



Press Release
SPECTRON ENGINEERS PRIVATE LIMITED
June 11, 2025
Rating Reaffirmed and Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	22.00	ACUITE BB+ Stable Upgraded	-
Bank Loan Ratings	19.00	-	ACUITE A4+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	41.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has upgraded the long term rating to '**ACUITE BB+**' (read as **ACUITE double B plus**) from '**ACUITE BB**' (reads as **ACUITE double B**) and reaffirmed the short-term rating of '**ACUITE A4+**' (read as **ACUITE A four plus**) on the Rs. 41.00 Cr. bank facilities of Spectron Engineers Private Limited (SEPL). The outlook remains "**Stable.**"

Rationale for upgrade

The rating upgrade takes into account the growth in operating performance of SEPL supported by a healthy orderbook of Rs 212 Cr. providing sound revenue visibility over the medium term. The rating also factors the improvement in the financial risk profile of the company on account of pre-payment of its long term debt in FY2025. Further, the rating draws comfort from company's long standing relationship with reputed clientele and adequate liquidity position. The rating is however constrained by company's working capital intensive nature of operations.

About the Company

Incorporated in the year 1995, SEPL is engaged in undertaking operation and maintenance of oil and gas fields, fabrication of industrial-grade equipment, installation and maintenance of security and surveillance systems and waste management services. The company has its registered office located in Mumbai, Maharashtra. The company is managed by Ms. Meena Varghese Ollukaran, Mr. Ollukaran Kanjipallu Varghese and Mr. Spencer Ollukaran Varghese.

Unsupported Rating

Not Applicable

Analytical Approach

Acuite has considered the standalone business and financial risk profiles of the SEPL to arrive at this rating.

Key Rating Drivers

Strengths

Experienced management with an established track record of operations and reputed clientele

SEPL has an established track of operations of more than two decades in the oil and gas industry. The company's Chairman & Managing Director, Mr. O K Varghese possess over three decades of experience in the industry. He is further supported by other directors and its well experienced technical team in each department. Further, the

company has long standing relations with some of leading oil and gas producing players in the country.

Growth in operating performance

The operating performance of the company has been improving on a y-o-y basis over the past few years with a reported revenue of Rs. 108 Cr. in FY2025 (Est) from Rs. 90.04 Cr. in FY2024 and Rs. 80.80 Cr. in FY2023, on account of faster contract execution. Further, the EBITDA margin has also improved with 14 percent in FY2025 (Est) from 13.25 percent in FY2024 and 11.13 percent in FY2023. The operation & maintenance of oil and gas fields contributes to about 60 percent of revenue generation and balance is contributed by other segments. Further, the healthy outstanding order book of Rs. 212 Cr. as on March 31, 2025 provides sound revenue visibility over the medium.

Moreover, company's ability to receive new orders, execute existing orders in a timely manner to maintain the growth in operating performance shall be a key rating sensitivity.

Moderate Financial Risk Profile

The financial risk profile of SEPL continues to remain moderate with improving network, low gearing and adequate debt protection indicators. The tangible network stood at Rs. 27.28 Cr. on March 31, 2024 as against Rs. 23.73 Cr. on March 31, 2023, which has led to marginal improvement in the gearing to 1.23 times on March 31, 2024 as against 1.28 times on March 31, 2023. The Debt-EBITDA also stood improved at 2.74 times on March 31, 2024 from 3.30 times on March 31, 2023.

The coverage indicators stood adequate, with interest coverage ratio (ICR) at 3.12 times and debt service coverage ratio (DSCR) at 1.76 times in FY2024 (3.08 times and 1.66 times respectively in FY2023). Further, SEPL has prepaid its long term debt to the extent of Rs. 8.29 Cr. along with its scheduled repayment of Rs. 3.96 Cr. in FY2025. This is expected to improve the overall financial indicators in the near to medium term.

Weaknesses

Intensive working capital operations

The working capital operations of SEPL continues to remain intensive, as reflected by gross current assets (GCAs) of 219 days on March 31, 2024, which is driven mainly by high debtor days of 173 days on March 31, 2024 (164 days on March 31, 2023). The inventory days stood at 16 days on March 31, 2024, as against 12 days on March 31, 2023. On the other hand, creditor days also stood high at 230 days on March 31, 2024 (166 days on March 31, 2023) keeping the average bank limit utilization moderate at 57.98 percent for the last seven months ended March 2025.

Tender based nature of operations and competitive industry

The revenue of the company is highly dependent on the number and value of tenders floated by the oil and gas companies. Further, since the nature of operations is tender based, the growth depends on the ability to bid and get contracts awarded successfully.

Rating Sensitivities

- Continued improvement in scale of operations while maintaining profitability margins.
- Inadequate cash accrual generation or significant increase in debt affecting the financial risk profile
- Restriction of further deterioration in the working capital cycle.

Liquidity Position

Adequate

The company is estimated to have generated NCAs of ~Rs. 7.99 Cr. in FY2025 which was sufficient to repay scheduled debt obligations of Rs 3.96 Cr. during the year. Moreover, the excess funds generated with ease in working capital was utilised to prepay additional debt. Going forward, the NCAs are expected to remain in the range of Rs. 11 -13 Cr. for FY2026 and FY2027 with repayment of Rs. 1.13 Cr. in FY2026. The company also had a cash and bank balance of 1.64 Cr. on March 31, 2025 (Est).

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	90.04	80.80
PAT	Rs. Cr.	3.60	3.29
PAT Margin	(%)	4.00	4.07
Total Debt/Tangible Net Worth	Times	1.23	1.28
PBDIT/Interest	Times	3.12	3.08

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Interaction with Audit Committee anytime in the last 12 months (applicable for rated-listed / proposed to be listed debt securities being reviewed by Acuite)

Not applicable

Any other information

None

Applicable Criteria

- Default Recognition :- <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>
- Service Sector: <https://www.acuite.in/view-rating-criteria-50.htm>
- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
13 Mar 2024	Bank Guarantee/Letter of Guarantee	Short Term	19.00	ACUITE A4+ (Reaffirmed)
	Cash Credit	Long Term	20.00	ACUITE BB Stable (Reaffirmed)
	Term Loan	Long Term	0.70	ACUITE BB Stable (Reaffirmed)
	Term Loan	Long Term	1.30	ACUITE BB Stable (Reaffirmed)
14 Dec 2022	Bank Guarantee/Letter of Guarantee	Short Term	13.00	ACUITE A4+ (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	6.00	ACUITE A4+ (Assigned)
	Bank Guarantee (BLR)	Short Term	3.50	ACUITE A4+ (Reaffirmed & Withdrawn)
	Cash Credit	Long Term	20.00	ACUITE BB Stable (Reaffirmed)
	Term Loan	Long Term	2.00	ACUITE BB Stable (Assigned)
	Cash Credit	Long Term	4.50	ACUITE BB (Reaffirmed & Withdrawn)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Union Bank of India	Not avl. / Not appl.	Bank Guarantee/Letter of Guarantee	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	19.00	Simple	ACUITE A4+ Reaffirmed
Union Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE BB+ Stable Upgraded (from ACUITE BB)

Contacts

Mohit Jain Chief Analytical Officer-Rating Operations	Contact details exclusively for investors and lenders
Kruti Patel Associate Analyst-Rating Operations	Mob: +91 8591310146 Email ID: analyticalsupport@acuite.in

About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

Disclaimer: An Acuité rating does not constitute an audit of the rated entity and should not be treated as a recommendation or opinion that is intended to substitute for a financial adviser's or investor's independent assessment of whether to buy, sell or hold any security. Ratings assigned by Acuité are based on the data and information provided by the issuer and obtained from other reliable sources. Although reasonable care has been taken to ensure that the data and information is true, Acuité, in particular, makes no representation or warranty, expressed or implied with respect to the adequacy, accuracy or completeness of the information relied upon. Acuité is not responsible for any errors or omissions and especially states that it has no financial liability whatsoever for any direct, indirect or consequential loss of any kind, arising from the use of its ratings. Ratings assigned by Acuité are subject to a process of surveillance which may lead to a revision in ratings as and when the circumstances so warrant. Please visit our website (www.acuite.in) for the latest information on any instrument rated by Acuité. Please visit <https://www.acuite.in/faqs.htm> to refer FAQs on Credit Rating.

Note: None of the Directors on the Board of Acuité Ratings & Research Limited are members of any rating committee and therefore do not participate in discussions regarding the rating of any entity.