

August 24, 2022

Thermax Engineering Construction Company Limited: Rating Withdrawn

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund Based-Working capital facilities	1.00	1.00	[ICRA]AA- (Stable); Withdrawn
Non-Fund Based- Working capital facilities	69.00	69.00	[ICRA]AA+ (CE) (Stable); Withdrawn
Total	70.00	70.00	

*Instrument details are provided in Annexure-1

Rationale

ICRA has withdrawn the rating assigned to the bank facilities of Thermax Engineering Construction Company Limited (TECC) at the request of the company and based on the No Objection Certificate received from the banker, and in accordance with ICRA's policy on withdrawal and suspension. However, ICRA does not have information to suggest that the credit risk has changed since the time the rating was last reviewed. The Key Rating Drivers, Liquidity Position, Rating Sensitivities, Key financial indicators have not been captured as the rated instruments are being withdrawn.

The previous detailed rating rationale is available at the following link: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology Policy on Withdrawal of Credit Ratings Construction Entities Methodology Impact of Parent or Group Support on an Issuer's Credit Rating Approach for rating debt instruments backed by third-party explicit support
Parent/Group Support	Parent Company: Thermax Limited. The rating factors in the very high likelihood of its parent, Thermax Limited, extending financial support to the company because of business linkages between them and the corporate guarantee provided by the parent to the non-fund-based limits of TECC. We also expect TL to be willing to extend financial support to TECC to protect its reputation from the consequences of a Group entity's distress as they share a common name. TL has a consistent track record of extending timely financial support to TECC in the past, whenever needed.
Consolidation/Standalone	The ratings are based on the standalone financial statements of the issuer

About the company

Thermax Engineering Construction Company Limited (TECC) is a wholly owned subsidiary of Thermax Limited (TL). TECC was formed in 1991 for carrying out construction and erection of mechanical and electrical sub-systems and providing assistance in testing and commissioning for the Boiler and Heater divisions of TL. During the last 20 years, TECC has worked closely with TL catering to numerous clients such as Reliance Group, BHEL, Tata Power, Jindal Group, Bhushan Group, etc. Because of its experience in boiler erection, TECC is on the approved list of the Chief Inspector of Boilers (CIB) of Gujarat, Maharashtra, Uttar Pradesh, Goa, Odisha, etc. Starting FY2018, due to the unified indirect taxation under the GST regime, Thermax Group has

decided to stop taking erection orders separately through TECC and to have the same carried out by TL. Therefore, till FY2020, TECC's business was limited to taking external O&M orders for plant and machineries across various industries. Going forward TECC will not be undertaking any business activity.

About the guarantor

Thermax Limited (TL), promoted by R.D. Aga in 1980, is a provisioner of equipment and services solutions in energy systems comprising boilers, heaters, chillers and captive power plants, air pollution control, water and waste treatment solutions and speciality chemicals. Historically, its key strengths had been in providing turnkey solutions for captive/co-generation power plants up to 50 MW and large capacity boilers for captive/industrial customers across sectors such as iron and steel, cement, www.icra.in Page | 4 textiles, pharmaceuticals, refinery and the like. Subsequently, TL made a foray into product offerings and set up a manufacturing facility at Vadodara, Gujarat, during FY2009 for sub-critical and utility range of boilers for power plants. The company's manufacturing facilities for packaged boilers and heaters, and cooling systems are located at Chinchwad, near Pune. The unit for the utility range of boiler and heater is at Savli in Vadodara; that for speciality chemicals is at Paudh, Khopoli, near Pune in Maharashtra and that for absorption chillers is in China. The research and development centre is located at Chinchwad, while the design engineering offices are located across the metro cities in India.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Rating (FY2023)				Chronology of Rating History		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Date & Rating in	Date & Rating in FY2022	Date & Rating in FY2021	Date & Rating in FY2020
					Aug 24, 2022			
1	Fund-based Facilities	Long-term	1.00	-	[ICRA]AA- (Stable); Withdrawn	[ICRA]AA- (Stable)	[ICRA]AA- (Stable)	[ICRA]AA (Stable)
2	Non-Fund Based Facilities	Long-term	69.00	-	[ICRA]AA+ (CE) (Stable); Withdrawn	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (CE) (Stable)	[ICRA]AA+ (SO) (Stable)

Complexity level of the rated instruments

Instrument	Complexity Indicator
Fund-based Facilities – Cash Credit	Simple
Non-Fund Based Limits	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments, is available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (RS Crore)	Current Rating and Outlook
NA	Cash Credit	NA	NA	NA	1.00	[ICRA]AA- (Stable); Withdrawn
NA	Non-Fund-based Facilities	NA	NA	NA	69.00	[ICRA]AA+ (CE) (Stable); Withdrawn

Source: Company

Annexure-2: List of entities considered for consolidated analysis: Not applicable

ANALYST CONTACTS

Rajeshwar Burla

+91 40 4067 6527

rajeshwar.burla@icraindia.com

Abhishek Gupta

+91 124 4545 863

abhishek.gupta@icraindia.com

Ashish Modani

+91 20 6606 9912

ashish.modani@icraindia.com

Rohit Agarwal

+91 22 6169 3329

rohit.agarwal@icraindia.com

RELATIONSHIP CONTACT

L Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



© Copyright, 2022 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.