The Anup Engineering Limited

July 09, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	94.78 (Reduced from 99.27)	CARE AA-; Stable	Upgraded from CARE A+; Stable
Long-term / Short-term bank facilities	669.00 (Enhanced from 555.00)	CARE AA-; Stable/ CARE A1+	LT rating upgraded from CARE A+; Stable and ST rating reaffirmed
Short-term bank facilities	-	-	Withdrawn

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in the rating assigned to bank facilities of The Anup Engineering Limited (Anup) takes into account sustained growth in its scale of operations and profitability while maintaining its comfortable capital structure in the last few years and expectation of further growth in revenue and profitability in the medium term supported by healthy order book, better execution capabilities and expansion at Kheda facility.

Ratings continue to derive strength from its experienced promoters, long and established track record in the critical process equipment industry and its reputed clientele. Ratings also continue to factor Anup's strong financial risk profile marked by low leverage, comfortable debt coverage indicators, healthy profitability and return ratios, and strong liquidity. Ratings further factor expected increase in contribution to consolidated revenue from its wholly owned subsidiary, Mabel Engineers Private Limited (MEPL), which shall gradually enhance its product and geographical diversification.

However, Anup's long-term rating, remain tempered by its moderate scale of operations relative to other capital goods industry players, working capital intensive operations, susceptibility to volatile raw material prices and concentration of its order-book towards few products and the end-user industry.

CARE Ratings Limited (CareEdge Ratings) has withdrawn the rating assigned to short-term bank facilities on account of reclassification of limits.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in its scale of operations through greater diversification of its revenue stream with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin in excess of 22% on a sustained basis.
- Contraction of its gross operating cycle (inventory plus debtors) to less than 150 days on a sustained basis along with maintaining its comfortable leverage.

Negative factors

- Decline in its PBILDT margin to below 18% on a sustained basis.
- Elongation in its operating cycle to ~250 days on a sustained basis along with adverse impact on its liquidity.
- Higher-than-envisaged debt-funded capex/investment plan or elongation in its working capital leading to significant deterioration in its leverage and moderation in its return indicators.

Analytical approach: Consolidated; while assessing Anup's credit profile, CareEdge Ratings has considered the standalone profile of Anup along with its sole wholly owned subsidiary, MEPL owing to operational, financial and managerial linkages. List of entities consolidated is listed under Annexure-6.

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectation that Anup shall maintain its strong operational performance backed by an established track record and strong revenue visibility. Stable outlook also reflects sustenance of its healthy profitability, debt coverage indicators and capital structure.

Detailed description of key rating drivers:

Key strengths

Sustained growth in scale of operations, which is likely to continue in medium term

Anup's scale of operations marked by total operating income (TOI) witnessed healthy growth of ~34% in FY25 (FY refers to April 01 to March 31) to ₹737 crore, after reporting strong revenue growth of over 35% for two years ended FY24 backed by efficient execution of order book. The growth is also attributed to commissioning the second bay under Phase-I at its Kheda facility and revenue contribution from MEPL in FY25. Additionally, Anup witnessed significant growth in its export revenue in the last three years, contributing significantly to overall growth in scale of operations. Exports stood at ₹460 crore in FY25 (FY22: 28 crore).

[1]Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

Anup is further expected to incur capex of ~₹50 crore in FY26 towards Phase-II (two additional bays) at its Kheda facility largely funded through internal accruals/ available liquidity. TOI is expected to grow healthy by over 20% in FY26 supported by strong order book of ₹741 crore as on April 30, 2025, completion of its Phase-II at Kheda facility, rise in contribution from MEPL and technical services division. An improved order book along with additional capacities in line could be a catalyst for sustainable growth in its scale of operations going forward.

Experienced promoter group along with established track record in the process equipment industry
Anup's promoters have vast experience of around six decades in managing different businesses. Sanjay Lalbhai, Chairman of Anup, is also the Chairman and Managing Director of Arvind Limited (Arvind; rated: CARE AA-; Stable/ CARE A1+). Anup has a track record of nearly six decades in design and fabrication of process equipment and engineering goods. Anup is an ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certified company. Anup also possesses certifications from Petroleum and Explosives Safety Organisation (PESO) and Indian Boiler Regulations (IBR). Anup's products are approved by all major third-party inspection agencies, project management consultants and engineering project consultants such as Engineers India Limited, Project Development India Limited, Jacob H&G Limited, ThyssenKrupp Industrial Solutions (India) Private Limited, Air products USA, Toyo Japan, Saipem, Linde Germany and Technip France among others. Anup has also acquired "U", "U2", "S" & "R" stamp authorisation certifications issued by American Society of Mechanical Engineers (ASME) to penetrate export market (ASME product certification mark complies with the laws and regulations of ~100 countries as a means of meeting their government safety regulations).

Reputed clientele limiting counterparty risk
Anup's products mainly cater to industries including refineries, petrochemical, hydrogen, fertilizer and power generation plants among others. Anup has established presence in the niche Helical Baffle heat exchanger known as 'Helixchanger' under license from Lummus Technology LLC, USA. Anup has established relationship with reputed customers due to quality of its products and adherence to delivery schedules. It has been adding new clientele in domestic and export markets over the years. Anup's clientele includes Reliance Industries Limited (rated: CARE AAA; Stable/ CARE A1+), Indian Oil Corporation Limited (rated: CARE AAA; Stable/ CARE A1+), Numaligarh Refinery Limited, GAIL (India) Limited (rated: CARE AAA; Stable/ CARE A1+), Toyo Engineering Private Limited (rated: CARE A+; Stable/ CARE A1+), Nayara Energy Limited (rated: CARE AA-; Stable/ CARE A1+), Larsen & Toubro Limited, Air Products, Technimont S.P.A. among others. Majority of Anup's clientele enjoy healthy financial risk profile thereby reducing counterparty risk.

Healthy profitability margins and return indicators
Anup has been maintaining healthy PBILDT margin of over 20% in the last many years despite commodity price volatility backed by strict control over its overheads coupled with efficient management of order book and product mix. Anup's technical expertise and specialised products such as 'Helixchanger' and 'Embaffle Heat Exchangers' offer significant benefits over conventional heat exchangers which is expected to support its profitability. Anup sustained healthy PBILDT margin of 22.69% in FY25 (FY24: 23.33%). Anup's return on capital employed (ROCE) also stood healthy at 24.16% in FY25 (FY24: 22.73%). CareEdge Ratings expects Anup to maintain PBILDT margin of ~21-22% in the medium term with growing scale of operations, while ROCE is expected to remain healthy at over 20%.

Low leverage and comfortable debt coverage indicators
Anup has a comfortable capital structure marked by total outside liabilities/ tangible net worth (TOL/ TNW) ratio of 0.51x as on March 31, 2025 (0.52x as on March 31, 2024) on account of minimum reliance on external borrowings. CareEdge Ratings expects TOL/TNW to remain below 0.70x in the medium term with no major debt funded capex plans and gradual improvement in working capital cycle days. Debt coverage indicators marked by PBILDT interest coverage, total debt to PBILDT and total debt to gross cash accruals (TD/GCA) continued to remain comfortable in FY25 as well backed by healthy profitability and minimum external debt. CareEdge Ratings expects Anup's debt coverage indicators to continue remain comfortable in the medium term on account of expectation of healthy profitability and continued low reliance on external debt.

Favourable industry outlook
Anup is engaged in manufacturing/ fabrication of process equipment mainly for oil refineries, petrochemical plants, fertilizer plants, and chemical plants among others. Anup's growth prospects depend on new and maintenance capex budgets of entities engaged in these industries. Outlook for oil and gas industry is expected to remain stable in the medium term largely on account of government spending in infrastructure supporting industries and prudent capital investments by the players. While prices may experience volatility due to geopolitical tensions and supply-side constraints, the overall industry outlook is expected to be stable and resilient in the medium term. The union budget has proposed a capital outlay of ₹1,18,500 crore for oil and gas companies in FY25, a 12% increase over the budgeted estimate for FY25. This is likely to benefit engineering and engineering, procurement and construction (EPC) companies operating in the oil and gas industry. The management expects more opportunities from blue hydrogen especially from the western part of the world.

Liquidity: Strong
Anup's liquidity remains strong despite negative cash flow from operations in FY25 due to elevated working capital requirements on the back of elongated collection period, comparative lower customer advances against FY24 and advance payments for imported raw materials for key orders. Cash and cash equivalents stood low at ₹14 crore as on March 31, 2025 post payments towards dividend, capex and acquisition of over ₹120 crore in FY25. The utilisation of its fund-based working capital limits is negligible while utilisation of its non-fund-based limits stood at ~65% for 12 months ended April 2025. Anup's envisaged cash

accruals and unutilised fund based working capital limits are sufficient to meet its capex and incremental working capital requirements. Anup may avail term loan for its Kheda capex with an aim to enhance liquidity surplus. Anup's liquidity is expected to remain strong backed by its healthy cash accruals and access to unutilised limits in the medium term. Additionally, existing low leverage also provides sufficient headroom to borrow.

Key weaknesses

Concentration of order book towards few products and end-user industry

Of the total unexecuted order ₹741 as on April 30, 2025, 52% orders were for manufacturing heat exchangers and 35% were for manufacturing pressure vessels (PY: 66% for heat exchangers and 18% for pressure vessels) which reflects product concentration. However, these products are not standardised and are manufactured according to the specific customer requirement. Revenue contribution from end-user industries improved in FY25 and remained moderately concentrated with ~53% from oil refining and petrochemical industry and ~30% from Hydrogen segment. However, ~71% of unexecuted orders as on April 30, 2025 pertains to oil refining and petrochemical industry. Any significant downturn in capex cycle of the refining industry may restrict order-inflow for the company. Cyclicity in terms of project investments by these industries may impact Anup in case of concentration of end-user industries. However, Anup has diversified its orderbook with increase in share from exports and hydrogen segment in the last two years.

Working capital intensive operations

Anup's operating cycle improved to 153 days in FY25 (FY24: 164 days) mainly supported by improvement in its inventory period which was partially offset by elongation in its collection period. Anup's management has articulated about maintaining a policy to buy raw material for a particular order as soon as the order is received to protect itself from raw material price volatility. At any point of time, Anup holds inventory of ~30% of the outstanding order-book. All inventories are mapped to specific orders thereby reducing saleability risk. Anup receives interest free advances from its customers which keeps Anup's external fund-based borrowing requirement low. These customer advances are against financial bank guarantee (BG) furnished by Anup. Anup's customer advances stood at ₹141 crore as on March 31, 2025 (₹151 crore as on March 31, 2024). Further, Anup needs to submit performance BG to its customers for warranty period. These keep Anup's requirement of non-fund based working capital limits high. Timely enhancement of its non-fund based working capital limits to keep up with expected increase in its order-book and increasing order execution remains one of key monitorable.

Susceptible to volatile raw material prices

Metal (mild steel and stainless-steel) sheets, plates, tubes, pipes, and other components are basic raw materials used by Anup for fabrication of process equipment. Inherent volatility in their prices could impact Anup's profitability as orders generally don't contain price escalation clause. Prices are driven primarily by existing demand and supply conditions with strong linkages to the global market. This results in risk of price fluctuations in the inventory of raw materials and finished goods. Anup generally undertakes back-to-back arrangement for booking of raw materials against its orders, which mitigates raw material price fluctuation risk to large extent. However, Anup is exposed to raw material price volatility between submission of price quotation and receipt of orders.

Environment, social, and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	▪ Anup is dedicated to discharge minimum waste and targets Zero waste. The company has an effluent waste treatment to put waste to re-use and manage its waste efficiently. ▪ The quality and environment practices of the company follow ISO 9001:2015 and ISO 14001:2015 standards. ▪ Anup has one mega-watt (MW) rooftop solar plant at its Ahmedabad facility, which together with its windmill of 750 Kilo-watt, generates ~60% of its total power requirement in form of renewable energy. Anup has also plan to install rooftop solar plant at its Kheda facility.
Social	▪ Anup has implemented Corporate Social Responsibility (CSR) policy and undertakes initiatives such as crop protection initiative, farmers skill training, supports a pat6hology lab among others. Anup spent ~₹1.75 crore towards CSR activities in FY25. ▪ The company regularly plans training for the employees & workers. Moreover, Anup follows ISO 45001:2018 requirements of an occupational health and safety management system.
Governance	▪ Being a listed company, it complies with all regulatory requirements for disclosures. ▪ The company has all required committees in place such as as Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee among others. ▪ 50% of directors in its board constitute independent directors.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities

Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

Incorporated in 1962, Anup is engaged in design and fabrication of process equipment which mainly includes heat exchangers, pressure vessels, centrifuges, columns/ towers and small reactors that find application in refineries, petrochemicals, chemicals, pharmaceuticals, fertilizers and other allied industries. Anup is listed on BSE and NSE with the promoter's equity stake of 40.98% as on March 31, 2025.

Brief Financials (₹ crore)	FY24 (A) - Standalone	FY25 (Ab) - Consolidated
Total operating income	550	737
PBILDT	128	167
PAT	103	118
Overall gearing (times)	0.36	0.38
Interest coverage (times)	34.43	37.10

A: Audited; Ab: Abridged published result; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable.

Any other information: Not applicable.

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	81.00	CARE AA-; Stable
Fund-based - LT-Term Loan	-	-	-	30-06-2027	13.78	CARE AA-; Stable
Fund-based/Non-fund-based-LT/ST	-	-	-	-	215.00	CARE AA-; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC	-	-	-	-	454.00	CARE AA-; Stable / CARE A1+
Non-fund-based - ST-Forward Contract	-	-	-	-	0.00	Withdrawn
Non-fund-based - ST-Letter of credit	-	-	-	-	0.00	Withdrawn

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/ Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based/Non-fund-based-LT/ST	LT/ST	215.00	CARE AA-; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (04-Jul-24)	1)CARE A+; Stable / CARE A1+ (24-Jan-24) 2)CARE A+; Stable / CARE A1+ (05-Jul-23)	1)CARE A+; Stable / CARE A1+ (07-Jul-22)
2	Fund-based - LT-Cash Credit	LT	81.00	CARE AA-; Stable	-	1)CARE A+; Stable (04-Jul-24)	1)CARE A+; Stable (24-Jan-24) 2)CARE A+; Stable (05-Jul-23)	1)CARE A+; Stable (07-Jul-22)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	454.00	CARE AA-; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (04-Jul-24)	1)CARE A+; Stable / CARE A1+ (24-Jan-24) 2)CARE A+; Stable / CARE A1+ (05-Jul-23)	1)CARE A+; Stable / CARE A1+ (07-Jul-22)
4	Fund-based - LT-Term Loan	LT	13.78	CARE AA-; Stable	-	1)CARE A+; Stable (04-Jul-24)	1)CARE A+; Stable (24-Jan-24)	-
5	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (24-Jan-24) 2)CARE A1+ (05-Jul-23)	1)CARE A1+ (07-Jul-22)
6	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (24-Jan-24) 2)CARE A1+ (05-Jul-23)	1)CARE A1+ (07-Jul-22)

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based/non-fund-based-LT/ST	Simple
4	Non-fund-based - LT/ ST-BG/LC	Simple
5	Non-fund-based - ST-Forward Contract	Simple
6	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please click here

Annexure-6: List of entities consolidated as on March 31, 2025

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Mabel Engineers Private Limited	Full	Subsidiary

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in	Krunal Pankajkumar Modi Director **CARE Ratings Limited** Phone: 079-4026 5614 E-mail: krunal.modi@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 91 22 6754 3404 E-mail: saikat.roy@careedge.in	Akshay Dilipbhai Morbiya Assistant Director **CARE Ratings Limited** Phone: 079-4026 5619 E-mail: akshay.morbiya@careedge.in Shruti Rachchh Lead Analyst **CARE Ratings Limited** E-mail: Shruti.R@careedge.in

About us:

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