

7. Financial Performance

During FY 2022-23, the Group recorded an operating revenue of Rs. 8,090 crore as compared to Rs. 6,128 crore in the previous year. The basic and diluted earnings per share for the year were Rs. 39.98 per share as compared to Rs. 27.73 per share in the previous year. The analysis of major items of the financial statements is given below:

a. Revenue from the Operation

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Revenue from projects and products	7,072	5,384	31
Revenue from services	962	680	42
Other operating revenue	56	64	(13)
Total operating revenue	8,090	6,128	32

The total operating revenue increased primarily due to a strong 31% growth in revenue from projects and products to Rs. 7,072 crore as the Company ramped up execution of prior period orders. Growth was broad-based across all segments, with Industrial Products growing by 30%, Industrial Infra by 31%, Green Solutions by 67% and Chemical by 25%. Revenue from services grew by 42% to Rs. 962 crore, primarily led by domestic business. Other operating revenue decreased due to exchange loss.

b. Cost of Material Consumed

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cost of material consumed	4,625	3,485	33
% of total revenue	57.17%	56.80%	0.6

The cost of materials grew 33% to Rs. 4,625 crore in FY 2022-23 due to an increase in commodity prices during the first half of the year and a change in the business mix.

c. Employee Benefit Expenses

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Employee benefit expenses	954	813	17

The employee benefit expenses increased 17% to Rs. 954 crore in FY 2022-23, primarily driven by higher employee wages, expansion in both services and project execution teams and incentives provided to employees.

d. Other Expenses

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Consumption of stores and spare parts	101.17	103.04	(2)
Power and fuel	61.96	52.31	18
Freight and forwarding charges (net)	207.22	176.09	18
Site expenses and contract labour charges	936.48	652.9	43
Drawing, design and technical service charges	68.29	24.65	177
Sales commission	28.66	25.34	13
Advertisement and sales promotion	23.23	10.48	122
Rent	23.05	19.19	20
Rates and taxes	19.88	20.09	(1)
Insurance	16.1	11.88	36

	FY 2022-23	FY 2021-22	Change (%)
Repairs and maintenance	91.82	68.18	35
Travelling and conveyance	93.49	60.14	55
Legal and professional fees (includes payment to auditors)	125.95	103.52	22
Director sitting fees	1.13	1	13
Bad debts / advances written off	40.68	(4.4)	(1,025)
Warranty expenses (net)	14.59	35.39	(59)
(Gain) / loss on sale/ discard of assets (net)	3.79	(7.64)	(150)
CSR expenses	6.86	7.54	(9)
Miscellaneous expenses (includes printing, communication, security expense, etc.)	50.36	49.41	2
Total	1,914.71	1,409.11	36
Less: Capitalised during the year	(1.31)	(0.12)	992
Net total	1,913.40	1,408.99	36

Other expenses increased 36% to Rs. 1,913.40 crore in FY 2022-23. This was primarily due to increase in direct expenses like site expenses and contract labour charges, drawing and design charges etc., aligned to the increase in the level of activities during the year. These expenses are more pronounced during certain phases of project, and resulted in higher incidence during the current year. The advertisement and sales promotion and travelling expenses also rose due to increase in business volume and implementation of various new initiatives. Bad debts / advances written off and warranty expenses decreased as the previous years' numbers were higher due to reclassification, which was not applicable in the current year.

e. Property, Plant and Equipment

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Property, plant and equipment	1,039.89	990.95	5
Capital work-in-progress	433.77	44.32	879
Right-of-use assets	176.06	163.24	8
Goodwill	3.03	3.03	0
Other intangible assets	29.19	37.52	(22)
Total	1,681.94	1,239.06	36

Property, plant and equipment cost increased 36% to Rs. 1,681.94 crore as on March 31, 2023. The rise was mainly due to an increase in capital work-in-progress associated with the under construction solar assets of First Energy Pvt. Ltd.

f. Investment

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non-current investment	216.84	703.36	(69)
Current investment	1,392.87	766.54	82
Total	1,609.71	1,469.90	10

Investment predominantly represents holdings in the debt mutual fund and fixed deposits with banks. The change in current and non current investments is mainly due to shifting of corporate bonds to liquid funds.

g. Trade Receivable

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non-current trade receivable	114.50	173.52	(34)
Current trade receivable	1,762.06	1,423.72	24
Total	1,876.56	1,597.24	17

The trade receivables increased 17% to Rs. 1,876.56 crore as on March 31, 2023, in line with the increase in business volume.

h. Cash Flow

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cash flows from operating activities	459.56	324.71	42
Cash flows from / (used in) investing activities	(679.68)	(421.58)	61
Cash flows (used in) financing activities	348.54	(20.58)	(1,794)
Total	128.42	(117.45)	(209)

The cash flow has changed from Rs. (117.45) crore in the last financial year to Rs. 128.42 crore in FY 22-23. This was primarily on account of higher outflows for investing activities related to under construction solar assets and purchase of plant, property, and equipment for First Energy Pvt. Ltd. (FEPL). The cash flow from operating activities increased due to better collection, improvement in inventory consumption and better working capital management. The cash flow from financing activities increased due to proceeds from borrowings for execution of projects in FEPL under BOO model.

i. Cash and Cash Equivalents and Bank Balance

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Cash and cash equivalents	452.82	310.78	46
Bank balance	678.76	642.72	6
Total	1,131.58	953.50	19

Cash and cash equivalents and bank balance increased 19% to Rs. 1,131.58 crore due to better collections and shifting of investment portfolio.

j. Borrowings

(Rs. crore)

	FY 2022-23	FY 2021-22	Change (%)
Non current borrowings	422.52	61.42	588
Current borrowings	388.02	294.00	32
Total	810.54	355.42	128

Borrowings increased 128% to Rs. 810.54 crore due to loans taken for execution of solar projects under First Energy Pvt. Ltd. under BOO model.

Key Financial Ratios

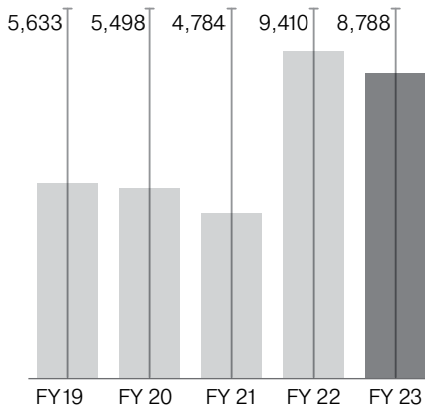
Particulars	Thermax Limited		Thermax Group	
	2023	2022	2023	2022
Debtors turnover ratio	4.18	3.88	4.63	4.13
Inventory turnover ratio	7.83	7.80	6.24	6.16
Interest coverage ratio	22.67	21.26	17.04	17.29
Current ratio	1.36	1.17	1.38	1.26
Return on capital employed	13.8%	9.4%	14.9%	12.2%
Return on net worth (RONW)	10.2%	6.7%	11.7%	8.9%

The return on capital employed and return on net worth have increased both at standalone and group levels due to an increase in profitability.

Key Financial Indices

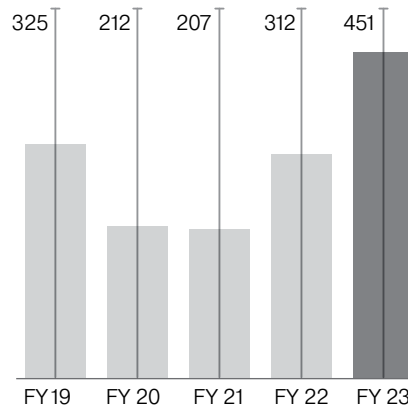
Order Booking

(Rs. crore)



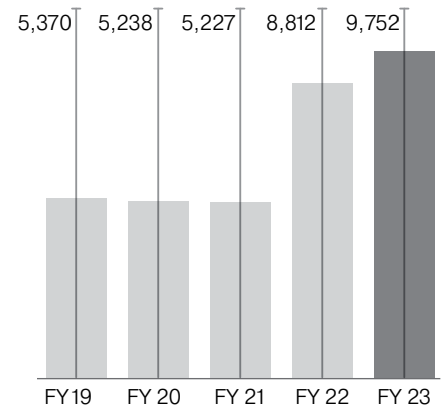
Profit After Tax (PAT)

(Rs. crore)



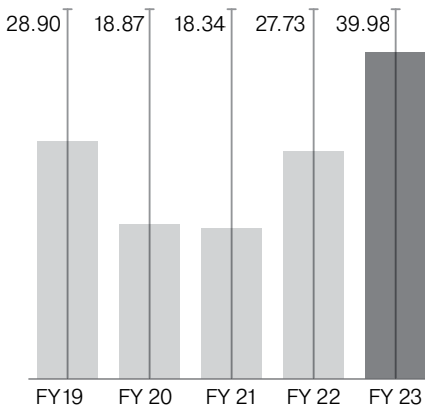
Order Balance

(Rs. crore)



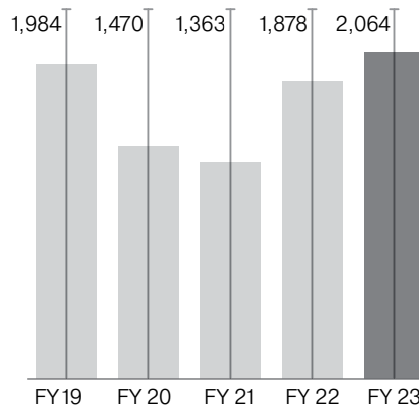
Earnings Per Share (EPS)

(Rs.)



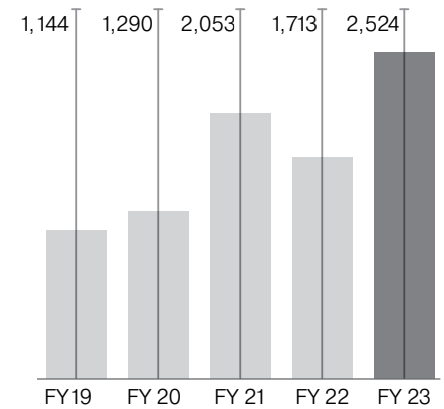
International Order Booking

(Rs. crore)



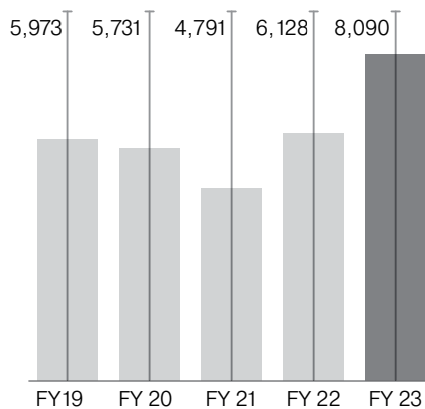
Cash and Cash Equivalent (incl. Current Investments)

(Rs. crore)



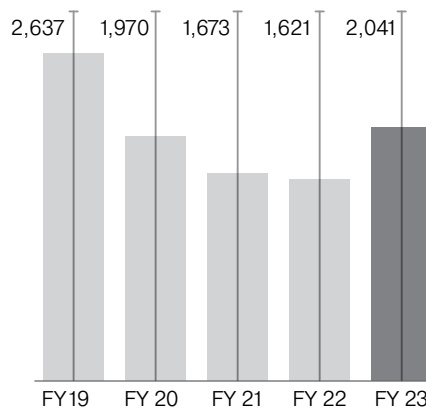
Revenue from Operations

(Rs. crore)



International Revenue

(Rs. crore)



Financials at a Glance - Thermax Group

Particulars	2022-23	2021-22	2020-21	2019-20	2018-19	2017-18	2016-17	2015-16 [#]	2014-15	2013-14
Domestic sales (excluding excise duty)	5,992	4,443	3,037	3,685	3,249	2,668	2,813	3,210	3,618	3,199
International sales/business	2,042	1,621	1,673	1,970	2,637	1,703	1,573	1,859	1,624	1,758
% to total sales	25%	27%	36%	35%	45%	39%	36%	37%	31%	35%
Total sales	8,034	6,064	4,710	5,655	5,886	4,371	4,386	5,069	5,242	4,957
Growth	32%	29%	(17%)	(4%)	35%	0%	(13%)	(3%)	6%	(8%)
Other operating income	56	64	81	76	87	94	97	76	62	72
Revenue from operation	8,090	6,128	4,791	5,731	5,973	4,465	4,483	5,145	5,304	5,028
Other income	160	127	108	100	150	116	114	122	123	72
Total income	8,250	6,255	4,899	5,831	6,123	4,581	4,597	5,267	5,427	5,100
Total expenses	7,492	5,707	4,435	5,324	5,516	4,064	4,049	4,716	4,843	4,592
Profit before depreciation, interest, extraordinary items and tax	758	548	464	507	607	517	548	551	584	508
(% to total income)	9%	9%	9%	9%	10%	11%	12%	10%	11%	10%
Depreciation	117	113	115	117	92	82	82	72	134	92
Interest	38	25	21	15	14	13	10	12	82	27
Exceptional items of expenses	-	-	53	-	90	0	18	0	49	0
Profit before tax	603	410	275	375	411	422	438	467	319	389
(% to total income)	7%	7%	6%	6%	7%	9%	10%	9%	6%	8%
Tax	152	98	69	162	85	166	156	144	171	169
Profit after tax before non controlling interest and share in loss of associate and joint venture	451	312	206	212	326	256	282	323	148	220
Share in joint venture / associates loss	0	0	0	0	(1)	(25)	(66)	(41)	NA	NA
Minority interest	-	-	NA	NA	NA	NA	NA	NA	(62)	(26)
Profit after tax after minority and share in an associate's loss	451	312	206	212	325	231	216	282	210	246
Other comprehensive income	0	8	17	(9)	(22)	27	(19)	22	NA	NA
Total comprehensive income attributable to:	451	320	223	204	304	258	197	304	NA	NA
Equity holders of the parent	450	312	223	204	304	259	204	304	NA	NA
Non controlling interest	0	-	-	-	-	(1)	(7)	-	NA	NA
Gross block	2,903	2,396	2,352	2,255	2,236	1,741	1,515	1,438	2,051	2,044
Net block	1,682	1,239	1,266	1,339	1,352	1,076	952	887	1,474	1,580
Investments	1,610	1,470	234	875	829	1,472	1,083	1,050	822	708
Current assets	6,072	4,738	4,466	3,977	4,737	4,102	3,297	3,610	4,185	4,125
Current liabilities	4,409	3,758	3,071	2,787	3,654	3,079	2,365	2,615	3,274	2,999
Net current assets	1,663	980	1,395	1,190	1,083	1,023	932	995	911	1,126
Capital employed	4,291	3,553	3,273	3,061	3,050	2,768	2,585	2,450	2,719	2,695
Equity share capital	23	23	23	23	23	23	23	23	24	24
Reserves and surplus	3,846	3,469	3,228	3,005	2,992	2,692	2,515	2,393	2,123	2,014
Networth	3,868	3,492	3,251	3,028	3,015	2,715	2,538	2,416	2,147	2,038
Minority interest	2	-	-	-	-	-	1	-	78	140
Loan funds (long term)	423	61	22	33	35	53	46	34	494	517
Fixed asset turnover ratio	4.78	4.89	3.72	4.23	4.35	4.06	4.61	5.71	3.56	3.14
Working capital turnover ratio	4.83	6.19	3.38	4.75	5.43	4.28	4.71	5.10	5.75	4.40
Current ratio	1.38	1.26	1.45	1.43	1.30	1.33	1.39	1.38	1.28	1.38
Return on capital employed	15%	12%	11%	13%	14%	15%	15%	18%	15%	15%
Return on net worth	12%	9%	6%	7%	11%	9%	9%	12%	10%	12%
Cash earnings per share (Rs.)	50.36	37.74	28.50	29.30	37.06	27.93	27.08	31.48	28.86	28.38
Earnings per share (Rs.)	39.98	27.73	18.34	18.87	28.90	20.61	19.80	25.07	17.61	20.64
Dividend	500%	450%	350%	350%*	350%	300%	300%	300%	350%	300%
Book value per share (Rs.)	343	310	289	269	268	241	225	215	180	171

[#] Figures have been reclassified as per Indian Accounting Standards ("IND AS") as prescribed by Ministry of Corporate Affairs

* It is interim dividend paid to shareholders