

July 13, 2012

**CARE ASSIGNS 'CARE BB' AND 'CARE A4' RATINGS TO THE BANK FACILITIES OF
EDGETECH AIR SYSTEMS PVT LTD.****Ratings**

Facilities	Amount (Rs. crore)	Ratings¹	Remarks
Long-term Bank Facilities	10.50	CARE BB (Double B)	Assigned
Long/Short-term Bank Facilities	2.00	CARE BB (Double B)/ CARE A4 (A Four)	Assigned
Total Facilities	12.50		

Rating Rationale

The ratings are constrained by the weak financial profile marked by consistently declining PBILDT margin, high overall gearing and high total debt-to-GCA ratio. The ratings are also constrained by small scale of operations, working capital intensive operations; susceptibility to volatility in raw material prices and foreign exchange fluctuation risk. However, the ratings draw comfort from the experience of the promoters in the industry and reputed client base diversified across sectors.

Going forward, growth in the revenues with improvement in profitability margins and effective management of capital structure and working capital requirements would be the key rating sensitivities.

Background

Edgetech Air Systems Private Limited (EASPL), incorporated in January 2005, was promoted by Mr Ram Prem Goel and his son Mr Amit Goel. EASPL is engaged into manufacturing of air handling units (AHUs) and fan coil units (FCUs) which form part of air management system used in Heating Ventilation Air Conditioning (HVAC) industry. The manufacturing unit of EASPL is located at Bahadurgarh (Haryana) spread across 2 acres of land owned by the promoters.

During 2011-12 (provisional, refers to the period April 1 to March 31), the company achieved the net sales of Rs.39.66 crore and a PAT of Rs.0.51 crore.

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¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

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