

Rating Rationale

November 03, 2021 | Mumbai

Linde India Limited

Rating Reaffirmed and Withdrawn

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Rating Action

Total Bank Loan Facilities Rated	Rs.648.18 Crore
Long Term Rating	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)

1 crore = 10 million

Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

CRISIL Ratings has reaffirmed its rating on the bank facilities of Linde India Limited (Linde India) and subsequently **withdrawn** its rating at the company's request and on receipt of no objection certificate from its bankers. The withdrawal is in line with CRISIL Ratings'™ policy on withdrawal of ratings.

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The rating continues to reflect Linde India's established market position and strong financial and operational support it receives from its ultimate parent, Linde Plc (rated 'A/Stable/A-1' by S&P Global Ratings). These strengths are partially offset by the end-user industry (steel and other metallurgical industries) concentration in revenue.

Analytical Approach

CRISIL Ratings has combined the business and financial risk profiles of Linde India and its only joint venture, Bellary Oxygen Company Pvt Ltd (investment in the JV along with Bellary Trading Office Business together called Bellary Divestment Business has been classified as Asset Held for Sales and is expected to divested as per order from Competition Commission of India), together referred to as Linde India, as these entities have operational and financial linkages.À The rating has been notched up for support received from Linde Plc.

Please refer Annexure - List of entities consolidated, which captures the list of entities considered and their analytical treatment of consolidation.

Key Rating Drivers & Detailed Description

Strengths

* **Established market position in the industrial gases segment:** Linde India is one of the largest players in the domestic industrial gas industry. Its strong market position is backed by presence of more than 75 years and diverse product portfolio, comprising industrial, medical, compressed and special gases. Moreover, the company has healthy brand equity and the ability to provide end-to-end solutions to customers in the tonnage segment.

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* **Strong financial, operational and managerial support from the parent:** Linde India receives adequate support from Linde Plc. The support from Linde Plc is expected to continue in view of Linde India's strategic importance to its business expansion plans in Asia and other emerging markets.

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Weaknesses

* **Segment concentration in revenue:** In the past, steel and other metallurgical industries accounted for around two-thirds of total revenue from the gases segment, which exposes the company to inherent cyclicity and sluggish growth during economic downturns.

Liquidity: Strong

Liquidity is strong supported by cash balance of over Rs 700 crore as on June 30, 2021 with nil debt obligations.

Outlook: Stable

Linde India's business and financial risk profile is expected to remain strong over the medium term supported by its established market position in industrial gases segment.

Rating Sensitivity Factors

Upward Factors

- * Increase in revenue, profitability and consequently in cash accrual
- * Significant improvement in the capital structure and debt protection metrics
- * Upgrade in the rating on parent by one or more notches

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Downward Factors

- * Downgrade in the rating on parent by over two notches
- * Large, debt-funded capex or acquisitions, weakening the financial risk profile

About the Company

Linde India is a 75% subsidiary of The BOC Group Ltd, UK (wholly owned subsidiary of Linde AG and part of the Linde group), and is one of the largest players in the domestic gases business.

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The Linde group is the world's leading supplier of industrial, process and specialty gases, with operations across 100 countries.

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Linde India's™ revenue was Rs 961 crore and profit after tax (PAT) was Rs 373 crore for the first six months of 2021, compared with revenue of Rs 625 crore and PAT of Rs 59 crore for the first six months of 2020.

Key Financial Indicators *

As on/for the period ended December 31	2020	2019
Revenue	Rs.Crore 1471	1761

Profit After Tax (PAT)	Rs.Crore	149	727
PAT Margin	%	10.15	41.27
Adjusted debt/adjusted networth	Times	NA	0.05
Interest coverage	Times	65.54	5.05

*Company Reported numbers

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs.Crore)	Complexity levels	Rating assigned with outlook
NA	Overdraft Facility*	NA	NA	NA	648.18	NA	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)

*Interchangeable with fund-based and non-fund-based bank facilities

Annexure - List of Entities Consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
Bellary Oxygen Company Pvt Ltd	50%	Joint venture

Annexure - Rating History for last 3 Years

Instrument	Type	Current		2021 (History)		2020		2019		2018		Start of 2018
		Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	648.18	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)	Â	--	27-08-20	CRISIL AA/Stable	12-02-19	CRISIL AA/Stable	29-01-18	CRISIL AA/Stable	CRISIL AA/Stable
Â	Â	Â	--	Â	--	05-02-20	CRISIL AA/Stable	29-01-19	CRISIL AA/Stable	Â	--	--
Non-Fund Based Facilities	ST	Â	--	Â	--	Â	--	29-01-19	CRISIL A1+	29-01-18	CRISIL A1+	CRISIL A1+
Commercial Paper	ST	Â	--	Â	--	Â	--	12-02-19	Withdrawn	29-01-18	CRISIL A1+	CRISIL A1+
Â	Â	Â	--	Â	--	Â	--	29-01-19	CRISIL A1+	Â	--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Rating
Overdraft Facility*	10.4	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	4	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	9.9	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	72.4	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	250.4	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	219.48	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)
Overdraft Facility*	81.6	CRISIL AA/Stable (Rating Reaffirmed and Withdrawn)

*Interchangeable with fund-based and non-fund-based bank facilities

Criteria Details

Links to related criteria
CRISILs Approach to Financial Ratios
Rating criteria for manufacturing and service sector companies
CRISILs Bank Loan Ratings - process, scale and default recognition
Rating Criteria for Chemical Industry
Mapping global scale ratings onto CRISIL scale
CRISILs Criteria for rating short term debt
Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support
CRISILs Criteria for Consolidation

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