

MARCH 09, 2016

## CARE ASSIGNS 'CARE BBB+' AND 'CARE A2+' RATINGS TO THE BANK FACILITIES OF ENEXIO POWER COOLING SOLUTIONS INDIA PRIVATE LIMITED

### Ratings

Facilities	Amount (Rs. crore)	Ratings <sup>1</sup>	Remarks
Long-term Bank Facilities	2.60	<b>CARE BBB+ (Triple B Plus)</b>	Assigned
Long-term/Short-term Bank Facilities	70.00	<b>CARE BBB+/CARE A2+ (Triple B Plus/A Two Plus)</b>	Assigned
<b>Total facilities</b>	<b>72.60 (Rupees Seventy Two crore and Sixty lakh only)</b>		

### Rating Rationale

The ratings assigned to the bank facilities of Enexio Power Cooling Solutions India Private Limited (EPCL) take into account long track record of the company with established market position in air-cooled condensers and cooling towers used in power projects, design and engineering capabilities supported by technology transfer from the JV parent and comfortable capital structure. The ratings also take into account the benefits derived from being part of the BGR group.

The ratings, however, are constrained by moderate scale of operations limited by market size, dependence of majority of the order flows from the power sector leading to revenue concentration, susceptibility to volatility of raw material prices and elongated working capital cycle.

Ability of the company to increase scale of operations, improve its profitability margins, timely realization of receivables and improvement in working capital cycle would be the key rating sensitivities.

### Background

Enexio Power Cooling Solutions India Private Limited (EPCL) was incorporated in 1996 in the name of GEA Cooling Tower Technologies (India) Private Limited (GCT) as a Joint Venture between GEA Energietechnik GmbH Germany (GEAE, part of GEA Group) and BGR Investment Holding Company Limited (BGRI, part of BGR Group) with GEAE holding 51% stake and BGRI holding 49% stake. GEAE was part of GEA Heat exchangers (GEA Hx), a business division of GEA Group Aktiengesellschaft (GEA AG), a global process equipment manufacturing leader established in 1881. During October 2014, the heat exchanger division GEA Hx (comprising of many companies of which GEAE was part of) of GEA AG was acquired by European PE investor Triton Partners. Furthermore, rebranding exercise was undertaken and name of the company was changed from GCT to EPCL in December 2015 and name

<sup>1</sup> Complete definition of the ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE publications

of GEAE was changed to Enxio Germany GmbH. Presently, Enxio Germany GmbH holds 51% while BGRI holds 49% stake in EPCL. EPCL specializes in design, engineering, erection and commissioning of air-cooled condensers and cooling towers largely catering to the requirements of the thermal power industry.

EPCL reported PAT of Rs.8 crore on a total operating income of Rs.185 crore in FY15 (refers to the period April 1 to March 31) and PAT of Rs.2 crore on a total operating income of Rs.82 crore in 9MFY16.

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**\*\*For detailed Rationale Report and subscription information, please contact us at [www.careratings.com](http://www.careratings.com)**

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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