

Thermax invests ₹460 cr, reports 49% rise in profit

Firm's one-fourth revenue comes from international business

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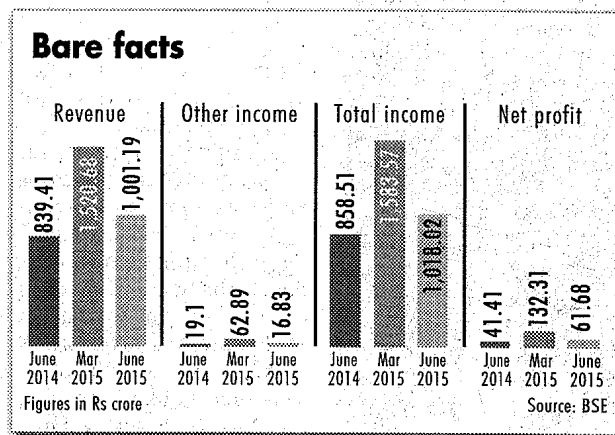
Pune

Thermax, the engineering major for energy and environment sectors, is investing a total of Rs 460 crore to de-risk its business by setting up a new manufacturing hub overseas and two new manufacturing facilities in India.

"The cyclical nature of the capital goods industry and heavy reliance on one country/geography are major risks that we have been trying to mitigate over the years," Meher Pudumjee, chairperson of Thermax, said.

She said the company's efforts at internationalisation had made headway, as nearly one-fourth of its revenues at present come from international business. Its total revenues for FY 2015 stood at Rs 4,808 crore, up 10 per cent over the previous year.

"While the company's revenues from international business grew 17 per cent to Rs 1,624 crore in



our product portfolio, the revenues from services increased 11 per cent to Rs 756 crore," Pudumjee told shareholders at the company's 34th annual general meeting in Pune on Tuesday.

She said the company would continue to promote its product businesses in select countries in order to hedge its risks. "The move has the dual advantage of increasing the share of products with less volatile demand profile, and at the same time, enhances our

international business revenue," Pudumjee said.

MS Unnikrishnan, managing director and CEO of Thermax, said the company had strategically formed an investment company in Singapore through which its operating subsidiaries are being created in Indonesia, Malaysia, Thailand and Philippines.

"We have already procured land in Indonesia to construct a regional manufacturing hub to cater to the Association of South-east Asian Nations (Asean)

markets, comprising of eight countries, which have signed an Asean-agreement which would free them from imposing import duties," Unnikrishnan said. "During the next cycle, we expect Asean market to grow as big as the Indian market and we gearing to be ready for it," Unnikrishnan said. Thermax on Tuesday reported a 49 per cent rise in net profit to Rs 62 crore during the first quarter ended on June 30.

The Pune-based company had clocked a net profit of Rs 41 crore in the same period last year.

Its operating revenue also rose 19 per cent to Rs 1,001 crore from Rs 839 crore in the corresponding quarter last year. Thermax said in a filing to the Bombay Stock Exchange.

The company's order book, despite subdued market conditions, also jumped 32 per cent during the quarter to Rs 877 crore from Rs 662 crore clocked last year.

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