

Patels Airtemp (India) Limited

October 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	156.76	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	85.00 (Reduced from 91.87)	CARE BBB+; Stable / CARE A2	Reaffirmed
Short-term bank facilities	7.00	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to bank facilities of Patels Airtemp (India) Limited (PAIL) continue to derive strength from the vast experience of its promoters and established track record of the company in the process equipment industry, which is supported by its product certifications and reputed clientele. Ratings also factor its moderate scale of operations and adequate liquidity.

However, ratings continue to be constrained considering its moderate profitability which is susceptible to fluctuations in the raw material prices, concentration of order book towards few products and end-user industry, and large working capital requirement. Ratings are further constrained considering its moderately leveraged capital structure and debt coverage indicators.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant growth in the scale of operations and improvement in its profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin to over 15% on a sustained basis.
- Improvement in operating cycle to less than 120 days on a sustained basis.
- Improvement in debt coverage indicators with total debt to gross cash accruals (TD/GCA) below 2x and PBILDT interest coverage above 6x while maintaining overall gearing below 0.50x on a sustained basis.

Negative factors

- Deterioration in overall gearing above 1.5x and total outside liabilities to tangible net worth (TOL/TNW) beyond 2x on sustained basis.
- Decline in PBILDT margin below 9% and deterioration in its debt coverage indicators on a sustained basis.
- Elongation in its working capital cycle above 225 days impacting its liquidity on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CareEdge Ratings' expectations that the company shall continue to benefit from its experienced promoters, long and established track record of operations and reputed clientele.

Detailed description of key rating drivers:

Key strengths

Vast experience of its promoters

PAIL's promoters have long-standing track-record of over four decades in design and fabrication of process equipment and engineering goods. Sanjiv Patel (son of late Narayanbhai Patel) became the Chairman and Managing Director, PAIL, from October 2023, post demise of Narayanbhai Patel. He has been looking after the company's overall operations since over one decade. Shivang Patel (son of late Prakash Patel), Director, has also been taking active part in operations. Apurva V. Shah, Whole-time Director, holds a B.E. (mechanical engineering) and post-diploma in refrigeration and air-conditioning. He possesses over three decades of experience with expertise in Strategic Planning, R & D and Innovation.

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

Established track record of operation in process equipment industry and reputed clientele

PAIL has long-standing operational track-record of over four decades (including the period when it was constituted as a partnership firm) in design and fabrication of process equipment and engineering goods. PAIL's products cater to diverse industries including oil and gas, petroleum refineries, chemicals, pharmaceuticals, fertilizers, refrigeration and air conditioning plants, among others. The company has long and established relationship with its reputed clientele including major oil and gas players. PAIL mainly supplies to public sector undertakings (PSUs) in oil and gas segment and engineering, procurement, and construction (EPC) contractors having diverse industry presence. Majority of PAIL's clientele enjoy healthy financial risk profile, reducing counterparty risk.

PAIL undertakes tender-based work, where top five customers contributed ~51% of net sales of PAIL in FY25 against 76% in FY24.

Product certification from all major third-party inspection agencies and consultants

PAIL offers customised solution of air cooled and shell type heat exchangers, pressure vessels and special storage tanks for oil and chemical storage. Industrial products of PAIL include shell/tube heat exchangers, air-cooled heat exchangers, pressure vessels surface conductors, oil coolers, among others. PAIL also provides air conditioning solutions to industrial and domestic customers. With PAIL's expertise in shell/tube heat exchangers and air-cooled heat exchangers, it contributed ~93% of the net sales in FY25 against 92% of the net sales in FY24. PAIL's products are critical components for oil refineries, nuclear reactors, and power generation facilities, where it helps in transfer of heat from one medium to another without mixing the two. PAIL also holds "U", "U2" and "S" stamp authorisation certifications issued by American Society of Mechanical Engineers (ASME) and is the member of Heat Transfer Research Inc. (HTRI), U.S.A., for updating heat transfer technology. PAIL's products are approved by major third-party inspection agencies and consultants such as Bureau Veritas, TUV, Engineers India Limited, and SGS India Private Limited, among others.

Moderate scale of operations and orderbook

PAIL's scale of operation grew by 4% y-o-y to ₹287.82 (FY24: ₹371.18) in FY25. The company had unexecuted order book of ₹223.70 crore as on September 01, 2025 (compared to ₹296.98 crore as on September 30, 2024). CareEdge Ratings takes cognisance of the moderation in the PAIL's order book, which is likely to result in moderation in TOI of ~15-20% in FY26 y-o-y. In Q1FY26, PAIL reported TOI of ₹85.57 crore (₹113.50 crore in Q1FY25).

Key weaknesses

Financial risk profile marked by moderate profitability and moderate capital structure and debt coverage indicators

PAIL operates on the moderate profitability level marked by PBILDT margin of 9.18% and profit after taxation (PAT) margin of 4.26% in FY25. GCA grew from ₹16.43 crore in FY24 to ₹22.54 crore in FY25. PAIL reported PBILDT and PAT margins of 8.65% and 3.39%, respectively, in Q1FY26. With the moderation in the debt level and accretion of profit to the net worth base, the capital structure of PAIL improved, with overall gearing of 0.74x and TOL/TNW of 0.95x as on March 31, 2025, compared to 1.05x and 1.61x respectively as on March 31, 2024.

Debt coverage indicators remained moderate marked by interest coverage of 3.14x (PY: 2.86x) and TD/GCA of 5.18x (PY: 9.09x) in FY25.

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

Of the total unexecuted order ₹224 as on September 01, 2025, 93% orders are for manufacturing heat exchangers and 5% for pressure vessels (PY: 91% and 8%, respectively) reflecting product concentration. Large part of the product offering of PAIL is towards oil refining and petrochemical industry. However, these are customised products based on customer requirement. Concentration of the order book to particular segment, makes PAIL's revenue stream vulnerable to significant downturn in capex cycle. Additionally, PAIL is also facing competition from the other industry players.

Large working capital requirement

PAIL operates in capital goods industry where work order is large in size and takes 4-18 months for execution. Goods manufactured by PAIL are generally used in large size refining/chemical projects, where customers ask PAIL to delay the delivery of the goods due to delay in their project execution, which translates into higher inventory period. PAIL's customers retain 5% to 10% of the order value after completion of the order and release it only after successful erection and satisfactory performance of the goods supplied by PAIL resulting in high working capital intensity. PAIL's inventory level decreased to ₹115.15 crore as on March 31, 2025, against ₹169.55 crore as on March 31, 2024, mainly due to moderation in the order book. The company purchases certain raw material backed by orders to hedge against raw material fluctuation risk and needs to maintain its inventory much before dispatch as the products go through stringent checks from its customers.

PAIL's operating cycle improved but remained elongated at 197 days in FY25 compared to 206 days in FY24. Gross current asset remained elongated at 219 days in FY25 (FY24: 311 days).

Profitability 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 PAIL for fabrication of process equipment. Prices are driven primarily by existing demand and supply conditions with strong linkages to the global market. Inherent volatility in prices could impact the company's profitability. However, PAIL has back-to-back arrangement for booking of raw materials on receipt of orders, which mitigates fluctuation risk to some extent. PAIL also imports some portion of its raw material requirements, whereas exports were nominal at ~6% of total sales in FY24. Hence, PAIL is exposed to adverse fluctuation in foreign currency exchange rates in absence of an active hedging policy and natural hedge.

Liquidity: Adequate

PAIL's liquidity remains adequate marked by low term debt repayment obligation against gross cash accruals and moderate working capital limit utilisation. PAIL is expected to generate ₹13-14 crore against scheduled debt repayment of ₹4.72 crore in FY26. Additionally, it has pre-paid ₹2.72 crore in Q1FY26. Liquidity is further supported by free cash and bank balance and liquid investment of ₹29.93 crore (excluding margin money of ₹15 crore) as on March 31, 2025.

Average fund-based and non-fund based working capital utilisation remained moderate at ~58% and ~86%, respectively, for 12-months ended August 2025. PAIL receives customer advances to the tune of ~20% post receipt of the order, which also provides cushion for managing its working capital requirement.

PAIL's non-fund-based limits mainly include bank guarantee limits that it utilises to provide performance guarantees (to private and public sector clients), bid-bond guarantees (mainly to government clients), and financial bank guarantees (BG) against customer advances.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[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 1973 as Patels Airtemp by Narayanbhai Patel, PAIL (CINL29190GJ1992PLC01780) is engaged in design and fabrication of process equipment and engineering goods. In June 1993, it was converted into a limited company, and the name was changed its present one. PAIL is engaged in manufacturing capital goods equipment, such as heat exchangers, pressure vessels, air conditioning, and refrigeration equipment, and execution of turnkey heating, ventilation and air conditioning (HVAC) projects. It has two manufacturing facilities in Gujarat.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	371.18	387.82	82.57
PBILDT	35.65	35.59	7.14
PAT	14.69	16.51	2.80
Overall gearing (times)	1.05	0.74	NA
Interest coverage (times)	2.86	3.14	3.28

A: Audited UA: Unaudited NA: Not available; 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-Term Loan	-	-	-	31/03/2027	3.76	CARE BBB+; Stable
Fund-based - LT/ ST-Cash Credit	-	-	-	-	85.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT-Bank Guarantee	-	-	-	-	153.00	CARE BBB+; Stable
Non-fund-based - ST-Letter of credit	-	-	-	-	7.00	CARE A2

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 - LT/ST-Cash Credit	LT/ST	85.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Stable / CARE A2 (21-Nov-24)	1)CARE BBB+; Stable / CARE A2 (06-Dec-23)	1)CARE BBB+; Stable / CARE A2 (25-Nov-22)
2	Non-fund-based - LT-Bank Guarantee	LT	153.00	CARE BBB+; Stable	-	1)CARE BBB+; Stable (21-Nov-24)	1)CARE BBB+; Stable (06-Dec-23)	1)CARE BBB+; Stable (25-Nov-22)
3	Non-fund-based - ST-Letter of credit	ST	7.00	CARE A2	-	1)CARE A2 (21-Nov-24)	1)CARE A2 (06-Dec-23)	1)CARE A2 (25-Nov-22)
4	Fund-based - LT-Term Loan	LT	3.76	CARE BBB+; Stable	-	1)CARE BBB+; Stable (21-Nov-24)	1)CARE BBB+; Stable (06-Dec-23)	1)CARE BBB+; Stable (25-Nov-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-Term Loan	Simple
2	Fund-based - LT/ ST-Cash Credit	Simple
3	Non-fund-based - LT-Bank Guarantee	Simple
4	Non-fund-based - ST-Letter of credit	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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.

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