALAL & BROACHA STOCK BROKING PVT. LTD.

Equity Research Desk

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Result Analysis: Profit growth lags Revenue

Inox India reported a strong topline growth of 27% YoY, however, profitability growth lagged. Revenue growth did not translate proportionately into profit because of project mix, aggressive pricing to increase volumes, and higher logistics costs. Higher logistics and sales commissions on large tanks dispatched for the Bahamas and aerospace projects added pressure. Depreciation rose 29.5% YoY on the Savli facility and leased trailers in Brazil.

Significant wins and updates

- Largest single order in company history: LOX/LNG subcooler, global aerospace customer
- Repeat LNG storage-tank order, domestic steel customer
- Three-year global supply agreement with Heineken
- Order for critical sectors of LIGO-India
- First lot of 1,500 m³ tanks dispatched to a global aerospace company
- Second lot for the Bahamas mini-LNG terminal, completing all 10 large tanks within one year

Segment Updates

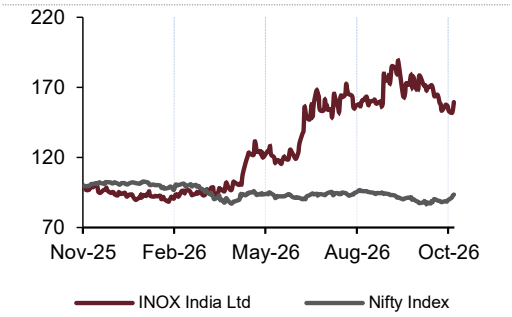
- Industrial Gas: Space orders of about ₹1,100 crore are ~75% of IG backlog (48.5% of total). 1,500+ cylinders (₹25 crore+) dispatched in H1 vs 1,600+ in all of last year. Repeat US disposable and DOT cylinder orders.
- LNG: 40+ semi-trailers ordered; ~₹14 crore storage tank/vaporizer/pump-kit orders; city-gas fuelling station and Bharuch glass-plant orders; 4 rail-related orders, 2 dispatched.
- Cryo-Scientific: ~₹35 crore earthquake early-warning project (Maharashtra); ~₹12 crore European TCWS piping.

Rating	TP (Rs)	Up/Dn (%)
BUY	**2,370**	**22**

Market data		
Current price	**Rs**	**1,937**
Market Cap (Rs.Bn)	(Rs Bn)	176
Market Cap (US$ Mn)	(US$ Mn)	1,859
Face Value	Rs	10
52 Weeks High/Low	Rs	2339.5 / 1030.85
Average Daily Volume	('000)	114
BSE Code		544046
Bloomberg		INOXINDI

Source: Bloomberg

One Year Performance



Source: Bloomberg

% Shareholding	Jun-26	Mar-26
Promoters	75.00	75.0
Public	11.21	10.0
Others	13.79	15.0
Total	100.00	100.00

Source: BSE

Financial Summary

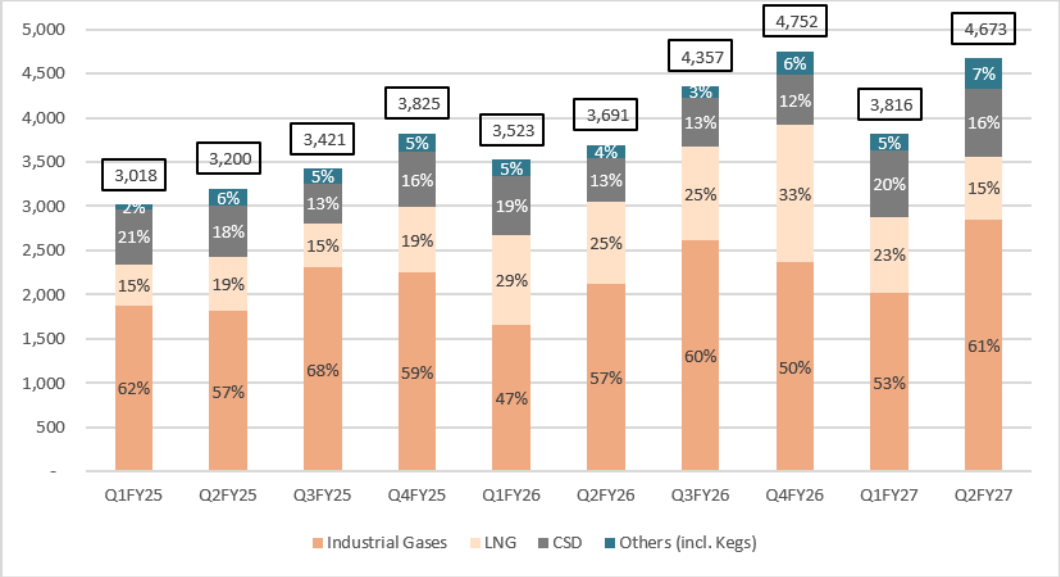
Y/E Mar (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net sales	9,659	11,333	13,060	15,871	19,516	26,553
EBITDA	2,044	2,503	2,844	3,423	4,157	5,736
EBITDA margins	21.2	22.1	21.8	21.6	21.3	21.6
PAT	1,547	1,960	2,258	2,574	3,119	4,303
EPS	17.0	21.6	24.9	28.4	34.4	47.4
P/E (x)	113.6	89.7	77.9	68.3	56.4	40.9
P/B (x)	32.0	27.1	20.1	15.7	12.5	9.6
EV/EBITDA (x)	77.0	61.6	53.4	44.8	36.5	26.7
RoE (%)	28.2	30.2	25.8	23.0	22.1	23.6
ROCE (%)	38.3	40.3	33.1	29.8	29.0	31.0
RoIC (%)	28.7	30.6	24.8	22.6	21.7	23.3

Source: Company, Dalal & Broacha Research

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Trend Analysis

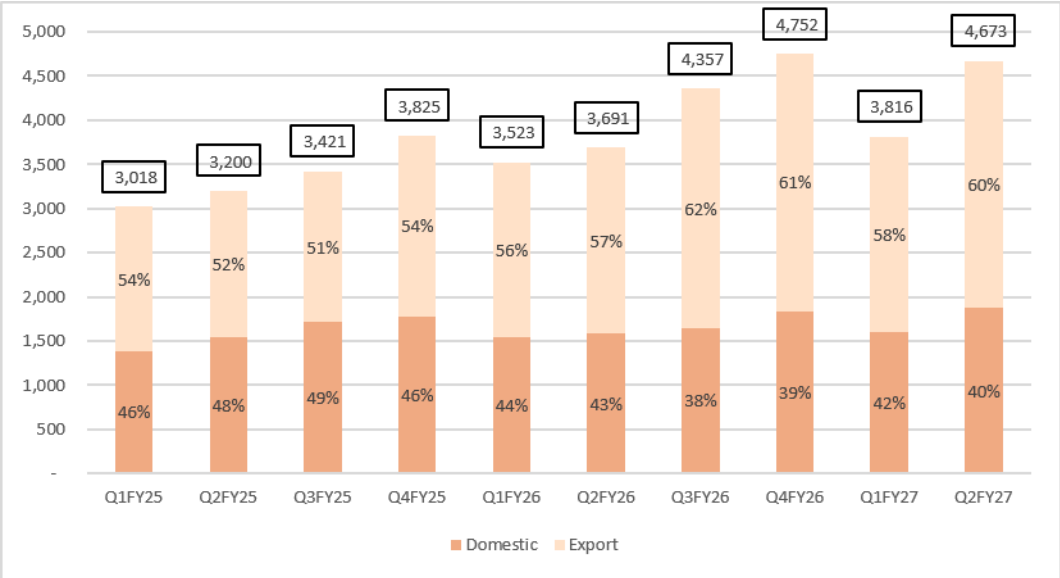
Segmental Revenue Analysis (INR in Mn.)



Source: Company, Dalal & Broacha Research

* Revenue includes other income

Geographical Revenue Analysis – Exports Remain Dominant (INR in Mn.)



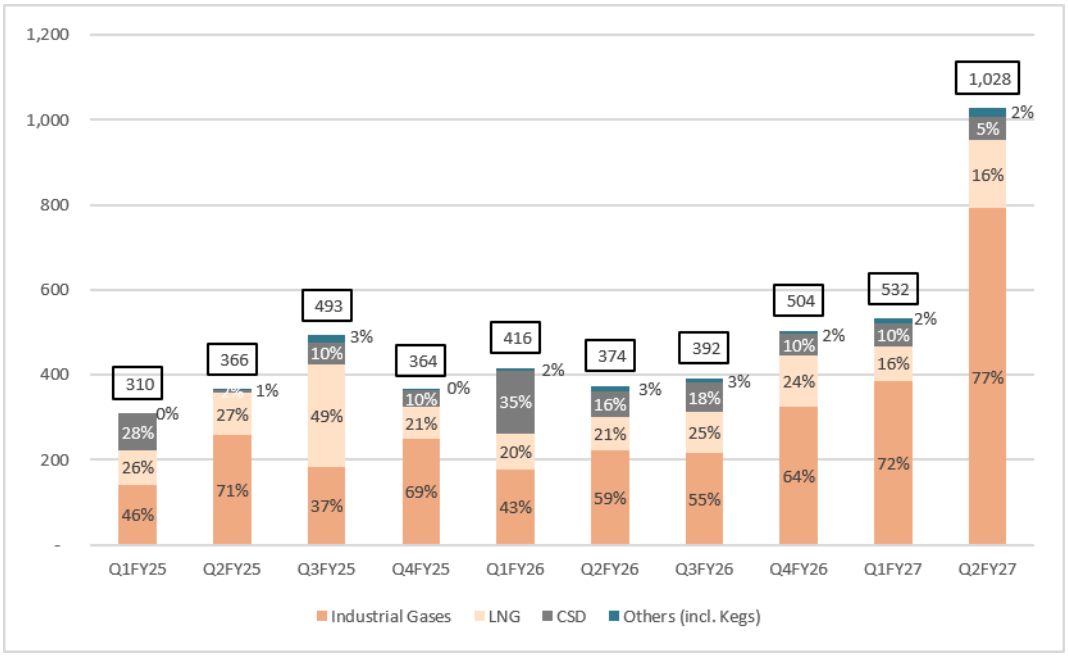
Source: Company, Dalal & Broacha Research

* Revenue includes other income

Segment	Revenue	YoY	Contribution
Industrial Gas	₹285 crore	+34.4%	61.0%
LNG	₹71 crore	-23.7%	15.2%
Cryo-Scientific	₹77 crore	+57.1%	16.5%
Others (incl. kegs)	₹34 crore	+128.9%	7.3%

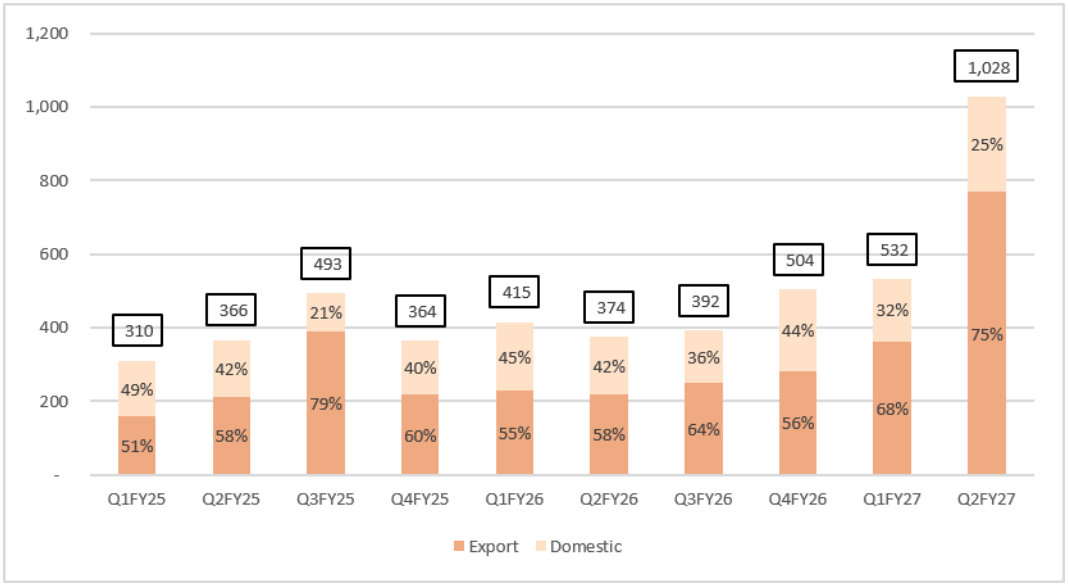
Geography	Revenue	YoY	Contribution
Exports	₹279 crore	+32.2%	59.7%
Domestic	₹188 crore	+19.0%	40.3%

Segment-wise Order Inflow – Industrial Gases Lead Growth in Q2 FY27 (INR in Cr.)



Source: Company, Dalal & Broacha Research

Geographic Order Inflow – Exports Outpace Domestic Demand (INR in Cr.)

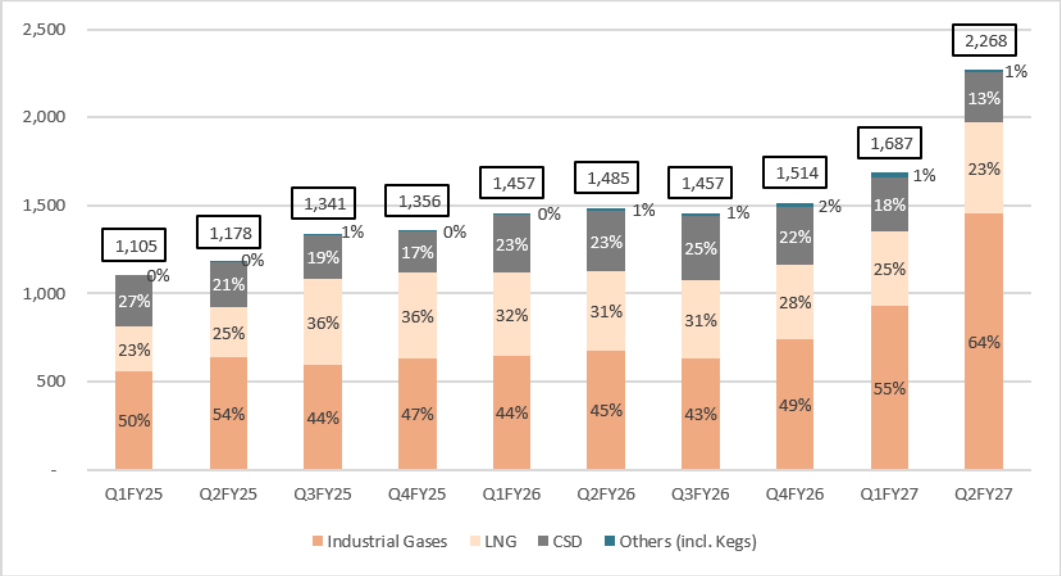


Source: Company, Dalal & Broacha Research

Order inflows: ₹1,028 crore, +174.9% YoY (H1: ₹1,560 crore, +97.7%)

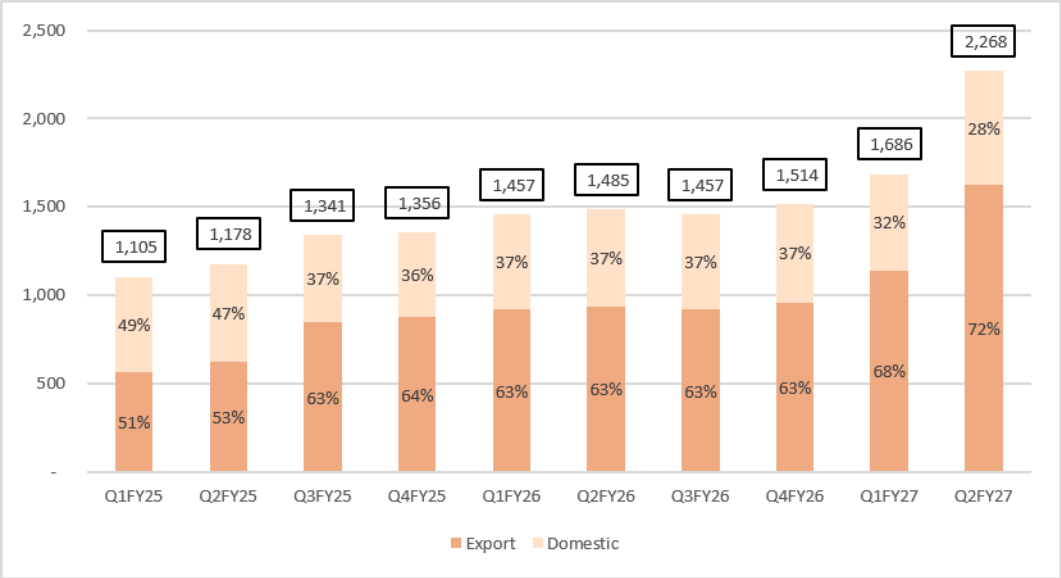
Breakdown	Order inflows	YoY	Contribution
Industrial Gas	₹792 crore	+256.8%	77.0%
LNG	₹161 crore	+103.8%	15.7%
Cryo-Scientific	₹55 crore	-8.3%	5.4%
Others	₹20 crore	+53.8%	1.9%
Exports	₹768 crore	+252.3%	74.7%
Domestic	₹260 crore	+66.7%	25.3%

Segment-wise Order Backlog – Huge Orders from global space companies elevate Industrial Gas Order Backlog (INR in Cr.)



Source: Company, Dalal & Broacha Research

Geographic Order Backlog – Continuously Expanding Exports (INR in Cr.)



Source: Company, Dalal & Broacha Research

Order backlog: Record ₹2,268 crore, +52.7% YoY

Breakdown	Order backlog	YoY	Contribution
Industrial Gas	₹1,457 crore	+116.2%	64.2%
LNG	₹514 crore	+13.2%	22.7%
Cryo-Scientific	₹284 crore	-16.5%	12.5%
Others	₹13 crore	-23.5%	0.6%
Exports	₹1,628 crore	+74.3%	71.8%
Domestic	₹640 crore	+16.2%	28.2%

Quarterly Financial Summary

Particulars (INR in mn)	Q2FY27	Q2FY26	YoY%	Q1FY27	QoQ%
Revenue from Operations	**4,565**	**3,582**	**27%**	**3,708**	**23%**
Other Income	109	108	0%	108	0%
Total Income	**4,673**	**3,691**	**27%**	**3,816**	**22%**
COGS	2,008	1,503	34%	1,441	39%
Employee Benefit Expense	425	338	26%	422	1%
Other Expenses	1,243	962	29%	1,086	15%
Total Expenses	**3,676**	**2,803**	**31%**	**2,949**	**25%**
EBITDA	**889**	**780**	**14%**	**759**	**17%**
Depreciation	99	76	29%	95	4%
EBIT	**790**	**703**	**12%**	**664**	**19%**
Finance Cost	10	20	**-48%**	16	**-34%**
PBT	**888**	**792**	**12%**	**756**	**17%**
Exceptional Items	-	20		-	
Tax Expense	222	204	9%	175	27%
Net Profit (Reported)	**666**	**608**	**9%**	**581**	**15%**
Net Profit (Adjusted)	**666**	**593**	**12%**	**581**	**15%**
EPS (Reported)	**7.3**	**6.7**	**9%**	**6.4**	**15%**
Margins			**Changes in bps**		**Changes in bps**
Gross Margins	56.0%	58.1%	-203	61.1%	-512
EBITDA Margins	19.5%	21.8%	-230	20.5%	-100
PAT Margins	14.2%	16.5%	-224	15.2%	-98
Other Operational Matrix			**Changes in bps**		**Changes in bps**
Cost of Goods Sold	44.0%	41.9%	203	38.9%	512
Employee Benefit Expense	9.3%	9.4%	-11	11.4%	-208
Other Expenses	27.2%	26.9%	37	29.3%	-204

Source: Company, Dalal & Broacha Research

Management Concall KTAs

Segmental Highlights

Industrial Gas (IG) Solutions

- Secured a mega order for cryogenic subcoolers from a US-based aerospace customer. Subcoolers account for ~60–70% of the ~₹1,100 crore space-sector order backlog.
- Management sees 3–4 similar projects in the pipeline, with good prospects given its engineering capabilities and execution track record.
- 10–15% of the order is expected to be executed in FY27, with the balance in FY28. Completion is expected by March 2028.
- Secured domestic orders worth ~₹60 crore for transportation equipment, frame tanks and large storage tanks.

LNG Solutions

- Received orders for over 40 LNG semi-trailers during Q2.
- Secured ~₹14 crore of domestic orders for storage tank vaporisation systems and unloading pump skids.
- Received orders for LNG-powered rail applications; two of the four orders have already been dispatched.
- Andaman & Nicobar mini-LNG terminal: Technically qualified; commercial clarity expected in the next 2–3 weeks. Also bidding for projects in Indonesia.

Cryo Scientific Division

- Received an order of ~₹35 crore for specialised cryogenic equipment for the LIGO India project.
- Secured an order of ~₹12 crore from a European customer for prefabrication of TCWS piping.
- LOX tanks for the submarine AIP system have been delivered to L&T and are undergoing final testing. Further orders are expected following successful testing.

Beverage Kegs

- Keg sales grew 446% YoY, while the keg order book increased 155% YoY.
- Utilisation is expected to reach 50–60% by FY27-end.
- Four out of five targeted global beverage players have approved INOX. Audit of the fifth customer is expected to be planned in the coming quarter.
- Signed a three-year global supply agreement with a leading brewer. The customer's total requirement is over 4 lakh kegs in 2027 across 22 countries; this is the customer's overall requirement and not INOX's allocation.

Semiconductor scaling up: Unlocking potential for new growth lever

- Commenced initial piping work at Tata Electronics' semiconductor facility in Dholera.
- Bids submitted for two larger projects involving ultra-high-purity and conventional bulk gas systems. Management expects clarity in 4–6 weeks.
- Dholera Phase 1 could require 500–600 km of piping.
- Inaugurated the SemiOrbit orbital welding skill centre to develop specialised manpower. The centre aims to train/supply around 30–40 welders per month.
- Data-centre cooling prototype design is complete; another 6–8 months may be required to develop the final prototype. Management has also received enquiries for LNG-based power infrastructure for data centres

Aerospace being a huge opportunity

- Third launch pad: ISRO project cost is estimated at ~₹3,850 crore, potentially increasing by 10–15% due to inflation. Tender is expected in the coming months.
- LVM3: ISRO has visited and evaluated INOX's facilities. Technical competency assessment is ongoing; formal qualification is awaited.
- The company has received orders from 4–5 domestic private space startups.
- **Aerospace order book > ₹1,000 cr.**

Other Key Highlights

- Management expects minimum growth of 18–20% over the next 3–4 years, with potential for higher growth if large projects materialise.
- Capex will largely be funded through internal accruals; management indicated that funding is not a constraint.
- Savli facility has ~50% additional space available. Construction of the new facility near Kandla is underway, with completion expected by March 2027.
- Capacity is adequate for the current order book and anticipated growth. Skilled manpower remains a key execution challenge.
- Around 60–70% of welding/fabrication is already automated; further automation, digitalisation, AI and IoT initiatives are planned.

Guidance and Outlook

- Management attributed the margin pressure to a combination of strategic pricing, product mix, geopolitical uncertainty and higher freight/logistics costs; it does not view this as structural.
- Current order book comprises ~30–40% standard equipment, with the balance being customised/non-standard equipment.
- Customised projects generally command better margins due to higher engineering and execution complexity.
- LNG and CSD projects typically carry better margins than Industrial Gas. Management is increasingly focusing on larger and more complex projects.
- Management expects margins to remain within its indicated range.

Outlook and Valuations

The company ended Q2 FY27 with a robust order backlog of ₹2,268 crores, providing strong medium-term revenue visibility and a healthy execution pipeline. The order book is heavily supported by Industrial Gases, especially the aerospace customers. The recent order wins are specialized products and thus shall be margin accretive. The company has strong growth visibility from domestic as well as global players.

Management remains optimistic on the long-term growth outlook for the cryogenic industry, supported by rising LNG adoption, clean-energy transition, industrial gas demand, semiconductor investments and increasing opportunities in aerospace and scientific applications. Aided by significant order inflows, strong execution momentum, healthy export opportunities and expanding participation in newer segments, we believe the company is poised for significant growth in the near to medium term.

Backed by a net debt-free balance sheet, strong execution capabilities, healthy order inflows and increasing exposure to structurally growing end-markets, INOX India appears well positioned to sustain diversified growth with healthy profitability over the medium term.

INOX INDIA Ltd @ CMP of Rs. 1,937 trades at 41x FY28e EPS. We upgrade to a BUY rating with a Target Price of Rs. 2,370 implying ~22% upside. We derive the Target Price by valuing the stock at 50x FY28e EPS.

Financials

P&L (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Net Sales	9,659	11,333	13,060	15,871	19,516	26,553
Cost of goods sold	4,327	5,038	5,775	6,979	8,294	11,471
Employee Cost	787	1,017	1,100	1,459	1,756	2,124
Other Expenses	2,502	2,776	3,340	4,009	5,308	7,223
Operating Profit	**2,044**	**2,503**	**2,844**	**3,423**	**4,157**	**5,736**
Depreciation	(139)	(181)	(251)	(336)	(426)	(465)
PBIT	1,904	2,321	2,594	3,087	3,731	5,271
Other income	202	313	407	452	497	547
Net Interest (Exp)/Inc	(37)	(57)	(85)	(92)	(70)	(80)
Profit before tax	2,069	2,578	2,915	3,447	4,158	5,737
Exceptional Item	-	-	72	(33)	-	-
Provision for tax	(522)	(618)	(729)	(840)	(1,040)	(1,434)
Reported PAT	**1,547**	**1,960**	**2,258**	**2,574**	**3,119**	**4,303**
Adjusted PAT	**1,547**	**1,960**	**2,191**	**2,612**	**3,119**	**4,303**

Source: Company, Dalal & Broacha Research

Cashflow (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
PBT	2,069	2,578	2,992	3,419	4,158	5,737
Depreciation	139	181	251	336	426	465
Net Chg in WC	(1,336)	106	(1,476)	(1,876)	(3,089)	(3,532)
Interest Expense	37	57	85	92	70	80
Taxes	(522)	(618)	(632)	(806)	(1,040)	(1,434)
Others	1,379	(1,049)	-	-	4,030	2,232
CFO	**1,767**	**1,256**	**1,220**	**1,166**	**4,556**	**3,548**
Capex	(449)	(941)	(1,250)	(1,059)	(898)	(834)
Net Investments made	738	213	(142)	(38)	(297)	(327)
Others	(410)	447	-	-	74	-
CFI	**(121)**	**(281)**	**(1,392)**	**(1,097)**	**(1,120)**	**(1,161)**
Change in Share capital	-	-	-	-	-	-
Change in Debts	(434)	49	282	364	(222)	47
Div. & Div Tax	(1,044)	(998)	-	(182)	(182)	(182)
Payment & Interest on lease liability paid	(28)	(31)	(27)	(37)	6	10
Finance Charges Paid	(31)	(50)	(84)	(37)	(70)	(80)
Others			-	-	-	-
CFF	**(1,536)**	**(1,030)**	**172**	**109**	**(468)**	**(205)**
Adj. on account of foreign currency translation reserve	(9)	(8)	(14)	-	-	-
Total Cash Generated	100	(63)	(14)	178	2,968	2,182
Cash Opening Balance	12	112	49	35	160	3,129
Other Bank Balance	505	43	-	-	-	-
Cash Closing Balance + Other Bank balance	**616**	**92**	**35**	**213**	**3,129**	**5,311**

Source: Company, Dalal & Broacha Research

Balance Sheet (Rs mn)	FY23	FY24	FY25	FY26	FY27E	FY28E
Equity capital	182	182	182	182	182	182
Reserves	5,313	6,309	8,555	10,995	13,931	18,052
Net worth	**5,495**	**6,491**	**8,737**	**11,176**	**14,113**	**18,234**
MI	-	-	-	-	-	-
Non Current Liabilites	279	313	225	234	534	630
Current Liabilites	5,704	5,427	7,592	8,748	8,174	10,988
Total Equity & Liabilities	**11,478**	**12,231**	**16,553**	**20,158**	**22,821**	**29,851**
Non Current Assets	**1,749**	**2,763**	**3,808**	**4,496**	**4,938**	**5,325**
Fixed Assets	1,638	2,494	3,537	4,237	4,705	5,071
Intangible Assets	9	108	98	88	92	95
Investments	2	2	2	2	2	2
Loans	2	5	3	4	4	4
Other Financial Assets	18	57	58	80	90	101
Other Non Current Assets	80	96	109	85	45	52
Current Assets	**9,624**	**9,360**	**12,650**	**15,546**	**17,766**	**24,410**
Inventories	4,128	4,338	4,930	4,782	6,931	9,585
Loans	6	11	9	7	7	7
Current investments	2,487	2,465	2,670	2,969	3,266	3,592
Trade Receivables	1,429	1,739	2,516	3,129	3,760	5,116
Cash and Bank Balances	617	92	209	235	3,129	5,311
Other Financial Assets	613	54	45	52	52	52
Other Current Assets	318	661	2,270	4,374	622	747
Current Tax Assets	26	-	-	-	-	-
Non-Current Asset held for sale	105	108	96	116	116	116
TOTAL ASSETS	**11,478**	**12,231**	**16,553**	**20,158**	**22,821**	**29,851**

Source: Company, Dalal & Broacha Research

Ratios	FY23	FY24	FY25	FY26	FY27E	FY28E
OPM	21.2	22.1	21.8	21.6	21.3	21.6
NPM	15.7	16.8	16.8	15.8	15.6	15.9
Tax rate	25.2	24.0	25.0	24.4	25.0	25.0
Growth Ratios (%)						
Net Sales	23.4	17.3	15.2	21.5	23.0	36.1
Operating Profit	21.9	22.5	13.7	20.4	21.4	38.0
PBIT	22.4	21.9	11.7	19.0	20.9	41.3
PAT	18.6	26.7	11.8	19.2	19.4	38.0
Per Share (Rs.)						
Net Earnings (EPS)	17	22	25	28	34	47
Cash Earnings (CPS)	19	24	28	32	39	53
Dividend						
Book Value	61	72	96	123	155	201
Free Cash Flow	29	12	28	25	64	83
Valuation Ratios						
P/E(x)	114	90	78	68	56	41
P/B(x)	32	27	20	16	12	10
EV/EBIDTA(x)	77	61.6	53.4	44.8	36.5	26.7
Div. Yield(%)	-	-	-	-	-	-
FCF Yield(%)	1	1	1	1	3	4
Return Ratios (%)						
ROE	28%	30.2%	25.8%	23.0%	22.1%	23.6%
ROCE	38%	40.3%	33.1%	29.8%	29.0%	31.0%
RoIC	29%	30.6%	24.8%	22.6%	21.7%	23.3%

Source: Company, Dalal & Broacha Research

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