THERMAX LIMITED

January 12, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Commercial paper	100.00	CARE A1+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the short-term instrument of THERMAX LIMITED (Thermax) derives strength from its established market position in the energy and environment solutions, strong execution capabilities, diversified product portfolio, strong financial risk profile marked by low leverage, comfortable debt coverage indicators, and strong liquidity.

However, the rating strengths are partially tempered by moderate operating profitability due to competitive nature of industry, exposure to economic and investment cycles, which has a bearing on order inflow in capital goods sector and susceptibility of profitability to fluctuation in raw material prices as majority contracts are fixed price contracts.

Thermax's operating performance has witnessed a healthy growth over the last few years supported by growth across all operating divisions. Scale of operations grew at compound annual growth rate (CAGR) of ~19% over FY22-FY25, while operating profit margin also witnessed a sustained increase from 6.42% in FY22 to 9.25% in FY25 supported by improvement in profitability in the industrial product segment and chemicals segment partially offsetting the subdued margin in industrial infra division and green solutions segment, which is currently at the nascent stage. Backed by healthy execution capabilities across domestic and international markets, the company has seen a steady increase in the order inflow, supporting sustained increase in outstanding order book over the years.

Thermax's financial risk profile remains strong marked by comfortable capital structure and strong liquidity. The company's debt has increased primarily for funding for expansion in its green solutions segment, where the company, through its wholly owned subsidiary, First Energy Pvt Ltd (FEPL), has set up 300 MW of renewable projects across locations in the country. The company further has plans to scale up the capacity to 1 GW by FY28, which shall be funded with a mix of debt and equity in line with nature of renewable projects. Notwithstanding the large capex plans, the financials risk profile is expected to continue to remain comfortable over the medium term.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors: Not applicable

Negative factors

- Moderation in profit before interest, lease rentals, depreciation and taxation (PBILDT) margin below 7% on a sustained basis.
- Higher-than-envisaged debt-funded capex/acquisition or elongation in its working capital leading to significant deterioration in its leverage and moderation in its return indicators.

Analytical approach: Consolidated

CARE Ratings Limited (CareEdge Ratings) has taken a consolidated analytical approach owing to strong financial, operational and managerial linkages of Thermax with its subsidiaries/ joint venture (JVs) and associates.

Detailed description of key rating drivers:

Key strengths

Strong execution capabilities and business risk profile alongwith diversified product portfolio

Thermax is a leading player in energy and environment solutions space with an established presence. The company has a global footprint, supplying equipment and services to customers both within India and across international markets, supported by

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

multiple manufacturing locations in India (12) and overseas (4). The company offers a diverse mix of products and services, which finds applications across wide range of end-user industries.

Thermax's business operations span across industrial products, infra services, chemicals and green solutions. Under its industrial products segment, the company provides equipment and services such as boilers, heating systems, cooling solutions, air pollution control systems, and water and wastewater treatment technologies. The company has strong market position in low- and medium-capacity boilers. As a part of the infra services, the company executes large-scale engineering projects—including power plants, flue gas desulphurisation units, and industrial heating installations under engineering, procurement, and construction (EPC) or turnkey projects. The company is also engaged in manufacturing ion exchange resins, performance chemicals, water treatment chemicals, construction chemicals, and oil-field chemicals. The company has steadily expanded its presence in the chemical segment complemented by recent technology-focused acquisitions. The company is investing in its green solutions business to develop offerings in solar, wind, green hydrogen, build-own-operate energy plants, and energy management solutions. Industrial products contributed 43% to the revenue in FY25, while industrial infra contributed 45% with balance being contributed by green solutions and chemicals business.

Thermax's total operating income (TOI) have witnessed a healthy CAGR growth of ~19% over FY22-FY25 supported by growth across all divisions on the back of continued healthy order inflow and strong execution. Backed by focus on profitable order intake and execution, the company's PBILDT margin has witnessed a healthy growth from 6.42% in FY22 to 9.25% in FY25. TOI stood at ₹10,375 crore in FY25; registering 12% y-o-y growth. In H1FY26, the company earned TOI of ₹4,631 (-3% y-o-y) while PBILDT margin stood at 8.57% (H1FY25: 8.74%). Revenue is expected to witness a healthy growth in FY26, while increased focus towards profitable order execution and increasing scale of higher margin chemicals business is expected to support the PBILDT margin going forward.

Healthy order book provides good revenue visibility

The company has a healthy order book from diversified end user industry. As on September 30, 2025, the outstanding order book of the company stood at ₹12,300 crore (+6% y-o-y), 1.19x of its FY25 TOI. The average execution timeline for these orders ranges between 12 and 18 months, providing healthy revenue visibility for near term. Counterparty risk remains low, as most orders are from leading companies in the power, refinery, and petrochemical sectors, which have strong credit profiles. Additionally, the order book is well diversified across multiple industries: metals and mining, refinery and petrochemical, food and beverages, and cement, engineering, chemicals, and sugar/distillery; reflecting strong customer diversification. The remaining share comes from sectors such as fertilizers, textiles, pharmaceuticals, and paper, among others.

Strong financial risk profile; large capex plans over the medium term

Thermax has a strong financial risk profile marked by comfortable capital structure in the last four years ended FY25. The company's external borrowings have increased in the past few years primarily for funding expansion in its green solutions segment, under which the company through its wholly owned subsidiary, FEPL, has set up 300-MW renewable energy projects across different locations in the country. Overall gearing (including external debt and customer advances) stood comfortable at 0.67x as on March 31, 2025, while net overall gearing (considering net debt) stood at 0.07x as on same date. Barring customer advances, the company has maintained net debt free status. The debt coverage indicators remained healthy with total outside liabilities to total net worth (TOL/TNW) at less than 1.5x over the years, net debt/gross cash accruals (GCA) below 0.5x for last two years ended FY25 and PBILDT interest coverage above 6x in H1FY26.

Going forward, the company plans to increase the renewable power portfolio to 1 GW from existing 300 MW over next three years ending FY28. The capex outlay is expected to be high at ~₹4,000 crore, to be funded in debt: equity of 75:25. While gross debt would increase to fund the capex, financial risk profile is expected to continue to remain strong. For the power project, Thermax enters into a Power Purchase Agreement (PPA) with strong counterparties including corporate and industrial customers, under group captive mechanism, for a long period of 25 years at a fixed rate. Debt to be availed for the project is expected to have tenure of 20 years. Successful completion and adequate returns from the renewable projects supporting the improvement in credit profile and return metrics shall be key rating monitorables.

Liquidity: Strong

Liquidity remains strong with expected cash accruals of over ₹900 crore p.a. against modest debt repayment obligation of ~₹40-50 crore p.a. over next two years. The company has over ₹2,500 crore of free cash and liquid investments as on September 30, 2025. Moreover, the average utilisation of fund-based working capital limits remained low at 18% in the last 12 months ended September 30, 2025, providing an additional liquidity cushion. Capex towards the renewable projects shall be funded with a mix of debt and equity, while other group level capex shall be funded through internal accruals. Liquidity profile is anticipated to remain comfortable, underpinned by robust annual accruals.

Key weaknesses

Moderate operating profitability and susceptibility to fluctuation in raw material prices

While Thermax's scale of operations more than doubled from ₹4,782 crore in FY21 to ₹10,375 crore in FY25, the PBILDT margins have continued to remain moderate and range bound at ~7%-9% owing to competition in its business segments. Margins remain susceptible to fluctuation in raw material prices, such as copper, aluminium, zinc, and commodities such as steel among others, as majority contracts entered by the company are fixed price in nature. The company operates in project-intensive segments where risks such as cost overruns, execution delays, and margin pressures are inherent which have a bearing on its profitability margin. In past, the company's profit margin had been impacted due to cost overruns in certain projects especially under industrial infra segment.

Exposure of order inflow to business and investment cycles

Thermax's order inflow is inherently linked to the capital expenditure plans of industries it serves, making it sensitive to broader business and investment cycles. The company operates primarily in energy and environment solutions, catering to sectors such as power, refinery, petrochemicals, metals, cement, and chemicals—industries that are cyclical in nature and heavily influenced by economic conditions. Slowdown in the economic growth could adversely affect the order inflow and operating performance of the company.

Environment, social, and governance (ESG) risks

Parameter	Compliance and action by the company
Environmental	Thermax has achieved a 38% absolute reduction in carbon emissions internally, surpassing our original FY25 target of 25% from the base year of FY 2018-19. Hence, company has revised goal to a 50% reduction by FY30. In FY25, ~49% (FY24:29%) of energy consumed was from renewable source of energy. Four plants (Chinchwad, Savli, Solapur, and Paudh) are zero liquid discharge. In the last year, company has maximised renewable electricity use at key manufacturing facilities in Chinchwad and Shirwal and switched the fuel at the Chinchwad plant's furnace from light diesel oil to piped natural gas. These specific actions have culminated in a notable reduction in absolute emissions.
Social	As on March 31, 2025, Thermax had Lost Time Injury Frequency Rate (LTIFR) (Per One Million-Person Hours Worked) of 0.11 while it was NIL among employees. In FY25, the company spent ~₹11 crore towards CSR projects.
Governance	The company has nine directors out of which two are women. 67% of the Board comprises of independent directors. To enhance decision making, the Thermax-Care platform educates Board members on sustainability, while the Spree software provides real time data on ESG performance.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Manufacturing Companies
Financial Ratios – Non financial Sector
Construction Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Electrical equipment	Heavy electrical equipment

Thermax, founded in 1966 as Wanson India Private Ltd and publicly listed in 1995, has grown from a packaged-boiler manufacturer into a globally recognised engineering solutions provider. Over the decades, the company has expanded its portfolio to include large and packaged boilers, cogeneration systems, air-pollution-control equipment, water and wastewater treatment systems, specialty chemicals, and absorption chillers. Its operations are organised across four strategic business segments—Industrial Products, Industrial Infrastructure, Green Solutions, and Chemicals, serving a wide spectrum of industries such as agriculture, automobile, cement, fast-moving consumer goods (FMCG), oil and gas, metals, mining, pharmaceuticals, power, and textiles. The company has presence in over 90 countries with a network of 16 manufacturing facilities (12 in India and four overseas).

Brief Financials (₹ crore)	FY24 (A)	FY25 (A)	H1FY26 (UA)
Total operating income	9,303	10,375	4,631
PBILDT	837	959	397
PAT	643	627	271
Overall gearing (times)	0.58	0.67	NA
Interest coverage (times)	9.55	8.21	6.37

A: Audited UA: Unaudited; NA: Not available
Note: these are latest available financial results
Financials are reclassified per CareEdge Ratings' standards.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Commercial Paper-Commercial Paper (Standalone)^		-	-	7-364 days^	100.00	CARE A1+

^ Rated instrument are proposed and not placed as on date.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Commercial Paper-Commercial Paper (Standalone)	ST	100.00	CARE A1+				

ST: Short-term;

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Commercial Paper-Commercial Paper (Standalone)	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Thermax Babcock & Wilcox Energy Solutions Limited, India	Full	Subsidiary
2	Thermax Instrumentation Limited, India (including 3 branches)	Full	Subsidiary
3	Thermax Cooling Solutions Limited, India	Full	Subsidiary
4	Thermax Onsite Energy Solutions Limited, India	Full	Subsidiary
5	Thermax Engineering Construction Company Limited, India	Full	Subsidiary
6	First Energy Private Limited, India	Full	Subsidiary
7	Thermax Bioenergy Solutions Private Limited, India	Full	Subsidiary
8	Thermax International Limited, Mauritius	Full	Subsidiary
9	Thermax Netherlands B.V., Netherlands	Full	Subsidiary
10	Thermax do Brasil Energia e Equipamentos Ltda., Brazil	Full	Subsidiary
11	Thermax Europe Limited, United Kingdom	Full	Subsidiary
12	Rifox-Hans Richter GmbH Spezialarmaturen, Germany	Full	Subsidiary
13	Thermax Engineering Singapore Pte Ltd., Singapore	Full	Subsidiary
14	TSA Process Equipments Private Limited, India	Full	Subsidiary
15	Thermax Chemical Solutions Private Limited, India	Full	Subsidiary
16	Buildtech Products India Private Limited, India	Full	Subsidiary
17	Enernxt Private Limited, India	Full	Subsidiary
18	First Energy TN I Private Limited, India	Full	Subsidiary
19	First Energy 2 Private Limited, India	Full	Subsidiary
20	First Energy 3 Private Limited, India	Full	Subsidiary
21	First Energy 4 Private Limited. India	Full	Subsidiary
22	First Energy 5 Private Limited, India	Full	Subsidiary
23	First Energy 6 Private Limited, India	Full	Subsidiary
24	First Energy 7 Private Limited, India	Full	Subsidiary
25	First Energy 8 Private Limited, India	Full	Subsidiary
26	First Energy Nine Private Limited, India	Full	Subsidiary
27	First Energy 10 Private Limited, India	Full	Subsidiary
28	First Energy 11 Private Limited, India	Full	Subsidiary
29	First Energy 12 Private Limited, India	Full	Subsidiary
30	First Energy 14 Private Limited, India	Full	Subsidiary
31	Jalansar Wind Energy Private Limited, India	Full	Subsidiary
32	Kanakal Wind Energy Private Limited, India	Full	Subsidiary
33	Thermax Vebro Polymers India Private Limited. India	Full	Subsidiary
34	Fortmax Chemicals India Private Limited, India	Full	Subsidiary
35	Thermax Senegal S.A.R.L, Senegal*	Full	Subsidiary
36	Thermax Inc., USA	Full	Subsidiary
37	Thermax Nigeria Limited, Nigeria	Full	Subsidiary
38	Thermax International Tanzania Limited, Tanzania	Full	Subsidiary
39	Thermax Denmark ApS, Denmark	Full	Subsidiary
40	Danstoker A/S, Denmark	Full	Subsidiary
41	Ejendomsanpartsselskabet Industrivej Nord 13, Denmark	Full	Subsidiary
42	Boilerworks A/S, Denmark	Full	Subsidiary
43	Danstoker Poland Sp. Z.o.o., Poland	Full	Subsidiary
44	Thermax Chemical Europe NS. Denmark	Full	Subsidiary
45	Thermax SON. BHD., Malaysia	Full	Subsidiary
46	PT Thermax International Indonesia, Indonesia	Full	Subsidiary
47	Thermax Energy & Environment Philippines Corporation, Philippines	Full	Subsidiary
48	Thermax Energy & Environment Lanka (Private) Limited, Sri Lanka	Full	Subsidiary
49	Thermax (Thailand) Limited, Thailand	Full	Subsidiary
50	Thermax Engineering Construction FZE, Nigeria	Full	Subsidiary
51	Exactspace Technologies Private Limited. India	Moderate	Associate
52	Covacsis Technologies Private Limited. India (till April 08. 2025)	Moderate	Associate

*Entity liquidated

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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