

March 30, 2026

Edgetech Air Systems Private Limited: Ratings upgraded to [ICRA]BBB+ (Stable)/ [ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term – Fund-based – Cash credit	37.25	30.00	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable)
Short term – Non-fund based	12.75	20.00	[ICRA]A2; upgraded from [ICRA]A3
Total	50.00	50.00	

*Instrument details are provided in Annexure-I

Rationale

The rating upgrade factors in ICRA’s expectation that Edgetech Air Systems Private Limited (Edgetech) will continue to witness steady growth in revenues and earnings over the near-to-medium term, supported by its market leadership position as well as healthy repeat business in the heating, ventilation and air conditioning (HVAC) segment. Over the five fiscals ended FY2025, the company has demonstrated a sustained improvement in scale, with revenues growing at a compound annual growth rate (CAGR) of around 19%. Further, the operating profitability is expected to improve, with the operating profit margin (OPM) likely to expand by 30–50 basis points (bps) in FY2026, driven by the implementation and strengthening of lean manufacturing practices, streamlining of processes and systems and cost rationalisation initiatives, along with economies of scale. The rating also factors in Edgetech’s established market position and the promoters’ extensive experience in the HVAC industry. The rating is further supported by technical competencies of the company, enabling it to cater to diverse client segments and its robust order book, which provides healthy revenue visibility. ICRA also takes note of its strong capital structure and comfortable debt coverage indicators. As on March 31, 2025, the capital structure remained robust, characterised by low gearing of 0.5 times, while the debt coverage metrics were healthy, marked by an interest coverage ratio of 8.6 times, providing adequate cushion against debt-servicing obligations. Additionally, the company benefits from long-standing relationships with its customers, which has enabled it to generate a significant portion of its revenues from repeat clientele, supporting operational stability.

The ratings, however, remain constrained by the company’s moderate scale of operations despite improving gradually. In addition, Edgetech’s profitability continues to be exposed to volatility in raw materials and foreign exchange prices in the absence of a formal hedging policy. ICRA also factors in the presence of stringent competition in the highly fragmented market, which may impact the company’s revenue growth and profitability, going forward.

The Stable outlook on Edgetech’s long-term rating reflects ICRA’s expectation that the company will sustain its earnings and debt protection metrics over the medium term, supported by the extensive experience of its promoters in the HVAC industry and the benefits derived from its long-standing relationships with customers, which are anticipated to support stable business volumes and cash flow generation.

Key rating drivers and their description

Credit strengths

Established presence in HVAC industry with long relationships with clients – The company has been operating in the HVAC industry for more than two decades and its promoters have extensive experience in the industry. The promoters have healthy

and long relationships with its existing clientele, which helps them in generating repeat business and also enables the company to leverage the same in acquiring new customers.

Consistent revenue growth and improving profit margins – Edgetech’s revenue has witnessed a CAGR of around 19% between FY2021 and FY2025. The company has already achieved around Rs. 328 crore of revenue in 9M FY2026 and is expected to record a revenue growth of 5-10% in the current fiscal. The profit margins have also increased consistently, with its operating profit margin (OPM) improving from 5.1% in FY2023 to 6.8% in FY2025 and further to 7.6% in 9M FY2026, on a provisional basis. Its profit margins are expected to remain range-bound, going forward.

Healthy capital structure and comfortable debt coverage metrics – The company has managed to reduce its working capital borrowings and maintain low debt levels on the back of Edgetech’s improving top-line and stable profitability. Its capital structure remains healthy, marked by low gearing and adequate net worth accretion over the years. Debt coverage indicators continue to be comfortable, with interest coverage estimated at around 9 times in FY2026. Further, the Total Debt/OPBDITA is healthy at around 1.0 times as on March 25, 2025, providing headroom for incremental debt-funded capital expenditure (capex), if required. ICRA expects the capital structure and debt protection metrics to remain comfortable over the medium term, supported by stable operating performance.

Credit challenges

Moderate scale of operations, although improving over the years – The company’s revenue stood at around Rs. 379 crore in FY2025, which increased by around 6% from Rs. 356.6 crore in FY2024. While revenues are expected to improve continuously, the overall scale is likely to remain moderate in the near-to-medium term. However, the company continues to be a key market leader in its niche market segment.

Exposure to volatility in raw material prices and foreign exchange rate fluctuations– Edgetech’s profit margins remain susceptible to fluctuations in the prices of its key inputs. However, any major variation in the input prices is passed on to most of its end customers. As 15-20% of the total purchases of the company is denominated in foreign currencies, Edgetech’s profitability continues to be exposed to fluctuation in foreign exchange rates in absence of any formal hedging mechanism.

Highly fragmented market amid intense competition – The market of HVAC remains largely fragmented amid stringent competition from local domestic players as well as MNCs. However, the company’s ability to consistently generate repeat business from its existing set of clients mitigates the risk to a certain extent.

Liquidity position: Adequate

Edgetech’s liquidity position remains adequate, with moderate cash flow from operations against annual repayment obligation of Rs. 2.1 crore and Rs. 2.0 crore in FY2026 and FY2027, respectively. Further, the company had cash and liquid investments worth around Rs. 42 crore as of January 2026, along with a sufficient cushion in working capital facilities which stood at around Rs. 32 crore on average in 12 months ending in December 2025. It also plans to undertake capex in FY2026 and FY2027 worth Rs. 16-17 crore, which would be funded through a mix of term debt and internal accruals.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a sustained scale-up in revenues and earnings, leading to strengthening of net worth while maintaining the comfortable debt protection metrics and liquidity.

Negative factors – The rating could witness a downward revision in case of material decline in revenue and earnings or large debt-funded capex leading to weakening of debt protection metrics and liquidity. Specific credit metric for downgrade includes Total Debt/OPBDITA higher than 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the company's standalone financial profile.

About the company

Edgetech Air Systems Pvt. Ltd. (EASPL/Edgetech) was incorporated in January 2005 by Mr. R.P. Goel and is now being managed by his son, Mr. Amit Goel. The company manufactures HVAC components/equipment such as air handling units/solutions, fan coils and advanced coils, which are used in comfort air conditioning for offices, hotels, malls and restaurants, among others. Its manufacturing facilities are in Rohad, Haryana, which is ISO 9001: 2008 certified. Edgetech also has a rented manufacturing facility in Telangana and has plans to expand further by setting up an owned plant by March 2026.

Edgetech has consolidated production capacity of 13,800 AHUs, 2,000 air ventilation units, 1,100 air washers and 12,000 fan coil units. The company markets its products under the brand, Edgetech, and operates through offices located in Delhi, Mumbai and Bangalore.

Key financial indicators (audited)

Edgetech (standalone)	FY2024	FY2025	9M FY2026*
Operating income (OI)	356.6	378.9	327.8
PAT	15.4	12.3	15.2
OPBDIT/OI	7.4%	6.8%	7.6%
PAT/OI	4.3%	3.2%	4.6%
Total outside liabilities/Tangible net worth (times)	2.9	2.2	2.1
Total debt/OPBDIT (times)	1.1	1.1	1.0
Interest coverage (times)	7.1	8.6	11.4

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation, *Provisional

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Mar 30, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based – Cash credit	Long term	30.00	[ICRA]BBB+ (Stable)	Jan 22, 2025	[ICRA]BBB (Stable)	-	-	-	-
Non-fund based – Others	Short term	20.00	[ICRA]A2	Jan 22, 2025	[ICRA]A3	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long Term - Fund Based - Cash Credit	Simple
Short Term - Non-Fund Based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure I: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term - Fund Based - Cash Credit	NA	NA	NA	30.00	[ICRA]BBB+ (Stable)
NA	Short Term - Non-Fund Based	NA	NA	NA	20.00	[ICRA]A2

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis- Not applicable

ANALYST CONTACTS

Jitin Makkar

+91 124-4545368

jitinm@icraindia.com

Uday Kumar

+91 1244545867

uday.kumar@icraindia.com

Lakhan Kumar Agarwal

91 124-4545879

lakhan.agarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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ICRA Limited



Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



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