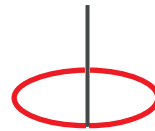


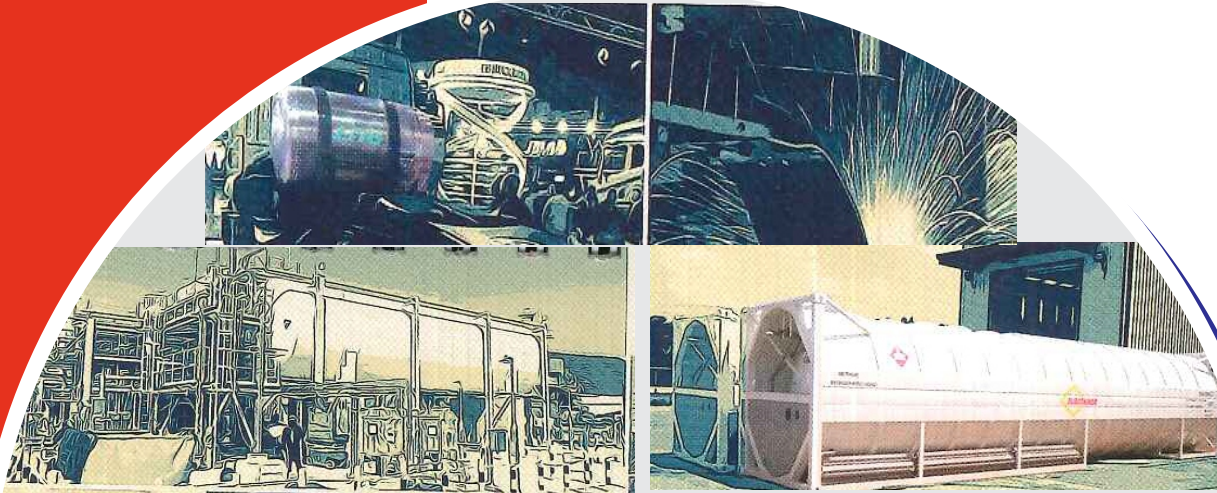
Initiating Coverage

11th February, 2025



DALAL & BROACHA
STOCK BROKING PVT. LTD.

INOX INDIA LTD



INOXCVA

From 'Deep in the Earth' to 'High Up in Space'



518, Maker Chambers V,
221 Nariman Point, Mumbai 400 021.
91-22- 2282 2992, 2287 6173
research@dalalbroachaindia.com,
equity.research@dalal-broacha.com

Dhruv Shah
+91 22 67141412
dhruv.shah@dalal-broacha.com

INOX India Ltd is a leading cryogenic engineering company specializing in the design, manufacturing, and supply of cryogenic equipment for a wide range of applications across industries such as healthcare, energy, space, food & beverage, transportation, etc. In 2023, it was the largest cryogenic equipment supplier in India by revenue.

The demand for cryogenic equipment is rising due to increasing industrialization and the need for cleaner fuels. Key sectors include pharmaceuticals, mining, metallurgy, and space exploration, with over 50% of demand driven by Air Separation Units (ASUs). These equipment liquefy atmospheric gases for efficient storage, requiring high-pressure cryogenic tanks with proper insulation to prevent evaporation or hazards. This makes cryogenic equipment crucial for the safe storage and transport of gases.

INOX India Ltd. operates in three core verticals—Industrial Gases, LNG, and Cryo-Scientific Solutions—and is expanding into stainless steel kegs for beverage storage, with a ₹100 crore capex at its Savli plant. As a market leader in LNG infrastructure, INOX holds a 60%+ share in setting up LNG fueling stations in India, with 300-400 new stations expected over the next 3-4 years, each contributing ~₹5-6 crore in revenue.

Financial Summary

Y/E Mar (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net sales	7,827	9,659	11,312	13,296	16,323	19,550
EBITDA	1,676	2,044	2,503	2,787	3,609	4,440
EBITDA margins	21.4	21.2	22.1	21.0	22.1	22.7
PAT	1,305	1,547	1,960	2,140	2,706	3,309
Adj PAT	1,305	1,547	1,960	2,068	2,706	3,309
EPS	14	17	22	24	30	36
P/E (x)	63	53	42	38	30	25
P/B (x)	16	15	13	9	7	6
EV/EBITDA (x)	42	35	28	25	20	16
RoE (%)	26	28	30	25	24	23
ROCE (%)	32	38	40	31	31	30
RoIC (%)	24	29	31	23	23	22

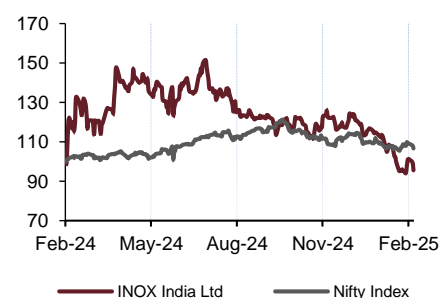
Source: Dalal and Broacha

Rating	TP (Rs)	Up/Dn (%)
BUY	1,091	17

Market data

Current price	Rs	930
Market Cap (Rs.Bn)	(Rs Bn)	84
Market Cap (US\$ Mn)	(US\$ Mn)	955
Face Value	Rs	2
52 Weeks High/Low	Rs	1507.2 / 884.2
Average Daily Volume	('000)	168
BSE Code		534976
Bloomberg		INOXINDI
Source: Bloomberg		

One Year Performance



Source: Bloomberg

% Shareholding	Dec-24	Sep-24
Promoters	75	75
Public	25	25
Total	100	100

Source: BSE

Dhruv Shah
(022) 67141412

dhruv.shah@dalal-broacha.com

It also supports large-scale scientific projects, partnering with organizations like ITER, CERN, FAIR, and ISRO. The company has played an important role of supplying cryogenic equipments to ISRO in building infrastructure for Second Launch Pad. Recently the government has approved budget of Rs 3,985 crore towards building the Third Launch Pad & the company expects to supply cryogenic equipment ~15%-25% of the budget from this project over next 4-5 years.

INOX has received approval from AB InBev and is pursuing partnerships with other major breweries like Carlsberg and Heineken.

Exports contribute 55% of total revenue (FY24), showcasing a strong international presence. The company has delivered robust financial performance, with a 3-year CAGR of 24% in revenue and EBITDA, and 27% in PAT (FY21-24), while maintaining operating margins of 23-25%. INOX India targets 20%+ long-term revenue growth and aims to sustain margins at 21-24%.

Investment Argument

❖ Market leadership in Cryogenic Equipment in India with Global MS ~1%

INOX India is a leading player in the cryogenic equipment manufacturing space, serving diverse industries such as LNG, industrial gases, healthcare, and aerospace. They were the largest supplier of cryogenic equipment in India in 2023 by revenue.

❖ Key beneficiary in LNG adoption, with Revenue CAGR of 30% over last 3 years

With the global push for cleaner energy sources, LNG is gaining traction as a transitional fuel. INOX India is well-placed to benefit from the rising demand for LNG infrastructure and expected to grow in double digits. INOX India provides marine fuel tanks, vehicle mounted LNG fuel tanks, dispensing station, storage and transportation trucks. ~28% of the revenue comes from LNG vertical. The company has partnered with multiple OEMs to supply LNG fuel tanks where INOX India is the leading player. Not only in India the company has been getting orders to set up LNG from across the world. For instance, the company received a large order to construct LNG terminal in the Bahamas which is worth over Rs 200 crore.

❖ 60%+ Market Share in setting up LNG/LCNG fueling station.

India currently has ~50 LNG stations of which INOX India has market leadership position of over ~60% market share. Realization of each station stands at Rs 5-6 crore and LCNG station is Rs 8-10 crore. Management believes additional 400-500 stations to come in next 3 years. Multiple small players are also present in this segment however, management believes that due to better competency and proven track record they will be able to continue this leadership position.

❖ ISRO Third launch pad to present revenue potential worth Rs 600 – Rs 1000 crore.

20 years after the second launch pad, the union cabinet has approved the establishment of Third launch pad at Satish Dhawan Space Centre, Sriharikota. The government has approved total budget of Rs 3,985 crores for the TLP and related infrastructure. INOX has already played a pivotal role in ISRO's infrastructure development for the second launch pad which presented revenue opportunity of ~Rs 100 crore for the company where the budget for SLP was Rs 400 crore. INOX India Ltd. expects to supply cryogenic equipment approximately 15%-25% of the budget, reinforcing its position as a key partner in India's space infrastructure development. TLP is targeted to be established within a duration of 48 months.

❖ Partnership and association with complex and large scientific projects globally

INOXCVA provides equipment for technology intensive applications and turnkey solutions for scientific and industrial research involving cryogenic distribution. These are mainly customized orders.

- ITER - INOX India is among one of the only two Indian companies commercially qualified for ITER project. The company has already done business worth Rs 500 crore from this project and has over 200cr worth of orders pending.
- Other Organizations (CERN/FAIR) - The company has been receiving continuous business from ITER & CERN. They have also received a few special orders for the manufacturing of impregnation chamber for CERN and Multi Process Cryo-lines project (MCTB) for ITER Organisation.

❖ Strong presence in Export market

INOX India is one of the largest exporters of cryogenic tanks from India in terms of revenue in FY24. The company has strong presence across 60 countries and the historically they have been able to grow their export revenue at a robust CAGR of 46% (FY21-24). It is expected to maintain this pace in future as well, as 53% of the current order backlog is export oriented. And the share of export in current mix has jumped sharply from 34% in FY21 to 55% in FY24. INOX India has continuously been receiving some large-scale export orders such as they recent won large order of constructing largest mini-LNG terminal in the Bahamas which was worth over Rs 200 crore.

❖ A zero-debt company with strong financials and return ratios

INOX India is a net debt free company which has been generating positive FCF consistently over past couple of Years. In FY24 FCF for the company stood at ~Rs 140 crore. Due to its effective business operations and effective capital management, company boasts very good return ratios – ROE & ROCE for FY24 stood at 30% & 40% respectively. Going forward we expect similar trend to continue & expect these ratios to remain over 20%.

❖ Robust Order-Backlog equivalent to one-year sales

INOX India stands on a robust order backlog of Rs 1,087 crore providing revenue visibility for the company. The company has been able to grow its order-backlog at a CAGR of 9% from FY15-24. Historically the company has maintained quarterly run rate of ~Rs 300 Crores worth of order inflows since past couple of quarters.

About the company

INOX India Ltd, the largest supplier of cryogenic equipment in India by revenue in FY23, operates across three key business verticals: Industrial Gases, LNG, and Cryo-Scientific Solutions. The company specializes in designing, engineering, manufacturing, delivering, and integrating turnkey cryogenic solutions for diverse industries and applications. INOXCVA offers a comprehensive range of standardized and customized cryogenic equipment for the storage, transportation, and handling of cryogenics such as Helium, Hydrogen, Nitrogen, Oxygen, Argon, CO₂, LNG, and Ethylene.

Additionally, INOXCVA contributes to global scientific research initiatives, including supplying cryo-lines to ITER, the world's largest nuclear fusion project, and providing equipment to ISRO for cryogenic research. Serving a global clientele across more than 60 countries in FY24, the company has established itself as a leading provider of tailored cryogenic equipment.

Manufacturing Capabilities

INOXCVA operates four manufacturing facilities in India, located in Kalol, Silvassa, Kandla SEZ, and a newly built greenfield facility in Savli, which involved a capex of over ₹100 crore funded entirely through internal accruals. In addition to its Indian operations, the company has a manufacturing facility and service distribution center in Brazil, as well as a stockyard in the Netherlands. This extensive network enables INOXCVA to supply its products to over 60 countries worldwide.

Ultra wide Application Range



A product range with applications from 'Deep in the Earth' to 'High up in Space'



Business Verticals

1.

Industrial Gas Division



The division is dedicated to providing advanced solutions for the storage, transportation, and handling of industrial gases. These gases include liquid oxygen (LOX), liquid nitrogen (LIN), liquid argon (LAR), liquid carbon dioxide (LCO₂), Liquid Helium, Liquid Hydrogen and specialty gases used across various sectors. Inox India's expertise in cryogenic technologies ensures safe and efficient handling of these gases at ultra-low temperatures.

Inox India Ltd is a prominent player in the cryogenic engineering space, specializing in the design, manufacturing, and supply of cryogenic equipment. The **Industrial Gas Division** of Inox India plays a pivotal role in catering to the diverse and ever-growing needs of industries that rely on cryogenic gases.

2.

LNG



LNG division plays a pivotal role in advancing clean energy adoption across domestic and international markets. As a key player in the cryogenic equipment industry, the company offers a comprehensive portfolio of LNG solutions, including storage tanks, mobile LNG transport systems, vaporizers, and turnkey LNG regasification systems. These products are critical enablers of LNG infrastructure, catering to industries, utilities, and transportation sectors aiming to transition to cleaner energy alternatives.

As the global demand for LNG continues to surge, fueled by the energy transition and stricter environmental regulations, Inox India's LNG division is well-positioned to capture growth opportunities.

3.

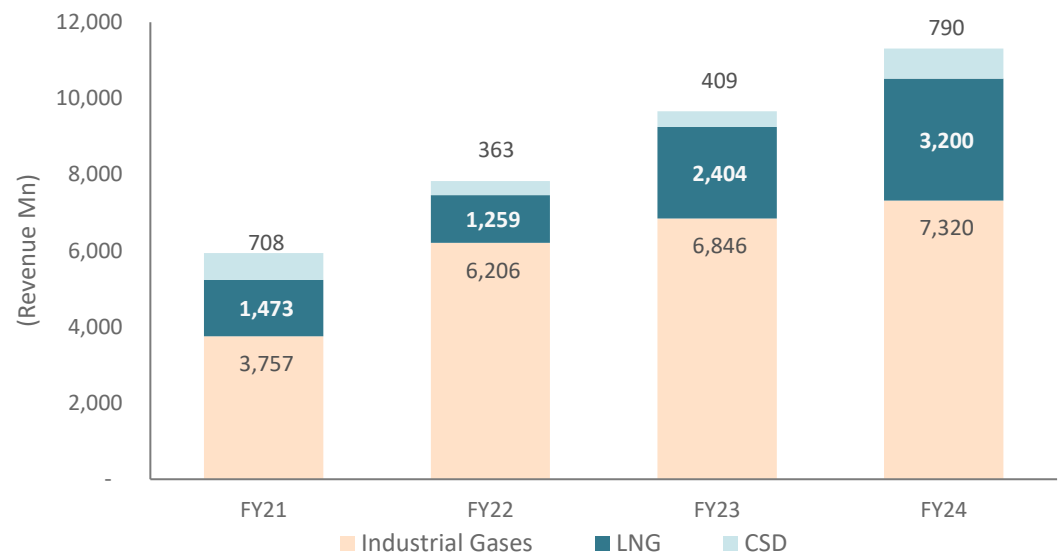
Cryo- Scientific Solution



The Cryo Scientific division specializes in advanced technologies for satellite and launch facilities, cryogenic propulsion systems, Space Simulation chamber and research in nuclear fusion and superconductivity. Cryogenics plays a crucial role in renewable energy research, especially nuclear fusion, where liquid helium is used to cool superconducting magnets, enhancing their efficiency in shaping plasma. Additionally, cryogenics has applications in defense projects and Cryostat for magnetic resonance imaging (MRI)

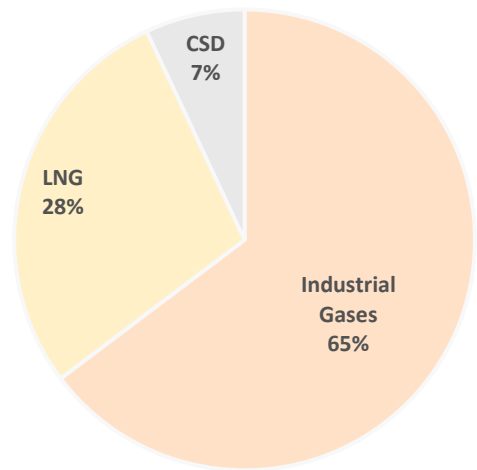
INOXCVA is among the few Indian companies contributing to the ITER project, a global nuclear fusion initiative.

Revenue from Operations segment-wise



Source: Company, Dalal & Broacha Research

Segment Mix for FY24

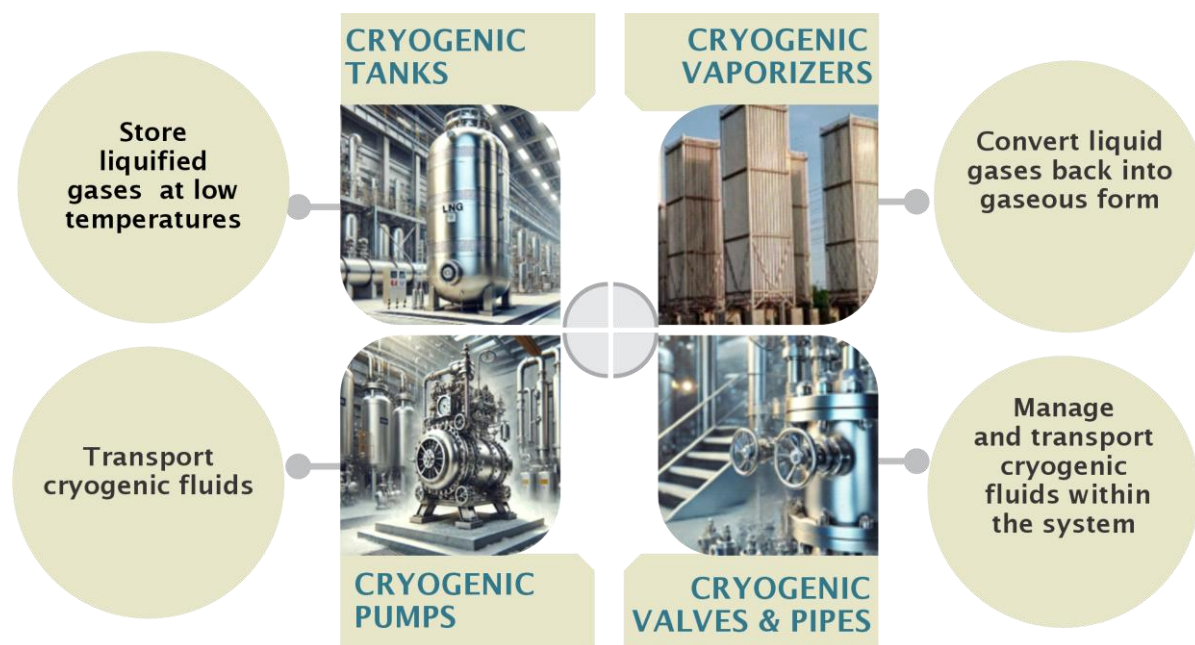


Source: Company, Dalal & Broacha Research

Understanding Cryogenic Equipment

Cryogenic equipment refers to specialized machinery designed to operate at extremely low temperatures, typically below -150°C . These equipment are essential for the storage, transportation, and processing of cryogenic substances like natural gas, hydrogen, liquid nitrogen, and others. Given the volatility of cryogenics, precision in manufacturing is crucial, as even minor temperature fluctuations can lead to high evaporation loss.

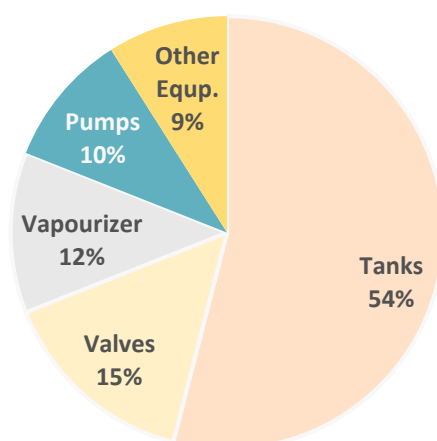
Types of Cryogenic equipment



Source: Dalal & Broacha Research

The primary types of cryogenic equipment include **tanks, valves, vaporizers, pumps**, and other ancillary tools. Cryogenic tanks are particularly noteworthy for their ability to store large volumes of liquefied gases, such as liquid oxygen, liquid nitrogen, argon, carbon dioxide, LNG (liquefied natural gas), and liquid hydrogen. These gases play vital roles across industries, ranging from healthcare and industrial manufacturing to energy and transportation.

Share of cryogenic equipment in the industry



Source: CRISIL Industry Report, Dalal & Broacha Research

Application of Cryogenic Equipment



Source: Dalal & Broacha Research

Product Portfolio of INOX India Ltd

INOX India offers a comprehensive range of cryogenic equipment tailored to meet the storage, transportation, and processing needs of industrial gases. The product portfolio includes:

1. Storage Tanks



- Designed for long-term storage of cryogenic gases such as liquid nitrogen, oxygen, argon, CO₂, and LNG.
- Renowned for superior insulation, ensuring minimal evaporation losses.
- Available in various capacities to serve both small-scale and large-scale industrial requirements.

2. Bulk Tanks



- A complete range of bulk storage tanks for liquefied gases, manufactured using high-quality materials.
- Engineered to meet stringent safety and performance standards.

3. Engineered Packaged Systems



- Turnkey solutions for industrial gas plants, including installation, commissioning, and maintenance of cryogenic systems.
- Commonly utilized in petrochemical and steel projects for efficient gas management.

4. Transport Tanks



- Cryogenic transport tanks and tankers designed for the safe movement of cryogenic liquefied gases over both short and long distances.
- Features:
 - a. Compliant with international safety standards.
 - b. Equipped with multi-layer vacuum insulation for cost-effective and efficient transportation.

5. Microbulk Units



- **Versatile and Rugged Design:** Optimized for on-site filling and seamless gas delivery.
- **Brands:** Marketed under **Portacryo** and **Microcyl**, ensuring high operational efficiency and continuous supply for on-site applications.

6. Vaporizers and Piping Systems



- Industry-standard vaporizers designed to convert liquefied gases into gaseous form efficiently for end-use applications.
- Complemented by cryogenic piping systems for smooth gas flow and minimal losses during transfer. INOX India's diversified portfolio reflects its commitment to providing innovative, reliable, and high-performance solutions for the industrial gas sector.

Market Dynamics and Growth Potential

In 2022, the global cryogenic equipment market was valued at approximately **\$11.5 billion**. Between 2017 and 2022, growth remained relatively modest at a compound annual growth rate (CAGR) of **2.6%**, primarily due to sluggish industrial demand and the delayed adoption of alternative fuels. However, the market is poised for robust growth, with a projected CAGR of **6.9%** from 2023 to 2028.

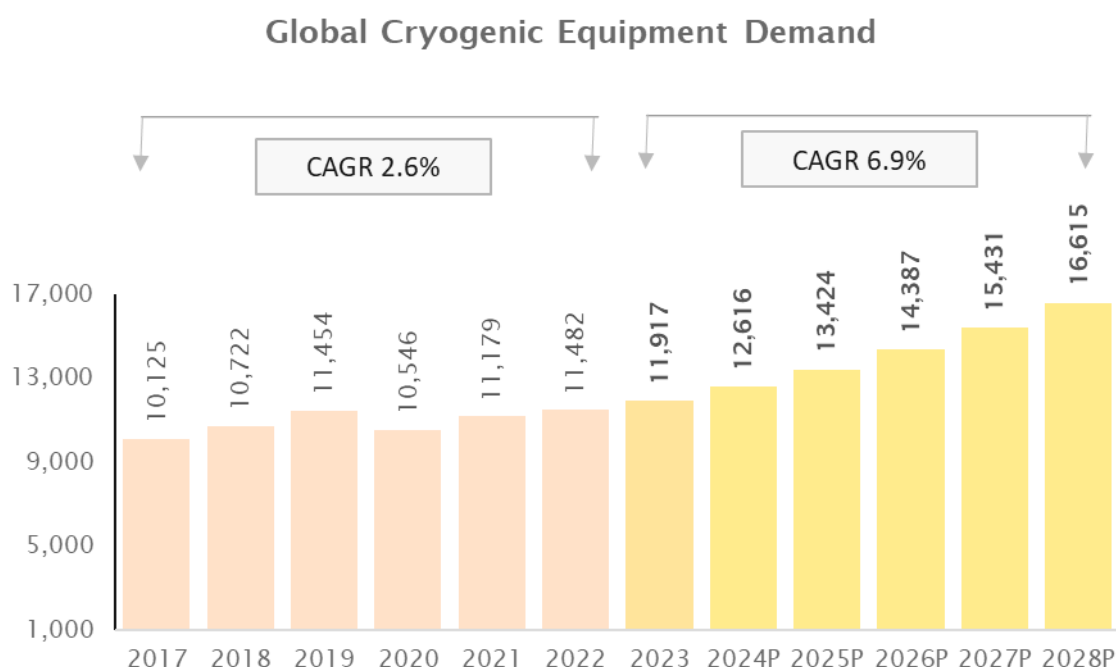
This acceleration is driven by several factors:

Rising Industrialization: Expanding industrial activities worldwide, particularly in emerging economies, are creating a surge in demand for efficient cryogenic storage and handling solutions.

Shift to Cleaner Fuels: With global efforts to reduce carbon emissions, cryogenic equipment is critical for storing and transporting fuels like LNG and hydrogen, which are essential for cleaner energy transitions.

Diverse Applications: Cryogenic equipment is increasingly in demand across industries such as energy and power, chemicals, healthcare, food and beverage (for freezing and preservation), and transportation (fuel storage for cryogenic-fueled vehicles).

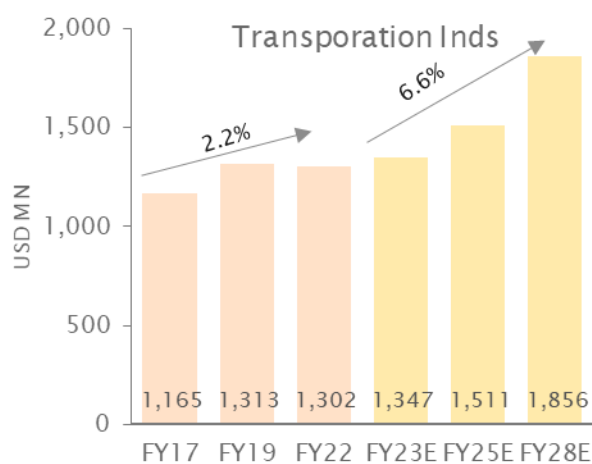
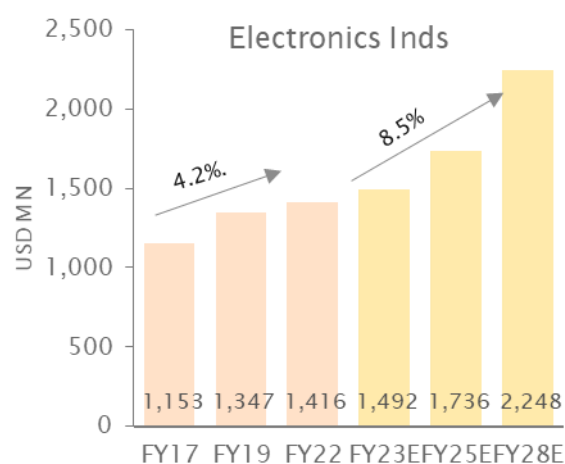
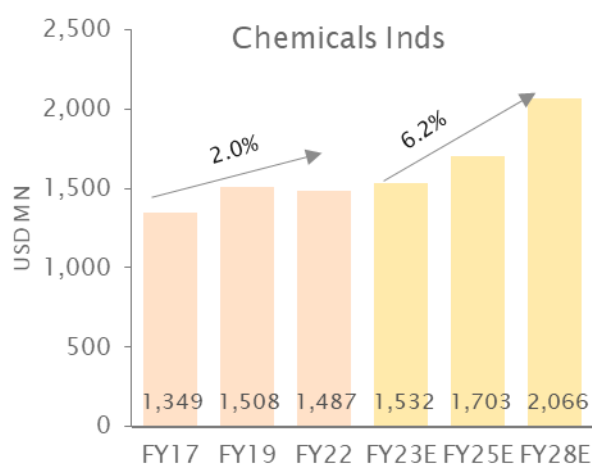
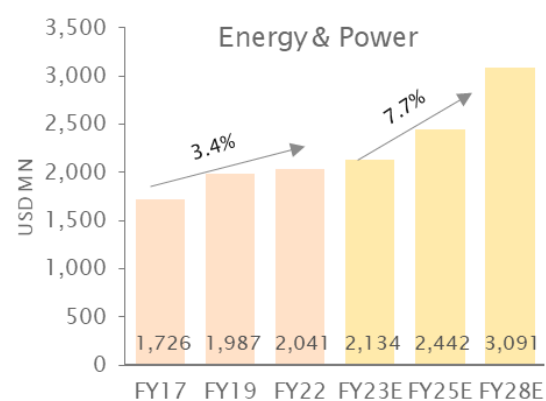
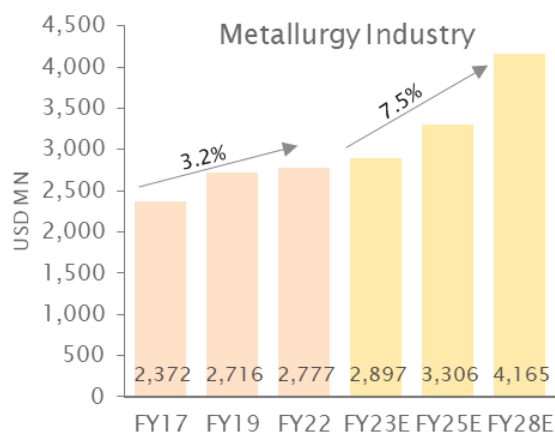
Global cryogenic equipment demand expected to grow at a CAGR of ~7%



Source: CRISIL Industry Report, Dalal & Broacha Research

The growing need for environmentally sustainable energy systems and the rising demand for high-performance storage solutions position the cryogenic equipment market as a key enabler in the global energy transition. Moreover, growing spends on scientific and research projects, cryo-scientific industry is poised for significant growth for increasing demand for advanced cryo-scientific solution, super conductive/insulated solution for space research, nuclear fusion and other scientific projects.

Demand for Cryogenic Equipment from end-user industry



Source: CRISIL Industry report, Dalal & Broacha Research

Industrial Gases

The Industrial Gases division of INOX India Ltd manufactures, supplies, and installs cryogenic tanks and systems for the storage, transportation, and distribution of industrial gases such as green hydrogen, oxygen, nitrogen, helium, argon and carbon dioxide (CO₂). Its applications span various sectors, including chemicals, healthcare, steel manufacturing, fertilizers, automobiles, oil refining, and pharmaceuticals. This division is the largest revenue contributor for the company, accounting for approximately **65% of total revenue**.

Major Growth Drivers

1) New Air Separation Units (ASUs)

- ASUs accounts for 58-62% of the demand for total global cryogenic equipment consumption.
- India's steel production is expected to grow from **179 MT to 300 MT by 2030**, driving a substantial need for new ASUs.
- An estimated **22-24 new ASU plants** are expected to be commissioned, directly boosting demand for cryogenic storage and transportation equipment.
- INOX India has:
 - a. Received orders from **12 ASUs**.
 - b. Submitted bids for **6 ASUs**.
 - c. Collaborated on **4 ASU projects** with INOX Air Products.

2) Growing Healthcare Industry

a. Medical Oxygen Demand:

Cryogenic equipment is critical for producing, storing, and transporting liquid medical oxygen, a key component in treatments and surgeries.

b. Advanced Medical Applications:

Cryogenic technologies support cryosurgery, cryotherapy, and organ preservation, driving demand as these applications expand in healthcare.

3) New Products and Applications

- INOX India's in-house engineering team has developed cryogenic tanks for gases like hydrogen, helium, ammonia, and ethylene.
- The company has also supplied products for the semiconductor industry.

Competitive Advantages

- **30+ Years of Experience:** Expertise in design engineering, a diverse product portfolio, and competitive pricing give INOX India a strong market position.
- **Comprehensive Capabilities:** Excluding the cold box, INOX India Ltd is the only company capable of manufacturing all components required for ASU plants, making it a preferred partner for clients.

Barriers to Entry

- **Critical Reliability Requirements** - Cryogenic equipment must operate reliably for years, often in unattended environments. On-site repairs are challenging, necessitating defect-free manufacturing and consistent quality assurance.
- **Strict Safety and Regulatory Compliance** - Liquefied gas storage and distribution under pressure are governed by stringent safety regulations. Adherence to **international pressure vessel codes** and **regional standards** is essential. Securing certifications and approvals is vital for competing in global markets.

Hydrogen & Green Hydrogen

"If we were driving pure hydrogen automobiles, that automobile would actually help clean up the air because the air coming out of the exhaust would be cleaner than the air going into the engine intake." – Dennis Weaver

Hydrogen Mission

- Launch of the National Hydrogen Mission to position India as a global hub for green hydrogen production, aiming to produce 5 MMT of green hydrogen annually by 2030.

Latest developments in Green hydrogen mission

- Indian Railways initiated "Hydrogen for Heritage Projects" – where they plan to operate 35 Hydrogen trains with the goal of reducing carbon emissions. Est. Expenditure of Rs 80cr per train & Rs 70cr per route for ground infra. Project marks significant investment in sustainable transportation
- Green Port policy – India's major ports will need to have clean fuel storage and ship refueling facilities according to freshly launched 'Harit Sagar'
- L&T to build energy infra for world's largest green hydrogen plant at NEOM (Saudi Arabia)

INOXCVA has established itself as a prominent player in the green hydrogen sector. The company's engineering team has designed advanced products and systems, including hydrogen storage, transportation, and distribution solutions, to meet the growing demand for large-scale liquid hydrogen logistics. Notably, INOXCVA is the **first Indian company** to manufacture a trailer-mounted hydrogen transport truck, developed in partnership with ISRO. Additionally, the company offers comprehensive end-to-end solutions for hydrogen storage, transportation, and fueling infrastructure.

Various Projects

- **South Korea's First Liquid Hydrogen Plant in Changwon:** INOX India successfully manufactured and delivered a 238kl liquid hydrogen storage tank for South Korea's first liquid hydrogen plant in Changwon. This marked the largest bulk liquid hydrogen storage tank ever produced in India.



- **Delivery of Liquid Hydrogen Storage Tanks to Another South Korean Client:** The company also produced and shipped four 311kl liquid hydrogen storage tanks to a different customer in South Korea.

Landmark Order from Highview Power, UK

Highview Power has partnered with INOX India Ltd for its Liquid Air Energy Storage (LAES) project in Carrington, Manchester, UK. Under this collaboration, INOX India will supply 5 vertical, high-pressure, vacuum-insulated cryogenic tanks, each with a capacity of 690 KL. These tanks are notable for being the largest shop-fabricated vacuum-insulated industrial gas tanks produced by the company to date.

This contract signifies INOX India's entry into the LAES sector and underscores its expertise in large-scale cryogenic solutions. The Carrington facility, upon completion, will have a storage capacity of 300 MWh, capable of delivering 50 MW per hour of power over six hours. The facility is expected to be operational by late 2026.

The Carrington facility is one of four LAES projects planned by Highview Power across Scotland and Northern England, with a total energy storage capacity of 2.5 GWh. Hence, this also provides huge potential

Beverage Kegs

INOX India Limited has ventured into the beverage keg market with the production of stainless-steel kegs, commissioning a dedicated plant at its Savli facility in Gujarat. This facility has an overall capacity of approximately 1 million kegs, divided into three production lines, each capable of producing ~300,000 kegs. The company has commissioned 1st line of production and next phase are under consideration. They have developed over **35 keg variants** to cater to the diverse requirements of the US and European markets. INOX India is the sole manufacturer of beverage kegs in the country.

Market Size and Potential

The global beverage keg market consists of approximately 150 million kegs in circulation. With an annual reposition rate of 3-5%, the yearly demand ranges between 4.5 million and 7.5 million units. In 2024, demand is estimated at around 4.5 million units, with growth prospects driven by emerging markets such as Mexico, Brazil, Africa, and Southeast Asia. The average price realization per keg stands at approximately €60.



Product Overview

- Beverage kegs are manufactured using stainless steel certified by the National Sanitation Foundation (NSF). The primary material is sourced from Jindal Steel.
- These kegs are widely used in the food and beverage industry to store beer, syrups, and other beverages, maintaining product integrity during storage regardless of handling or climatic conditions.

Technology License and Expansion Plans

- On August 3, 2022, INOX signed a technology license agreement with Supermonte SRL of Italy for producing stainless-steel beverage kegs.
- Serial production at the Savli plant is part of the company's roadmap.

Strategic Expansion

- INOX aims to diversify its product offerings in the beverage keg segment by establishing technology and marketing alliances with international players.
- The initiative represents a strategic move into non-cryogenic equipment.

INOX is catering orders for both local as well as export. Currently, 100% of INOX's keg production is exported. The company estimates it will take approximately 3-5 years to fully utilize its 1 Mn keg capacity.

For FY25, INOX projects revenue of ₹50-60 crore from the sale of kegs with operating margins over 20%. The company has sold kegs worth ₹30-35 crore for 9MFY25. The company has received approval from AB InBev, the world's largest beer manufacturer headquartered in Belgium, known for brands like Budweiser, Corona, and Hoegaarden. Additionally, INOX is pursuing supply opportunities with other major breweries such as Carlsberg, Heineken, and others.

Beverage kegs have a seasonal demand cycle, with peak sales occurring from January to July. INOX has already commenced supplies to Asia, Europe, North America & South America.

Disposable Cylinders

INOX India Ltd is engaged in the mass manufacturing of cylinders, primarily used for the storage of refrigerant gases, helium and adhesives. The company's current manufacturing capacity stands at 3 million units, with most of the sales directed to the United States and the remaining sales distributed across other countries, including Middle East. The plant holds approval from the Department of Transport (DoT).



The company offers its cylinders at a price of \$10-\$12 per unit, with manufacturing cost constituting 60-70% of the price. Currently, this segment contributes ~10% to the company's revenue. In FY24, disposable cylinder sales generated revenue of about ₹98 crore, and the company aims to achieve ₹150 crore in FY25. Year-to-date, INOX has sold around 1.2 million cylinders.

In Q1FY25, INOX India partnered with Honeywell, one of its largest customers in the USA, and secured its first order from them during the quarter. Honeywell has initially signed a three-year contract with INOX, with the first phase comprising approximately 80,000 cylinders. Additionally, Honeywell is expected to require at least 3-4 lakh cylinders this year.

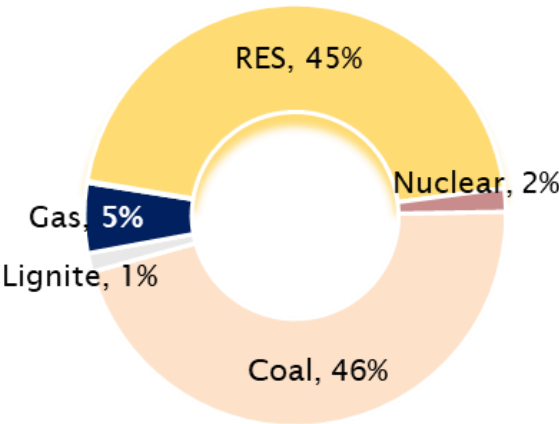
Market & Competitive Scenario

The U.S. market alone has an estimated requirement of 5-6 million cylinders annually. Worthington cylinders, a key competitor with a capacity of 2.5-3 million cylinders, sells at a higher price of \$16 per unit. Worthington had previously sought the imposition of anti-dumping duties (ADD) on INOX; however, due diligence revealed that INOX's low production costs, rather than unfair trade practices, were the reason for its competitive pricing. Consequently, no ADD was levied on INOX. Moreover, **INOX India benefits from an 8.5% price advantage due to ADD imposed on its competitors.** The U.S. has also imposed ADD on Chinese manufacturers, which has limited their presence in this segment.

India’s Power Sector: A Snapshot

As of September 30, 2024, India’s total installed power generation capacity stands at an impressive 450 GW. The country’s energy mix plays a vital role in balancing its developmental aspirations with sustainability goals. Currently, coal remains the dominant energy source, contributing approximately 47% to the total generation capacity. This is followed by renewable energy sources, which account for a significant 44%, reflecting India's growing emphasis on clean energy. Natural gas contributes 6%, hydro power constitutes 10%, and nuclear energy accounts for 1% of the energy mix.

Power Installed Generation Capacity Fuel-wise as on 31.12.24



Category	Installed Generation Capacity (GW)
Coal	212.35
Lignite	6.62
Gas	24.82
Diesel	0.59
RES	209.45
Nuclear	8.18
Total	462.00

Source: Ministry of Power, Dalal & Broacha Research

India faces the dual challenge of meeting its rapidly growing energy demands while staying committed to its international obligations under the Paris Agreement to curb greenhouse gas emissions. This necessitates a strategic transition towards cleaner and more sustainable energy sources.

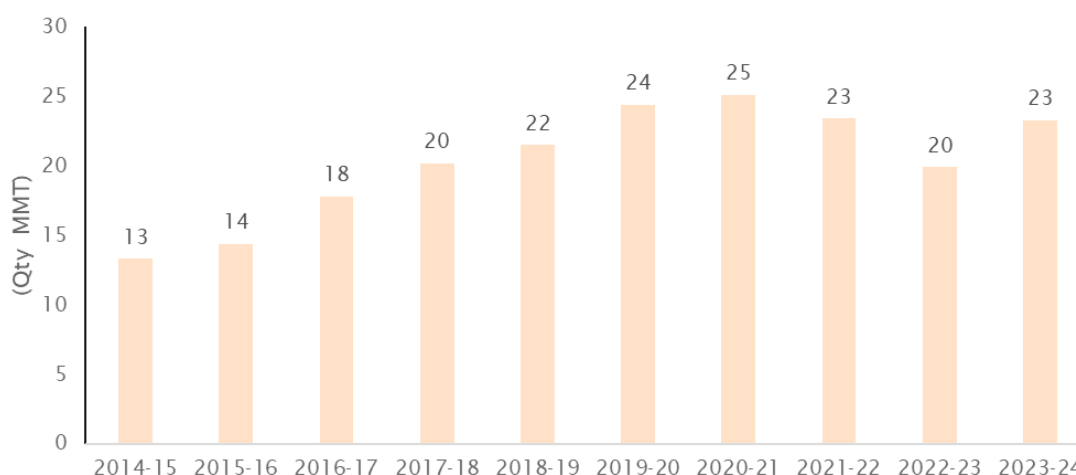
Looking ahead, the energy mix is expected to undergo a transformative shift. The government has outlined an ambitious National Electricity Plan that targets 500 GW of renewable energy capacity by 2030, scaling up to over 600 GW by 2032. These targets are aligned with India's broader goal of achieving net-zero carbon emissions **by 2070**. By 2047, the centenary year of India's independence, the nation aspires to establish itself as a global leader in clean energy technologies and deployment.

This transition will be supported by a combination of policy measures, technological advancements, and investments in renewable energy infrastructure. Solar and wind power are expected to drive the bulk of this growth, complemented by green hydrogen initiatives and advancements in energy storage systems. India’s journey towards a greener energy future reflects its commitment to sustainable development and its aspiration to lead the global clean energy revolution.

India's LNG scenario

India has set a vision to increase the share of natural gas in its primary energy mix to 15%. To support this goal, significant focus has been placed on developing natural gas infrastructure, including the authorization of multiple city gas distribution licenses across the country. Currently, India relies on imported LNG to meet its domestic demand, with long-term contracts for approximately 20 MMTPA, which accounts for nearly 95% of the 21 MMTPA LNG consumption in 2022. Over the past decade, India has steadily increased its LNG imports, highlighting a growing dependence on this cleaner energy source.

Trend of LNG import in India



Source: ibef.org, Dalal & Broacha Research

However, the primary challenge in achieving the 15% target lies in the lack of adequate infrastructure. The country presently has a limited number of LNG terminals and insufficient regasification capacity. Expanding and building this critical infrastructure will be essential for India to reach its objective.

LNG Network along the golden quadrilateral





Government Push Towards LNG for a Greener Future

The Indian government has been actively promoting the use of liquefied natural gas (LNG) as a cleaner alternative to traditional fuels, particularly diesel, in the transport sector. This initiative is part of a broader strategy to transition towards a gas-based economy and reduce greenhouse gas emissions. Here are key efforts and policies undertaken by the government regarding LNG:

Major Initiatives and Policies

Establishment of LNG Fueling Infrastructure

The government has laid the foundation for the first 50 LNG fueling stations along major highways, with plans to establish a total of 1,000 stations across the country within three years. This initiative is aimed at making LNG accessible for heavy-duty vehicles and buses, enhancing the infrastructure necessary for its adoption as a transport fuel. According to a news article, the government is targeting 1/3rd of India's long-haul trucking fleet will operate on LNG within the next 5-7 years.

Currently there are close to 50 LNG stations and 30 more are in pipeline. It is expected that in next 3 years 400-500 more LNG stations will come up.

Draft LNG Policy

A draft policy has been introduced to promote LNG as a primary fuel for heavy-duty vehicles, This policy aims to reduce pollution from the transport sector, which is a significant contributor to carbon emissions. Additionally the policy also highlights governments aim to raise the share of natural gas in energy mix from ~6.7% currently to 15% by 2030.

Environmental Goals:

India has set ambitious targets to increase the share of natural gas in its energy mix from 6% to 15% by 2030, aligning with its commitment to achieve net-zero emissions by 2070. The use of LNG is seen as crucial in meeting these goals due to its lower emission factor compared to diesel.

Economic Incentives

The government is promoting LNG not only for environmental benefits but also for economic reasons. LNG is approximately 40% cheaper than diesel, which could lead to substantial savings for fleet operators—estimated at around ₹2 lakh per truck annually. Additionally, the government plans to allocate local gas resources to support about 50,000 trucks in the initial phase.

Support for Heavy-Duty Vehicles

The government recognizes that heavy-duty vehicles account for a significant portion of energy-related carbon dioxide emissions in India. Therefore, it is promoting LNG as a viable alternative fuel for this segment, expecting it will substantially reduce harmful emissions such as Sox and Nox.

Collaboration with Industry Stakeholders

The development of LNG infrastructure involves collaboration with major oil and gas companies like IOCL, BPCL, HPCL, PLL and GAIL, which are tasked with setting up fueling stations across key transportation routes.

Future Prospects

The government's proactive approach towards integrating LNG into India's transport sector reflects its commitment to sustainable energy solutions and reducing reliance on diesel. By enhancing infrastructure and providing economic incentives, India aims to position itself as a leader in adopting cleaner fuels while addressing environmental challenges effectively.

Through these concerted efforts, India is not only working towards improving air quality but also striving for energy independence by reducing its dependence on imported crude oil through increased LNG consumption.

Why LNG?

LNG is recognized as the cleanest fossil fuel, consisting of approximately 95% methane. Its combustion primarily produces water vapor and minimal carbon dioxide, making it environmentally friendly. LNG reduces CO₂ emissions, supporting global efforts to lower greenhouse gases.

As an Alternative Fuel for Automotives

LNG offers significant advantages over CNG for long-haul transportation. A CNG truck traveling 500 km typically requires 6-7 cylinders, each weighing about 150 kg, resulting in nearly 1 ton of additional weight. This reduces the truck's payload capacity and necessitates frequent refueling stops, leading to longer transport times. In contrast, LNG trucks are more efficient, allowing for greater range and reduced downtime, making them a superior choice for heavy-duty applications.

Cost of LNG trucks increases, however the payback is expected to be in 3 years with 20% efficiency in fuel.

LNG Infrastructure and Market Growth

The global transition toward cleaner energy and the increasing adoption of natural gas as a fuel have accelerated advancements in LNG infrastructure. Cryogenic equipment, such as LNG storage tanks and vaporization systems, plays a critical role in the LNG value chain. Rising demand for LNG, particularly in transportation and power generation, is driving significant investments in LNG-related projects worldwide.

To support this growing demand, countries are expanding their LNG import and export capacities through the construction of new terminals and liquefaction plants. This surge in infrastructure development is boosting the demand for cryogenic equipment. With heightened efforts to reduce greenhouse gas emissions and incorporate more natural gas into the energy mix, the LNG market—and the cryogenic equipment industry—are poised for sustained growth.

LNG fueling station/dispensing station

INOX India Ltd. established India's first LNG dispensing station at the Petronet LNG terminal in Dahej and Kochi. The company has supplied and installed several LNG fueling station for oil marketing companies (OMCs – HPCL, BPCL, IOCL).

Currently, **India has approximately 50 operational LNG fueling stations, of which INOX India has captured a market share of roughly 60%.** With the Government of India planning to establish 1,000 LNG stations, there is significant growth potential in the LNG segment for INOX India Ltd. On average, the realization from a single LNG station is approximately ₹5-6 crore and single LCNG station is ₹8-10 crore. New tenders from various players are expected to come up, these are from **HPCL (7), BPCL (9), GAIL (5), Private players (5), Adani Total Gas (5), IGL (3).**

INOX India holds AMC agreements with nearly all its clients, as regulatory requirements mandate that these stations be operated by qualified personnel. Due to a shortage of such skilled professionals, the company hires them on a contractual basis for a period of 3 to 5 years, after which the operations are handed over to the client.

LNG fuel Tanks

INOX India Limited specializes in designing, constructing, and supplying Mobile Regasification Units (MRUs) to ensure a reliable LNG supply. Available in various configurations, these units can be customized to meet specific needs, offering flexible options for storage, offloading, vaporization, and control. Designed for ease of use, safety, and mobility, INOX's MRUs deliver optimal performance with efficient solutions and prompt aftersales support. INOX India is also the only manufacturer in India today who supplies tanks on a mass manufacturing basis.

Realization for a 450L LNG tank is around Rs 5 Lakhs and Rs 8 Lakhs for a 900L tank.

Company targets to sell ~500 tanks locally by the end of this FY. Year-To-Date they have sold ~300 tanks since inception.

OEMs updates on LNG

According to Blue Energy Motors, India's trucking market is projected to expand fourfold by 2050, with road transport currently handling 70% of the nation's domestic freight demand. The number of trucks is anticipated to surge from 4 million in 2022 to approximately 17 million by 2050. While there are over 6,200 CNG stations in India today, with plans to increase the network to 10,000 by 2030, compressed natural gas (CNG) is less effective for heavy-duty vehicles. Liquefied natural gas (LNG), with its higher energy density, offers a practical solution for fueling commercial trucking fleets. LNG occupies three times less space than CNG, enabling a greater driving range.

Interesting fact - NITI Aayog report highlights that if even 10% of new diesel vehicles transition to LNG by 2032, India could reduce its oil import bill by USD 1.5 Bn over this period. This positions LNG as a compelling alternative for reducing dependency on diesel and promoting sustainable freight transport.

INOX India is qualified with 4 major OEMs in India i.e. Tata Motors, Eicher-Volvo, Ashok Leyland and Blue Energy Motors.

Strides by Various Companies/OEMs on LNG trucks & Infra.

Company	Particulars
Tata Motors	Tata Motors received order to supply 150 LNG trucks to Clean Green Fuel and Logistics. The company signed an MoU for 350 more trucks. By 2035, Tata aims to sell 1 Mn LNG trucks
VECV	Selling LNG HDVs Globally & can import kits to assemble vehicles locally in 420 HP segment Signed Initial agreement with Baidyanath LNG Pvt for deploying 500 LNG trucks
IGL	Currently have one station, plans to install 3 more by end of FY25. In span of next 3-5 years plans to install 50 LNG stations
GAIL	To set up LNG retailing outlets along Golden Quadrilateral Company to invest Rs 650 cr in the venture
Blue Energy	Blue Energy has designed, developed and deployed 500+ LNG heavy duty trucks on Indian Roads. The installed capacity of the current plant is 10,000 units per year Every month they produce 25-40 trucks INOX India already supplies LNG fuel tanks to the company.

Source: Company, Dalal & Broacha Research

Key contracts/deal wins under LNG

Adani Total Gas partnership – INOX India Ltd has been given a “preferred partner” status by ATGL for delivery of LNG & LCNG equipment and services & possible collaboration opportunities to strengthen LNG ecosystem in India. This collaboration leverages Adani's expansive gas network and INOX's expertise in cryogenic technology to promote LNG as a cleaner, cost-effective fuel.



Major Contract to build Largest Mini LNG terminal in The Bahamas –

INOX India Ltd. has secured a landmark contract to build the largest Mini LNG terminal in The Bahamas. This first-of-its-kind project involves the design, engineering, and supply of a Mini LNG receiving and regasification terminal, featuring 10 double-walled vacuum-insulated storage tanks, each with a capacity of 1,500 cubic meters. The installation represents the largest global deployment of shop-built LNG storage tanks, showcasing INOX India's exceptional engineering capabilities. Valued at over ₹200 crore, the project is set to be executed in two phases. Phase 1, involving the delivery of five storage tanks, is scheduled for completion by February 2026. The remaining five tanks are expected to be delivered within six months of the first phase, by June 2026.

Cryo-Scientific Division

INOX India Ltd is a key player in the development of cryogenic systems for space exploration and related technologies. The company provides Cryogenic Storage and Distribution Systems that are essential for handling and storing liquefied gases used in space missions, Fuel Filling Systems, Launch Pad Equipment, Space Simulation Chambers, Vacuum Jacketed Piping and Cryostats, Critical components for Magnetic Resonance Imaging (MRI) magnets and other advanced applications.

ITER Project Involvement

The **International Thermonuclear Experimental Reactor (ITER)** is a groundbreaking global initiative to develop nuclear fusion as a sustainable and virtually unlimited energy source. Located in France, the project is supported by 35 nations, including India. If successful, ITER will create a "mini sun" that stores solar energy for use during periods without sunlight.

ITER Project, panels (Highlighted) whose repair work was given to INOX India.

India is responsible for delivery of Cryostat, in-wall shielding, cryogenic system, cooling water system, diagnostics and a few more components. INOX India Ltd, alongside L&T, is one of only two Indian companies commercially qualified for this ambitious project.



Panel Repair Expertise

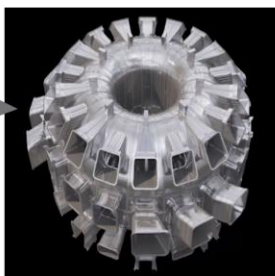
- Originally, a Korean company manufactured the reactor panels, but they were found to be corroded. Leveraging its technical expertise, INOX India was entrusted with the repair work for all 122 panels.
- The company has already repaired and delivered ~60 panels, with each panel taking approximately 7-8 weeks to complete.

Manufacturing of cryolines

- INOX India manufactured 4 km of cryolines (operating at -269°C to -193°C) and 6 km of warm gas return lines for the ITER project, which were dispatched to France.
- These massive network of cryolines will facilitate the distribution of liquid helium and nitrogen from the world's largest cryoplant to superconducting magnets.

Financial & Operational Impact

- INOXIndia has already executed over Rs500 crore worth of business from ITER in the past decade.
- The company has a strong order book, with pending orders valued at Rs.200 crore, ensuring sustained growth.



ISRO's Third Launch Pad: A Game-Changing Opportunity for INOX India

The Government has approved the establishment of a third launch pad at the SDSC in Sriharikota, estimated to cost Rs. 3,985 crore and to be completed within 48 months. This launch pad will support ISRO's Next Generation Launch Vehicles (NGLV) and the Launch Vehicle Mark-3 (LVM3) with semi-cryogenic stages, enhancing the launch capacity for future Indian human spaceflight missions.

INOX India played a pivotal role in ISRO's infrastructure development with second launch pad (SLP) at Sriharikota for ISRO, delivering a cryogenic fuel storage and supply system on a turnkey basis. The company also supplied LN2-shielded LH2 frame tanks for storing and transporting liquid hydrogen from external sources to ISRO's premises for fueling the SLP. The second launch pad presented an opportunity valued at Rs100 crore for INOX India.

Due to rising cost in launch pad development, has led to the third launch pad budget of Rs 3,985 crore of which INOX expects to supply cryogenic equipment approximately 25% of the budget i.e. ~Rs 1000 cr.

Other Organization association - FAIR / CERN

Located at Darmstadt, Germany, **the international accelerator facility is one of the largest research projects worldwide.** INOX India is executing few contracts through WUST (Wroclaw University, Poland) for FAIR which includes Engineering, manufacturing, testing and supply of Feedboxes, Cryolines, Jumper connections and current lead boxes.

INOX India has been continuously receiving business from CERN, a European organization for nuclear research. The company has also received special orders for the manufacturing of impregnation chamber for CERN. INOX India has also provided cryogenic storage solutions, such as liquid nitrogen tanks with a capacity of 50,000 liters, essential for maintaining the low-temperature environments required for particle physics experiments.

These collaborations underscore INOX India's commitment to supporting global scientific endeavors by providing high-quality cryogenic technology solutions.

CBAM to be imposed in EU

What is CBAM?

Carbon Border Adjustment Mechanism (CBAM) is a policy introduced by the European Union to address carbon leakage and encourage global efforts toward reducing greenhouse gas (GHG) emissions. It is essentially a carbon tariff applied to certain imported goods, ensuring that EU producers are not disadvantaged by stricter carbon emission regulations compared to producers in countries with less stringent climate policies.

Starting from January 1, 2026, the CBAM will be implemented in Europe, requiring production to predominantly utilize green energy sources. The proposed project involves generating power through green energy. However, consistent reliance on green energy can be challenging. To address this, the Air Separation Plant (ASP) will operate on green energy during the day, producing liquid air. When green power is unavailable, the plant will convert the stored liquid air back into gas, which will then be used to drive turbines and generate power.

Sectors covered under CBAM?

Initially, CBAM covers imports of iron, steel, Aluminum, electricity, fertilizers, and cement. The scope may expand to include plastics, chemicals, and all sectors covered by the EU ETS by 2030.

What is the timeline for CBAM implementation?

CBAM's transitional phase began in October 2023 with reporting requirements. Full implementation, including payment obligations, will start in January 2026, aligning with the phase-out of free ETS allowances for EU producers.

Unlocking future Opportunities in the USA

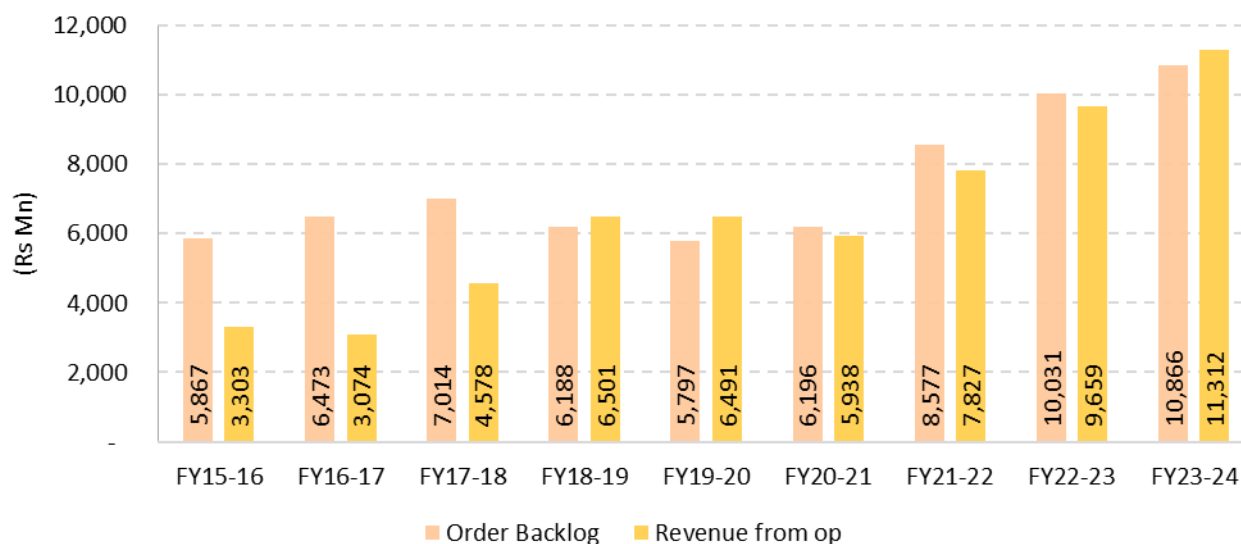
In 2017-18, INOX India Ltd sold its U.S.-based plant to Air Water Inc. (Japan). As part of the agreement, a 10-year non-compete clause was established to avoid a conflict of interest, as INOX would otherwise be a direct competitor in the market. Under this clause, INOX India is prohibited from manufacturing equipment, storing products, or appointing dealers or distributors in the U.S. However, the company is permitted to sell directly to customers in the region.

This restriction will expire at the end of 2028, enabling INOX India to deepen its presence in the U.S. market, the largest for cryogenic equipment. Post-2028, the company plans to enhance its capabilities by offering timely services and expanding its footprint across the U.S. market.

Robust Order Backlog

The order backlog is a critical metric for INOX India Ltd., reflecting its business strength, operational efficiency, and future revenue visibility. It represents the value of orders received but not yet executed, showcasing the company's ability to secure projects and sustain growth.

Order back-log growing at a 8 Year CAGR of ~8%

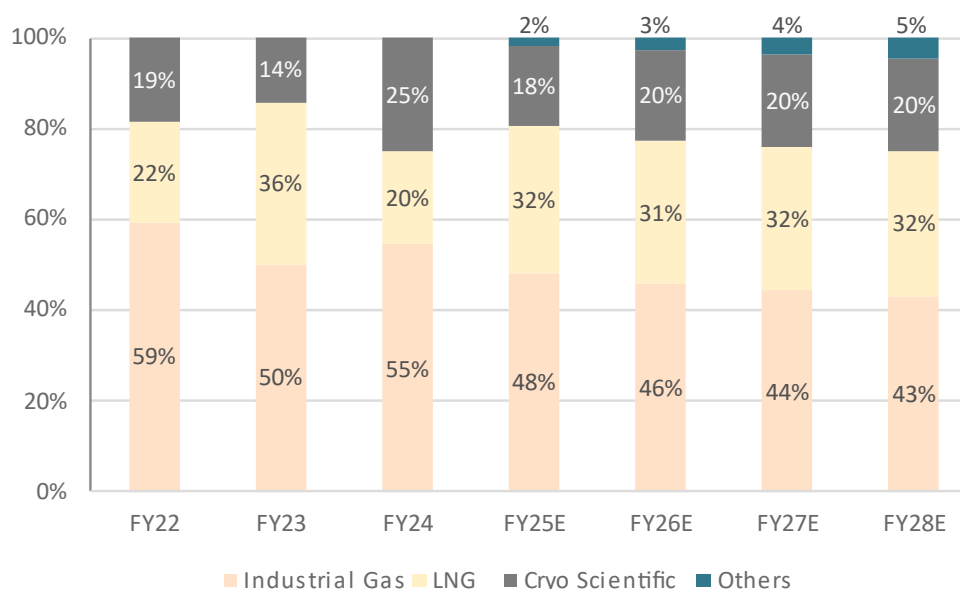


Source: Dalal & Broacha Research

INOX India has managed to grow its order backlog consistently which has grown from Rs 619 Cr in FY 14-15 to Rs 1086 Cr in FY23-24. As on H1FY25 the order backlog for the company stood at Rs 1178 cr. The current order backlog consists of 54% Industrial Gas, 25% LNG & 21% Cryo-Scientific.

We estimate the order backlog to be Rs 1400 Cr primarily due to big order wins such as the Bahamas contract.

Segment Mix in Order Backlog



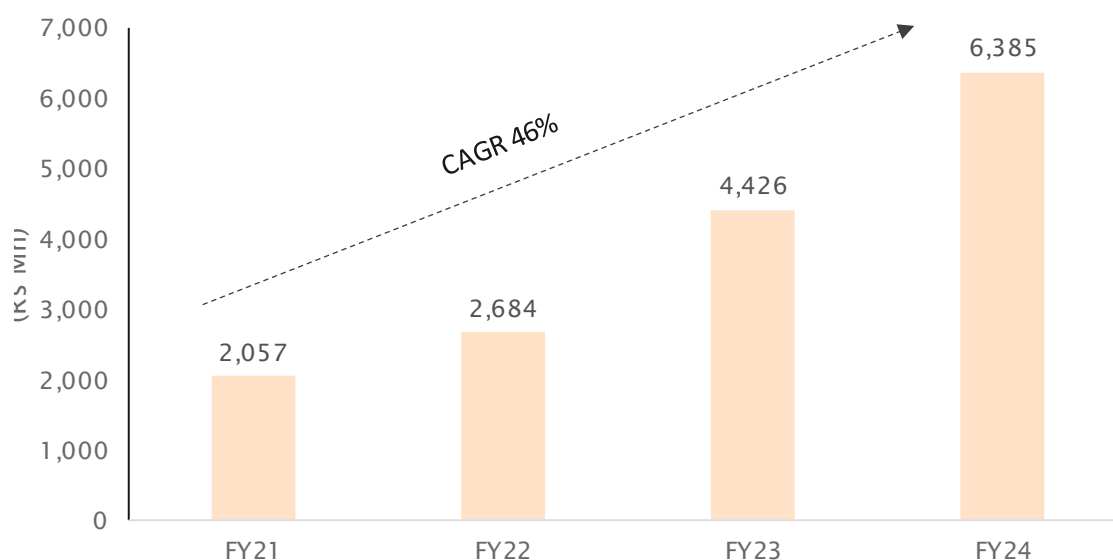
Strong Export Footprint

INOX India has established a strong presence across more than 60 countries, earning a solid reputation for delivering high-quality products that adhere to stringent international standards. Backed by robust R&D capabilities and a focus on innovation, the company has successfully catered to a wide range of industry verticals.

Export revenue has demonstrated impressive growth of approximately 46% between FY21 and FY24, with the share of overseas revenue rising significantly from 35% in FY21 to 56% in FY24. Major export destinations include the USA, Korea, Saudi Arabia, Antigua & Barbuda, and France.

Notably, INOXCVA stands as the leading exporter of cryogenic tanks from India in terms of revenue, further cementing its leadership in the global market.

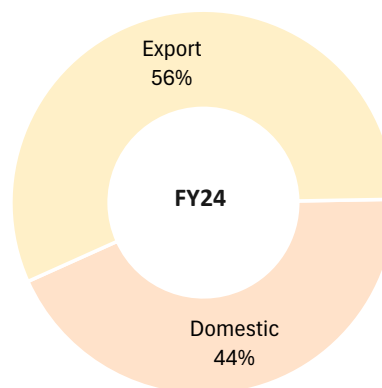
Rapid Growth in Export Revenue with a 46% CAGR



Exports: Country-wise break-up

	(Rs Mn)
Country	FY24
USA	1,534
Antigua and Barbuda	614
Saudi Arabia	623
Japan	77
Norway	2
ROW	3,535
Total Exports	6,385

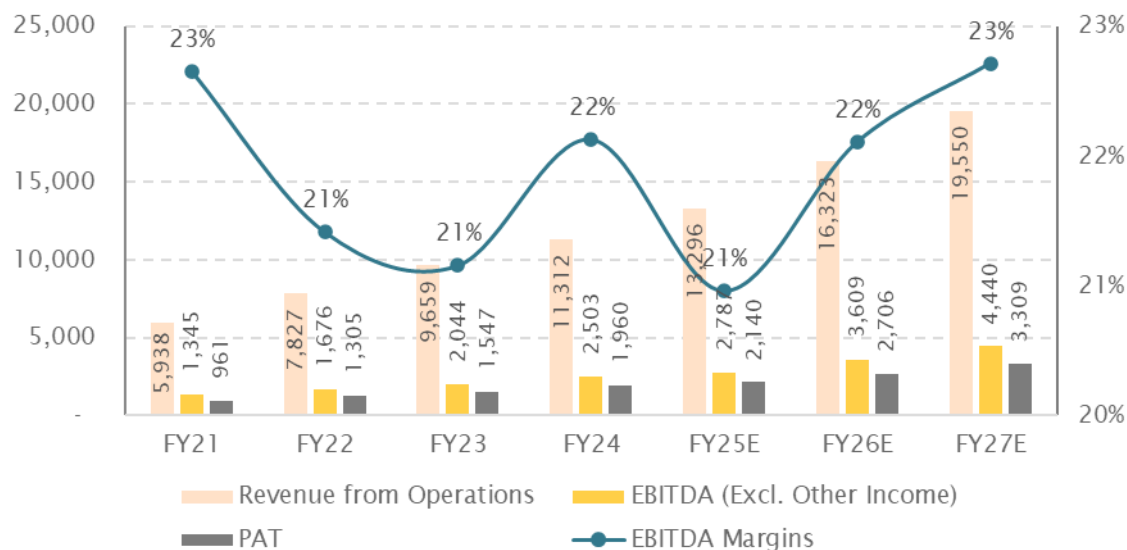
Import-Export Mix in FY24



Source: Dalal & Broacha Research

Financials

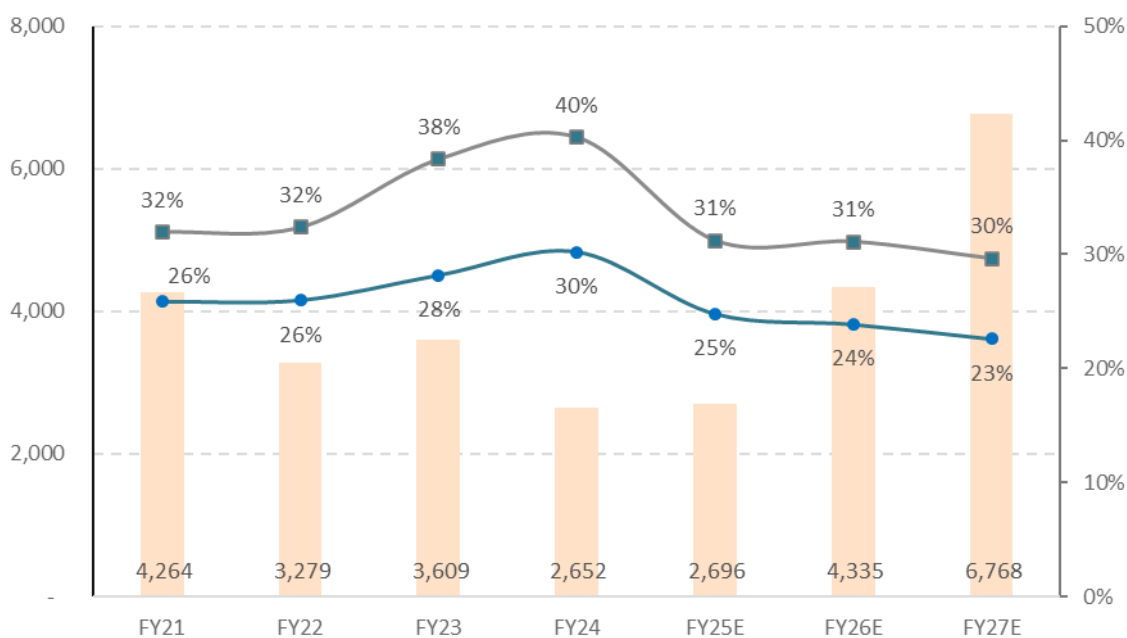
Revenue, EBITDA, PAT all 3 parameters historically has been growing consistently



Source: Dalal & Broacha Research

The company has demonstrated consistent growth in Revenue, EBITDA, and PAT since FY21, and we anticipate a CAGR of 20%, 23%, and 21%, respectively, from FY24 to FY27. These projections are based on the current order backlog, for which the management has clear visibility. Notably, this does not account for the one-off large orders that the company has been securing annually, meaning any revenue from such orders would be incremental to the existing projections. We expect margins to remain stable in the 23-24% range. Among the segments, the Cryo-scientific division commands the highest margins, followed by LNG and then Industrial Gases.

Healthy ROE & ROCE ratios

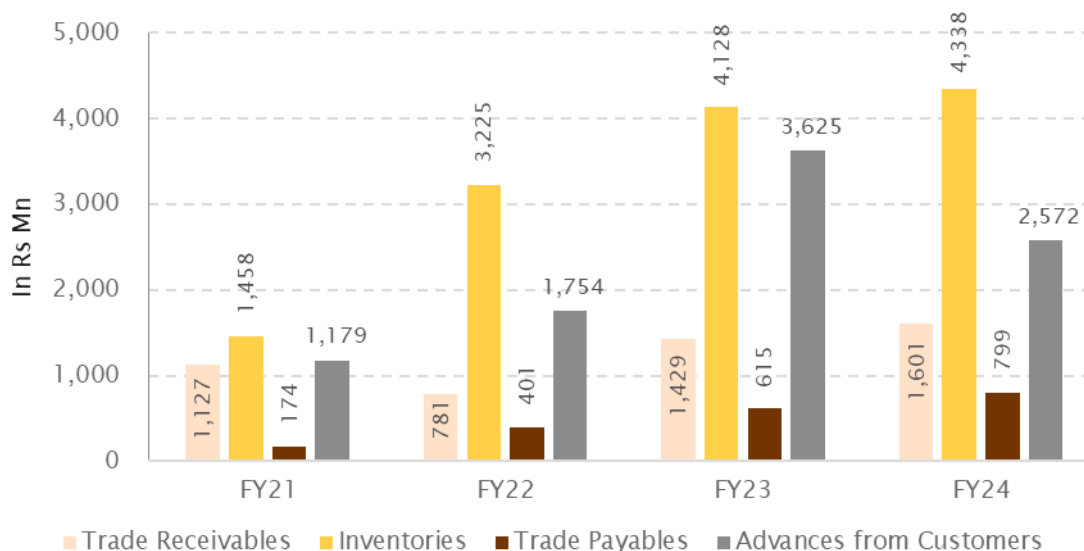


Source: Dalal & Broacha Research

INOX India maintains strong ROE and ROCE ratios, consistently exceeding 25% and 30%, respectively. We expect this trend to continue; however, our forecasted figures indicate a slight dip due to an increase in cash balance.

Given the nature of its business, the company's working capital cycle tends to be stretched. In FY24, net working capital days stood at 313, primarily driven by higher inventory days. However, the company collects customer advances and recognizes revenue based on the percentage of order completion. When factoring in these advances, the effective working capital days for FY24 reduce to 83.

Working Capital, Inventories higher due to the nature of the business



Source: Company, Dalal & Broacha Research

Working Capital Cycle

Working Capital Cycle	FY21	FY22	FY23	FY24
Trade receivable	1,127	781	1,429	1,601
(+) Inventories	1,458	3,225	4,128	4,338
(-) Trade Payables	174	401	615	799
(-) Advances from Customers	1,179	1,754	3,625	2,572
Net Working Capital Cycle	1,233	1,852	1,317	2,568
Net Working Capital Days	76	86	50	83

Source: Company, Dalal & Broacha Research

Competitive Landscape

Several companies dominate the cryogenic equipment market globally, offering products like cryogenic tanks, valves, pumps, vaporizers, and heat exchangers. Some leading players include Chart Industries (USA), Air Liquide (France), Linde Group (Germany), INOX India Ltd. (India).

Company (IN Mn \$)	Revenue*			Operating Profit *			PAT*			EPS*		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Air Liquide France	24,268	31,131	28,712	6,586	7,621	7,852	2,800	3,020	3,316	€ 4.92	€ 5.27	€ 5.87
Chart Industries Inc	1,318	1,612	3,353	127	193	554	59	24	47	\$ 1.44	\$ 0.57	\$ 1.01
Linde Plc	30,793	33,364	32,854	9,619	9,573	11,840	3,956	4,281	6,341	\$ 7.33	\$ 8.23	\$12.59
Inox India Ltd	69	91	113	17	22	26	11	15	18	₹ 10.59	₹ 14.38	₹ 17.05

* -Data from Bloomberg or annual report

Key Personnel

Name of KMP	Description	Remuneration (In Mn) FY24
Mr. Pavan Kumar Jain <i>Chairman & Executive Director</i>	Holds a Bachelor's degree in Chemical Engineering from IIT Delhi and has over 50 years of industry experience. He has played a pivotal role in transforming the company into one of the world's leading cryogenic tank manufacturers, showcasing exceptional leadership and vision throughout his career.	16
Mr. Siddharth Jain <i>Non-Executive Director</i>	Earned his Bachelor's degree in Science in Engineering from the University of Michigan and an MBA from INSEAD. With over 23 years of experience in the cryogenic engineering industry, he oversees the Group's strategic planning and business development functions. His expertise has significantly contributed to the company's growth and strategic direction.	39
Mr. Parag Kulkarni <i>Executive Director</i>	Has approximately 30 years of experience in the cryogenic engineering and high vacuum technology industry. He holds a bachelor's degree in mechanical engineering from the College of Engineering, Goa and a masters' degree in management studies from Jamnalal Bajaj Institute of Management Studies, Mumbai, Maharashtra. He oversees the strategic growth opportunities, engineering developments, business expansion and new energy strategies	8
Mr. Deepak Acharya <i>CEO</i>	Has been with the company since 1992. With a BE in Mechanical Engineering from NIT Nagpur and an ME in Mechanical Engineering from IIT Roorkee, he brings over 35 years of experience in business operations, strategic planning, business management, product development, technology transfer, and due diligence. His expertise and long tenure reflect a strong foundation in leading the company through innovation and growth.	16
Mr. Pavan Logar <i>CFO</i>	Joined the company in 1993. He holds a Bachelor's degree in Commerce from Rajasthan University and is a Certified Chartered Accountant and Company Secretary. With more than 35 years of experience in accounts and taxation, he plays a pivotal role in managing the company's financial strategies and ensuring compliance with financial regulations.	10

Source: Company, Dalal & Broacha Research

Valuation & Outlook

The demand for cryogenic equipment is expected to continue rising due to increasing applications across industries such as industrial gases, healthcare, energy, and electronics. The growing need for LNG as a cleaner fuel alternative, advancements in space exploration, and rising demand for medical oxygen and liquid nitrogen in healthcare and pharmaceuticals are key drivers of this growth. INOX India Ltd, being one of the leading players in cryogenic storage, transportation, and processing solutions, is well-positioned to benefit from this demand surge. The company's strong technical expertise, established global presence, and diversified product portfolio catering to sectors like LNG, aerospace, and biotech further enhance its growth prospects. Additionally, government initiatives promoting clean energy and infrastructure development for LNG-based transportation are likely to provide a structural tailwind for sustained long-term demand.

With a legacy spanning over 30 years, INOX India Ltd has established strong relationships with multiple clients and, owing to its proven expertise, is among the select few players involved in large-scale scientific projects. The company has demonstrated impressive financial growth, with Revenue, EBITDA, and PAT growing at a CAGR of 24%, 23%, and 27%, respectively. Given the cryogenic equipment industry's projected growth rate of 7%, the management has guided for a sustained topline growth of at least 20%, supported by a robust order backlog of approximately ₹1,100 crore. We estimate the company's order backlog to grow at a CAGR of around 22% over FY24-27, with additional upside from large turnkey orders beyond the existing backlog. Margins are expected to remain stable in the range of 22%-24%.

At the current market price (CMP) of ₹930, INOX India Ltd is trading at 26x P/E on FY27E EPS of ₹36. Given its dominant market position in India and participation in large-scale global projects, we assign a valuation multiple of 30x (1.5x PEG ratio), arriving at a target price of ₹1,091, implying an upside of 17%.

Financials

P&L (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Net Sales	7,827	9,659	11,312	13,296	16,323	19,550
Cost of goods sold	3,377	4,327	4,942	5,971	7,248	8,609
Employee Cost	735	787	1,017	1,104	1,306	1,564
Other Expenses	2,039	2,502	2,850	3,434	4,161	4,937
Operating Profit	1,676	2,044	2,503	2,787	3,609	4,440
Depreciation	-121	-139	-181	-250	-325	-389
PBIT	1,555	1,904	2,321	2,537	3,283	4,051
Other income	210	202	313	344	379	417
Net Interest (Exp)/Inc	-23	-37	-57	-100	-54	-55
Profit before tax	1,742	2,069	2,578	2,781	3,608	4,413
Exceptional Item	-	-	-	72	-	-
Provision for tax	-437	-522	-618	-713	-902	-1,103
Reported PAT	1,305	1,547	1,960	2,140	2,706	3,309
Adjusted PAT	1,305	1,547	1,960	2,068	2,706	3,309

Balance Sheet (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
Equity capital	182	182	182	182	182	182
Reserves	4,841	5,313	6,309	8,449	11,155	14,464
Net worth	5,023	5,495	6,491	8,630	11,336	14,646
MI	-	-	-	-	-	-
Non Current Liabilities	215	279	309	408	459	516
Current Liabilities	3,729	5,704	5,189	6,137	7,110	8,409
Total Equity & Liabilities	8,968	11,478	11,989	15,175	18,904	23,571
Non Current Assets	1,436	1,749	2,686	3,555	4,112	4,609
Fixed Assets	1,351	1,638	2,494	3,279	3,807	4,271
Intangible Assets	6	9	108	110	117	124
Investments	2	2	2	2	2	2
Loans	-	2	5	5	5	5
Other Financial Assets	23	18	31	35	39	44
Other Non Current Assets	55	80	45	123	141	162
Current Assets	7,428	9,624	9,195	11,512	14,684	18,854
Inventories	3,225	4,128	4,338	5,071	6,057	7,194
Loans	-	6	11	11	11	11
Current investments	3,115	2,487	2,465	2,650	2,915	3,206
Trade Receivables	781	1,429	1,601	1,876	2,303	2,758
Cash and Bank Balances	88	617	118	46	1,420	3,561
Other Financial Assets	39	613	110	1,206	1,206	1,206
Other Current Assets	167	318	501	601	721	865
Current Tax Assets	13	26	51	51	51	51
Non-Current Asset held for sale	103	105	108	108	108	108
TOTAL ASSETS	8,968	11,478	11,989	15,175	18,904	23,571

Cashflow (Rs mn)	FY22	FY23	FY24	FY25E	FY26E	FY27E
PBT	1,742	2,069	2,578	2,853	3,608	4,413
Depreciation	121	139	181	250	325	389
Net Chg in WC	-1,195	-1,336	-199	-825	-1,302	-1,388
Interest Expense	23	37	57	100	54	55
Taxes	-437	-522	-618	-713	-902	-1,103
Others	716	1,379	-743	-976	925	972
CFO	970	1,767	1,256	689	2,708	3,338
Capex	-439	-449	-941	-1,037	-860	-860
Net Investments made	-2,805	738	213	-185	-265	-291
Others	2,498	-410	447	-	-	-
CFI	-746	-121	-281	-1,222	-1,125	-1,151
Change in Share capital	-	-	-	-	-	-
Change in Debts	-170	-434	49	551	-165	-
Div. & Div Tax	-45	-1,044	-998	-	-	-
Payment & Interest on lease liability paid	-31	-28	-31	10	10	10
Finance Charges Paid	-15	-31	-50	-100	-54	-55
CFF	-261	-1,536	-1,030	461	-209	-45
Adj. on account of foreign currency translation reserve	26	-9	-8	-	-	-
Total Cash Generated	-11	100	-63	-72	1,374	2,141
Cash Opening Balance	22	12	112	118	46	1,420
Other Bank Balance	76	505	69	-	-	-
Cash Closing Balance + Other Bank balance	88	616	118	46	1,420	3,561
Ratios	FY22	FY23	FY24	FY25E	FY26E	FY27E
OPM	21.4	21.2	22.1	21.0	22.1	22.7
NPM	16.2	15.7	16.9	15.7	16.2	16.6
Tax rate	25.1	25.2	24.0	25.6	25.0	25.0
Growth Ratios (%)						
Net Sales	31.8	23.4	17.1	17.5	22.8	19.8
Operating Profit	24.6	21.9	22.5	11.4	29.5	23.0
PBIT	26.7	22.4	21.9	9.3	29.4	23.4
Adj .PAT	35.8	18.6	26.7	5.5	30.9	22.3
Per Share (Rs.)						
Net Earnings (EPS)	14	17	22	24	30	36
Cash Earnings (CPS)	16	19	24	26	33	41
Dividend						
Book Value	55	61	72	95	125	161
Free Cash Flow	24	29	15	25	39	47
Valuation Ratios						
P/E(x)	63	53	42	38	30	25
P/B(x)	16	15	13	9	7	6
EV/EBIDTA(x)	42	35	28	25	20	16
Div. Yield(%)	-	-	-	-	-	-
FCF Yield(%)	3	3	2	3	4	5
Return Ratios (%)						
ROE	26%	28%	30%	25%	24%	23%
ROCE	32%	38%	40%	31%	31%	30%
RoIC	24%	29%	31%	23%	23%	22%

Source: Dalal & Broacha Research

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Address: - 508, Maker Chambers V, 221 Nariman Point, Mumbai 400 021.

Tel: 91-22- 2282 2992 | E-mail: equity.research@dalal-broacha.com