

August 31, 2020 ^{Revised}

Thermax Limited: Rating reaffirmed and withdrawn

Summary of rating action:

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Fund-based Limits	450.00	450.00	[ICRA]AA+ (Stable); reaffirmed and withdrawn
Non-fund Based Limits	4,450.00	4,450.00	[ICRA]AA+ (Stable) and [ICRA]A1+; reaffirmed and withdrawn
Total	4,900.00	4,900.00	

*Instrument details are provided in Annexure-1

The non-fund based limits are interchangeable between long term and short term

Rationale

The outstanding rating of [ICRA]AA+ (Stable) and [ICRA]A1+ on Rs.4,900.00 crore bank facilities of Thermax Limited has been withdrawn at the request of the company and based on the no objection certificates provided by its bankers, and in accordance with ICRA's Policy on Withdrawal and Suspension of Credit Rating.

Key rating drivers and their description

Key rating drivers have not been captured as the rating is being withdrawn.

Liquidity position: Superior

The liquidity position of Thermax Limited remains superior with free cash, cash equivalents and liquid investments of Rs.1030.58 crore (standalone level) as on June 30, 2020. Also, the company does not have any long term external debt.

Rating sensitivities

Rating sensitivities have not been captured as the rating is being withdrawn.

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	Corporate Credit Rating Methodology ICRA Policy on Withdrawal of Credit Rating
Parent/Group Support	Not applicable
Consolidation / Standalone	The ratings are based on the consolidated financial profile of the company. The list of companies that are consolidated to arrive at the rating are given in Annexure 2 below.

About the company

Thermax Limited, promoted by R.D. Aga in 1980, provides equipment and services solutions in the energy systems, which comprises boilers, heaters, chillers and captive power plants and environment-friendly systems such as air pollution control, water and waste treatment solutions and specialty chemicals. Historically, the company's key strengths had been in providing turnkey solutions to captive/co-generation power plants up to 50 MW and large capacity boilers for captive/industrial customers across sectors such as iron & steel, cement, textiles, pharma, refinery and the like. Subsequently, the company made a foray and set up a manufacturing facility at Vadodara, Gujarat, in FY2009, for subcritical 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; utility range of boilers and heater manufacturing facility at Savli in Vadodara; speciality chemicals at Paudh, Khopoli, near Pune in Maharashtra. Additionally, the facility for absorption chillers is in China. The research and development centre is located at Chinchwad while design engineering offices are present across most metro cities in India. The Boiler & Heater (B&H) business of Thermax Limited was transferred to Thermax Babcock & Wilcox Energy Solutions Private Limited (TBWES) on a going concern basis through slump sale w.e.f. October 01, 2019.

In FY2020, the company reported a net profit of Rs.212.5 crore on an operating income (OI) of Rs.5731.3 crore compared to a net profit of Rs.325.4 crore on an OI of Rs.5973.2 crore in the previous year.

Key financials Indicators – Consolidated (audited)

	FY 2019	FY 2020
Operating Income (Rs. crore)	5973.2	5731.3
PAT (Rs. crore)	325.4	212.5
OPBDIT/OI (%)	7.7%	7.1%
PAT/OI (%)	5.5%	3.7%
Total Outside Liabilities/Tangible Net Worth (times)	1.2	0.9
Total Debt/OPBDIT (times)	0.5	0.6
Interest Coverage (times)	31.0	27.0

Status of non-cooperation with previous CRA: None

Any other information: None

Rating history for past three years:

Sl. No.	Current Rating (FY2021)				Chronology of Rating History for the past 3 years			
	Instrument	Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)	Rating August 31, 2020	Date & Rating in FY2020 May 7, 2019	Date & Rating in FY2019 -	Date & Rating in FY2018 March 22, 2018
1	FB facilities	Long-term	450.00	450.00	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (stable)	-	[ICRA]AA+ (stable)
2	NFB facilities	Long-Term	4,450.00	4,450.00	[ICRA]AA+ (Stable); withdrawn	[ICRA]AA+ (stable)	-	[ICRA]AA+ (stable)
3	Interchangeable (NFB facilities)	Short-Term	(4,450.00)	(4,450.00)	[ICRA]A1+; withdrawn	[ICRA]A1+	-	[ICRA]A1+

Complexity level of the rated instrument:

ICRA has classified various instruments based on their complexity as "Simple", "Complex" and "Highly Complex". The classification of instruments according to their complexity levels is available on the website [click here](https://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	FB Limits	NA	NA	NA	450.00	[ICRA]AA+ (Stable); Withdrawn
NA	NFB Limits	NA	NA	NA	4,450.00	[ICRA]AA+ (Stable); Withdrawn
NA	NFB Limits	NA	NA	NA	(4,450.00)	[ICRA]A1+; Withdrawn

* NFB limits of Rs.4450.00 crore is interchangeable between long term and short term

Source: Thermax Limited

Annexure-2: List of companies considered for consolidation

Company Name	Ownership	Consolidation Approach
Thermax Sustainable Energy Solutions Ltd.	100%	Fully consolidated
Thermax Engineering Construction Company Ltd.	100%	Fully consolidated
Thermax Instrumentation Ltd.	100%	Fully consolidated
Thermax Onsite Energy Solutions Ltd.	100%	Fully consolidated
First Energy Pvt. Ltd	100%	Fully consolidated
Thermax Babcock & Wilcox Energy Solutions Pvt. Ltd.	99.99%	Fully consolidated
Danstoker Poland Spółka Z Ograniczona Odpowiedzialnoscia	100%	Fully consolidated
Danstoker A/S, Denmark	100%	Fully consolidated
Boilerworks Properties ApS, Denmark	100%	Fully consolidated
Boilerworks A/S, Denmark	100%	Fully consolidated
Ejendomsanpartsselskabet Industrivej Nord 13, Denmark	100%	Fully consolidated
PT Thermax International, Indonesia	100%	Fully consolidated
Rifox-Hans Richter GmbH Spezialarmaturen, Germany	100%	Fully consolidated
Thermax (Zhejiang) Cooling & Heating Engineering Co. Ltd., China	100%	Fully consolidated
Thermax Denmark ApS	100%	Fully consolidated
Thermax do Brasil-Energia e Equipamentos Ltda, Brazil	100%	Fully consolidated
Thermax Energy & Environment Lanka (Private) Limited, Sri Lanka	100%	Fully consolidated
SAE Engineering and Construction Services, S de RL de CV	100%	Fully consolidated
Thermax Energy & Environment Philippines Corporation	100%	Fully consolidated
Thermax Engineering Singapore Pte Ltd.	100%	Fully consolidated
Thermax Europe Limited, UK	100%	Fully consolidated
Thermax Inc., USA	100%	Fully consolidated
Thermax International Ltd., Mauritius	100%	Fully consolidated
Thermax Netherlands B.V.	100%	Fully consolidated
Thermax Nigeria Limited	100%	Fully consolidated
Thermax SDN. BHD., Malaysia	100%	Fully consolidated
Thermax Senegal S.A.R.L	100%	Fully consolidated

Source: Thermax Limited

Corrigendum:

Rationale dated August 31, 2020 has been corrected with the revision as detailed below:

- Reference to ICRA Policy on Withdrawal of Credit Rating has been added in the rationale

ANALYST CONTACTS

Sabyasachi Majumdar
+91 124 4545 304
sabyasachi@icraindia.com

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Tushar Bharambe
+91 22 6169 3347
tushar.bharambe@icraindia.com

Abhilash Dash
+91 22 6169 3358
abhilash.dash@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

Corporate Office

Building No. 8, 2nd Floor, Tower A; DLF Cyber City, Phase II; Gurgaon 122 002

Tel: +91 124 4545300

Email: info@icraindia.com

Website: www.icra.in

Registered Office

1105, Kailash Building, 11th Floor; 26 Kasturba Gandhi Marg; New Delhi 110001

Tel: +91 11 23357940-50

Branches

Mumbai + (91 22) 24331046/53/62/74/86/87

Chennai + (91 44) 2434 0043/9659/8080, 2433 0724/ 3293/3294,

Kolkata + (91 33) 2287 8839 /2287 6617/ 2283 1411/ 2280 0008,

Bangalore + (91 80) 2559 7401/4049

Ahmedabad+ (91 79) 2658 4924/5049/2008

Hyderabad + (91 40) 2373 5061/7251

Pune + (91 20) 2552 0194/95/96

© Copyright, 2020, 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