

Business Standard - Money & Markets

Thermax: China investment

Thermax is investing \$8 million (Rs 36 crore) to set up an absorption chiller manufacturing facility in China. The senior company management said the Chinese market currently accounted for about half of the \$600 million global market for absorption chillers. Thus, the investment in the neighbouring country is expected to ensure that Thermax is located close to major customers. Absorption chillers are used largely as chilling solutions in the industrial and commercial sector, including malls and offices, provided the key input of a piped gas network is readily available, say analysts. In FY06, Thermax witnessed

its absorption chiller business grow 53.4 per cent, y-o-y, to Rs 8.5 crore, which is a small proportion of its consolidated income from operations at Rs 1,625 crore. The senior management also said they chose China because of lower production costs in that country.

Thermax is also investing Rs 175 crore in Gujarat to ramp up its production capacity in the boiler and heater segment. This segment has been growing at over 40 per cent over the past three years, given the strong demand conditions from user industries such as steel, cement and refining, say analysts.