The Anup Engineering Limited

August 10, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	681.00 (Enhanced from 669.00)	CARE AA-; Stable / CARE A1+	Reaffirmed
Long-term bank facilities	RBI	142.78 (Enhanced from 94.78)	CARE AA-; Stable	Reaffirmed

Details of facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of The Anup Engineering Limited (Anup) considers established track record of the company's operations in critical process equipment industry, its long-standing relations with reputed clientele, in-house design capabilities and experienced promot ers supported by professional management team. Ratings also factors in sustained growth in the company's scale of operations supported by its healthy orderbook and strong execution capabilities, its financial risk profile marked by low leverage, comfortable debt coverage indicators, and strong liquidity.

CARE Ratings Limited (CareEdge Ratings) also takes note of expected moderation in the company's operating profitability in the near-to-medium term, driven by aggressive pricing adopted to secure orders amid heightened competition and rising raw material costs stemming from ongoing geopolitical tensions in the West Asia, which are expected to impact margins on some orders for which raw materials are yet to be procured. The profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin is still expected to remain healthy in the range of ~16-18%, against historic levels of ~21-23% while revenue growth is expected to be range bound in the near-to-medium term.

However, Anup's long term-ratings remain constrained by its moderate scale of operations relative to other capital goods industry players, working capital intensive operations, the company's profitability susceptible to volatile raw material prices in light of fixed price nature of orders and concentration of its order-book towards few products and the end-user industry, albeit gradual diversification in terms of both products and end-user industry is expected in near term.

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 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 and 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 and 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

CareEdge Ratings has adopted consolidated approach for Anup, considering operational, financial, and managerial linkages with its wholly owned subsidiary, Mabel Engineers Private Limited (MEPL). List of entities consolidated is listed under Annexure-5.

Outlook: Stable

The Stable outlook reflects CareEdge Ratings' expectation that Anup will continue to sustain its credit profile in the medium term, supported by its established position in the critical process equipment industry and healthy financial risk profile.

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Detailed description of key rating drivers

Key strengths

Experienced promoter group and established track record in the process equipment industry

Promoted by the promoters of Arvind group (Arvind Limited; rated CARE AA-; Stable / CARE A1+), Anup has an established track record of over 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. It also has 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", and "R" stamp authorisation certifications issued by American Society of Mechanical Engineers (ASME) to penetrate export market (ASME product certification mark complies with 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, fertiliser, and power generation plants, among others. In addition to its own products, it also holds licences to manufacture the proprietary 'Helixchanger' heat exchanger technology of Lummus Technology, USA, the patented 'EMbaffle' shell-and-tube heat exchanger technology of Brembana & Rolle S.p.A., Italy, and polymerisation reactors for polypropylene (PP) plants under a technology licence from Lummus Novolen, Germany.

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 AA-; Stable/ CARE A1+), Nayara Energy Limited (rated: CARE AA-; (RWN)/ CARE A1+ (RWN)), Larsen & Toubro Limited, Air Products, Technimont S.P.A., among others. Anup's majority clientele enjoys healthy financial risk profile, reducing counterparty risk.

Sustained growth in company's scale of operations

Anup's total operating income (TOI) grew at a compounded annual growth rate (CAGR) of ~31% for five years ended FY26 (FY refers to April 01 to March 31), with FY26 revenue rising ~14% year-over-year (y-o-y) basis to ₹842 crore (FY25: ₹737 crore), despite a high FY25 base, supported by steady execution of orders and favourable currency movements. Anup has also established its presence in export markets, with exports contributing to ~52% of the company's revenue in FY26 (FY25: 62%).

Going forward, Anup's revenue growth is expected to moderate to ~7-10% in FY27, reflecting the management's calibrated approach towards order selection amid heightened geopolitical uncertainties, raw material price volatility, and intense competitive pressures. The expected growth will continue to be supported by a healthy executable order book of ~₹730 crore (excluding the stuck order of ₹39 crore) as on March 31, 2026, and a robust enquiry pipeline. The recently established Technical Services Division is expected to diversify the company's revenue profile while supporting profitability, with an estimated revenue potential of ₹50–100 crore in the next three years with healthy operating margins.

Low leverage and comfortable debt coverage indicators

Anup's capital structure remained comfortable supported by a strong net worth of over ₹671 crore as on March 31, 2026, and healthy debt protection metrics. The company's financial profile continued to reflect prudent capital management, with overall gearing and total outside liabilities to tangible net worth (TOL/TNW) remaining comfortable at 0.21x (FY25: 0.38x) and 0.40x (FY25: 0.51x), respectively. While the PBILDT interest coverage ratio moderated to 16x in FY26 from 37x in FY25, primarily due to higher utilisation of working capital borrowings and incremental term debt raised for capacity expansion, however; it continued to remain healthy. The company's total debt/gross cash accruals (TD/GCA) ratio improved to 1.0x as of FY26-end from 1.61x in FY25.

Going forward, Anup's capital structure is expected to remain comfortable, supported by expected annual GCA of over ₹100 crore, which shall adequately fund the company's working capital requirements and planned capital expenditure while limiting dependence on external borrowings. Consequently, TOL/TNW ratio is expected to remain below 0.50x, underscoring the company's strong financial risk profile.

Key weaknesses

Expected moderation in profitability due to competitive pricing pressure and elevated input costs

Anup maintained a healthy operating profitability, with PBILDT margins exceeding 20% for four years ended FY26. The PBILDT margin moderated by 171 bps to 20.97% in FY26 (FY25: 22.69%), primarily considering higher freight costs, liquidated damages levied for delays in execution of an order, higher legal expenses, and foreign exchange losses.

Going forward, per the management's guidance the company's profitability is expected to moderate to ~16-18% in FY27, with range bound revenue growth. The moderation is primarily attributable to aggressive pricing adopted by the company while securing certain orders in the last six months amid heightened competitive intensity. Ongoing geopolitical tensions in the West Asia has led to an increase in raw material prices and freight cost (in case of certain imported materials), impacting margins on orders aggregating ~₹200-250 crore, for which raw materials were yet to be procured. Profitability is expected to improve from FY28 onwards, with the company's stance on adopting calibrated approach towards order selection and pricing, with greater emphasis on margin-accretive projects.

Order book concentration towards few products and end-user industry

Of the total unexecuted order of ₹769 crore as on March 31, 2026, 47% orders were for manufacturing heat exchangers and 35% were for manufacturing pressure vessels (PY: 54% for heat exchangers and 35% for pressure vessels), which reflects product concentration. However, these products are not standardised and are manufactured according to the specific customer requirement. The company derived ~71% of its revenue from oil/gas refining and petrochemical industry in FY26 (FY25: ~53%), indicating concentration in the end-user industry. Significant downturn in capex cycle of the refining industry may restrict order-inflow for the company. Cyclicality in terms of project investments by these industries may impact Anup in case of concentration of end-user industries. While the order book remains concentrated towards certain products and end-user industries, increasing order inflows from power, thermal, hydrogen and nuclear segments are expected to strengthen end-user diversification and gradually mitigate concentration risk over the medium term.

Working capital intensive operations

Anup's operations remain inherently working capital intensive due to the lead time of ~19-20 weeks required for customised process equipment. Milestone-based billing terms, where a significant portion (~50-60%) of the contract value is realised only upon shipment/delivery after successful inspection, testing, and customer acceptance, result in substantial accumulation of unbilled revenue. The company procures raw materials upon finalisation of equipment design to ensure timely execution, leading to elevated inventory levels. Consequently, the company's gross current asset days remained high at 241 days as on March 31, 2026, and operating cycle stood at 173 days in FY26 (FY25:153 days). Efficient management of working capital while maintaining low reliance on external borrowings will remain a key monitorable.

Profitability susceptible to volatile raw material prices and foreign exchange fluctuations

Anup's profitability remains susceptible to fluctuations in steel prices, as mild steel and stainless steel constitute key raw materials for manufacturing process equipment. While the company generally follows a back-to-back procurement strategy after order receipt, it remains exposed to price movements during the period between bid submission, order finalisation, and approval of engineering drawings, as the contracts do not include price escalation clauses. Consequently, the recent increase in steel prices due to geopolitical tensions is expected to impact margins in FY27 on certain orders, where raw material procurement was pending.

With ~50-60% of revenue generated from exports, the company is exposed to foreign exchange fluctuations. However, the exposure is mitigated through natural hedging arising from imports and a prudent hedging policy, wherein the company enters into forward contracts to hedge a significant portion of its net foreign currency exposure, thereby limiting the impact of adverse currency movements on profitability.

Liquidity: Strong

Anup's liquidity remains strong, supported by sufficient cushion in the company's cash accruals against its debt repayment obligations, moderate utilisation of working capital limits, comfortable liquidity indicators, and a low leverage profile. Average utilisation of working capital limits (Fund based + Non fund basedB) remained moderate at ~65% for the trailing 12 months ended May 2026. Anup receives interest free advances from its customers against financial bank guarantee (BG), which keeps Anup's external fund-based borrowing requirement low, however; Anup needs to submit performance BG to its customers for warranty period, which keeps Anup's requirement of non-fund-based working capital limits relatively high.

Cash flow from operations improved to ₹127 crore in FY26, aided by lower inventory days, considering deferment of inventory procurement for certain orders. The current ratio strengthened to 2.44x as on March 31, 2026 (FY25: 1.84x). Going forward, the company is expected to generate cash accruals of ₹110–130 crore annually in the next two years, which are expected to comfortably meet its annual capex requirements of ₹40–50 crore. Apart from routine maintenance capex of ₹25 crore p.a., the proposed capex is towards addition of one bay at one of its plants in FY28. Liquidity is expected to remain strong, supported by healthy internal accruals, continued funding of working capital through customer advances, adequate unutilised bank lines, and sufficient headroom to raise debt in case of requirement, arising from its low leverage.

Environmental, social and governance (ESG) risks

Risk factors	Compliance and action by the company
Environmental	▪ Anup is committed to discharge minimum waste, and aims to achieve zero waste. The company has an effluent waste treatment to put waste to re-use and manage its waste efficiently. ▪ The company's quality and environment practices 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 Kilowatt, 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, and support to pathology lab, among others. Anup spent ~₹2.26 crore towards CSR activities in FY26. ▪ The company regularly plans training for employees and workers. 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 Audit Committee, Nomination and Remuneration Committee, Stakeholders' Relationship Committee, CSR Committee, and Risk Management Committee, among others. ▪ 50% of directors on 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
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, fertilisers and other allied industries. Anup is listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE) with the promoter's equity stake of 40.92% as on June 30, 2026.

Brief Financials - Consolidated (₹ crore)	March 31, 2025 (A)	March 31, 2026 (Abridged)
Total operating income	737	842
PBILDT*	167	177
Profit after tax (PAT)	118	110
Overall gearing (x)	0.38	0.21
PBILDT Interest coverage (x)	37.10	16.03

A: Audited; Note: These are latest available financial results.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference: https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	RBI	Simple	-		-	-	81.00	CARE AA-; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	31-10-2030	61.78	CARE AA-; Stable
Fund-based/Non-fund-based-LT/ST	RBI	Simple	-		-	-	227.00	CARE AA-; Stable / CARE A1+
Non-fund-based - LT/ ST-BG/LC	RBI	Simple	-		-	-	454.00	CARE AA-; Stable / CARE A1+

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 2026-2027	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
1	Fund-based/Non-fund-based-LT/ST	LT/ST	227.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (09-Jul-25)	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)
2	Fund-based - LT-Cash Credit	LT	81.00	CARE AA-; Stable	-	1)CARE AA-; Stable (09-Jul-25)	1)CARE A+; Stable (04-Jul-24)	1)CARE A+; Stable (24-Jan-24) 2)CARE A+; Stable (05-Jul-23)
3	Non-fund-based - LT/ ST-BG/LC	LT/ST	454.00	CARE AA-; Stable / CARE A1+	-	1)CARE AA-; Stable / CARE A1+ (09-Jul-25)	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)
4	Non-fund-based - ST-Letter of credit	ST	-	-	-	1)Withdrawn (09-Jul-25)	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (24-Jan-24) 2)CARE A1+ (05-Jul-23)
5	Non-fund-based - ST-Forward Contract	ST	-	-	-	1)Withdrawn (09-Jul-25)	1)CARE A1+ (04-Jul-24)	1)CARE A1+ (24-Jan-24) 2)CARE A1+ (05-Jul-23)
6	Fund-based - LT-Term Loan	LT	61.78	CARE AA-; Stable	-	1)CARE AA-; Stable (09-Jul-25)	1)CARE A+; Stable	1)CARE A+; Stable

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2026-2027	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
							(04-Jul-24)	(24-Jan-24)

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: Lender details

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

Annexure-5: List of entities consolidated

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

*from June 19, 2024.

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	Ranjan Sharma Senior Director **CARE Ratings Limited** Phone: +91-22-6754 3453 E-mail: Ranjan.sharma@careedge.in
Relationship Contact Saikat Roy Senior Director **CARE Ratings Limited** Phone: 912267543404 E-mail: saikat.roy@careedge.in	Krunal Pankajkumar Modi Director **CARE Ratings Limited** Phone: 079-40265614 E-mail: krunal.modi@careedge.in Komal Vinit Soni Assistant Director **CARE Ratings Limited** Phone: 079-40265694 E-mail: komal.israni@careedge.in

About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

For detailed Rating Report and subscription information, please visit www.careratings.com