



ThyssenKrupp Industries India Private Limited

Instrument	Amount	Rating
		March 2015
Long-term, Fund-based limits	Rs. 115.0 crore	[ICRA]AA (Stable) reaffirmed
Long-term, Fund-based / Non-fund-based limits	Rs. 1454.5 crore	[ICRA]AA (Stable) reaffirmed

ICRA has reaffirmed the [ICRA]AA (pronounced ICRA double A) rating to the Rs. 115.0 crore fund based bank facilities and Rs. 1454.5 crore long term fund based / non-fund based bank facilities of ThyssenKrupp Industries India Private Limited (TKII) . The outlook on the long-term rating is 'Stable'. The rating reaffirmation takes into consideration the significant order inflow in 2013-14 and the current year from domestic and overseas companies, and consequently a strong current order-book position, which provides revenue visibility in the near to medium term. Being in the capital goods industry, TKII's order book and hence revenue growth remain sensitive to overall economic and investment cycle of the country, as also reflected by the decline in revenues in 2013-14, owing to weak order inflows in the preceding year. The company's sales and order-book has witnessed increasing geographical diversified outside India across countries in Africa, South East Asia and the Middle East, thus reducing risk of slowdown in the domestic market. ICRA also notes that the company has a presence in various segments which reduce industry specific risks. The ratings also factor in the strong liquidity profile as evidenced by a large cash balance and un-utilized bank limits, which also imparts a high degree of financial flexibility and the company's robust capitalization and coverage indicators in the absence of any debt. ICRA has taken into account the established track record of the company in each business segment, with strong technical backing from ThyssenKrupp Industrial Solutions AG (part of the ThyssenKrupp Group).

Nevertheless, the ratings are constrained by the decline in operating margins in 2013-14 and the current year, on the back of an increase in share of low margin material handling equipment (MHE) segment in overall sales mix, and sharp drop in revenue. However, the interest income from significant cash balances provides cushion to the net margins of the company. ICRA also notes that pace of order execution remains exposed to regulatory risks, which could lead to project slippages and in turn lower revenues. The ratings also factor in TKII's ability to adequately price risks associated with price fluctuations in raw material and bought-out items, which remains critical for the financial performance of the company, given the relatively long project execution cycle and fixed price nature of most of the contracts; notwithstanding various measures instituted by the company to manage raw material and execution costs by way of back to back contracts with vendors and adequate project scheduling. The ratings also factor in the drop in return on capital employed in 2013-14 due to reduced profitability.

Company Profile

ThyssenKrupp Industries India Private Limited (TKII, "the company"), a part of ThyssenKrupp Industrial Solutions AG, which in turn is a subsidiary of ThyssenKrupp AG (rated Ba1/Negative by Moody's), was incorporated in 1947 under the name Buckau Wolf New India Engineering Works Limited at Pune, Maharashtra with an intention to manufacture machinery for sugar plants. ThyssenKrupp AG is headquartered in Germany and is a diversified industrial conglomerate, which currently operates through six segments: Industrial Solutions, Components Technology, Elevator Technology, Material Services, Steel Europe and Steel Americas. The group generated sales of EURO 41.3 billion in the financial year ended September 2014. Over the years, TKII has diversified into other business verticals and as on date, its operations are spread over four industry segments viz. Sugar, Mining and Material Handling, Cement and Captive Power Plants & boilers, where the company provides turnkey plant and engineering solutions. Additionally, with formation of new business vertical of Services in 2012-13, the company is also focusing on annual maintenance contracts along with sale of equipments and spares. The company has two manufacturing facilities located in Pimpri and Hyderabad.



Recent Results

TKII changed its accounting year from October-September period to April-March period and the accounts were first closed for the six months period ending March 31, 2014. Operating income and net profit, after adjustment, stands at Rs. 1016.3 crore and Rs. 58.9 crore respectively, for twelve months ending March 2014, as compared to an operating income and net profit of Rs.1407.7 crore and Rs. 80.3 crore respectively for twelve months ending March 2013. TKII recorded an operating income of Rs. 974.6 crore and net profit of Rs. 62.3 crore for the April 2014 – January 2015 period.

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