



Press Release
PHILS HEAVY ENGINEERING PRIVATE LIMITED
January 28, 2026
Rating Downgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.10	ACUITE BBB- Stable Downgraded	-
Bank Loan Ratings	89.90	-	ACUITE A3 Downgraded
Total Outstanding Quantum (Rs. Cr)	125.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has downgraded the long-term rating to '**ACUITE BBB-**' (read as **ACUITE triple B minus**) from '**ACUITE BBB**' (read as **ACUITE triple B**) and the short term rating to '**ACUITE A3**' (read as **ACUITE A three**) from '**ACUITE A3+**' (read as **ACUITE A three plus**) on the Rs.125.00 crore bank facilities of Phils Heavy Engineering Private Limited (PHEPL). The outlook is '**Stable**'.

Rationale for rating downgrade

The rating downgrade reflects weak operating performance marked by declining revenues and profitability couple with low order book position which provides limited revenue visibility. The rating draws comfort from the experienced management and long operational track record of the company. The rating also factors in healthy financial risk profile supported by moderate net worth, low gearing, and adequate debt protection metrics. However, the rating remains constrained on account of working capital intensive operations, customer concentration risk, susceptibility of operating performance to volatility in raw material prices, tender based operations and capital expenditure in the end user industry.

About the Company

Phils Heavy Engineering Private Limited (PHEPL) is a Mumbai based company incorporated in 1992. The company started its operations as Phils Engineering Corp in 1971. It is engaged in the manufacturing of medium sized to heavy equipment such as heat exchangers, pressure vessels, columns for petrochemicals, gas, fertilizer, chemical, and refineries Industries. The company has accreditation of QMS- ISO 9001:2008, EMS- ISO 14001:2004, OHSAS 18001: 2007, ASME 'U' & 'U2', NBS 'R'. Mr. Varghese Philip and Mr. Ajay Kurian Philip are the directors of the company

Unsupported Rating

Not Applicable

Analytical Approach

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

Key Rating Drivers

Strengths

Experienced management with an established track record of operations and reputed clientele
PHEPL is promoted by Mr. Varghese Philip and Mr. Ajay Philip, who together have over three decades of experience in the heavy engineering industry. Owing to the promoters' rich experience and the company's long-standing track record of operations, PHEPL has been able to establish long and healthy relationships with reputed clients such as Bharat Petroleum Corporation Limited, Dangote Petroleum Refinery & Petrochemicals, Indian Oil Corporation Limited, and Linde India. Acuité believes that PHEPL will continue to benefit from its experienced management, established operational track record, and strong relationships with reputed clientele.

Healthy financial risk profile

PHEPL's financial risk profile remains healthy, supported by a moderate net worth and low gearing. The tangible net worth stood at Rs. 106.84 crore as on March 31, 2025, compared to Rs. 103.28 crore as on March 31, 2024, driven by accretion of profits, along with quasi-equity of Rs. 17.74 crore in FY2025. Total debt increased to Rs. 7.88 crore as on March 31, 2025 from Rs. 0.93 crore as on March 31, 2024, primarily due to higher short-term borrowings for working capital, comprising Rs. 1.22 crore of long-term borrowings, Rs. 5.94 crore of short-term borrowings, and Rs. 0.72 crore of CPLTD; nevertheless, gearing (debt to equity) remained comfortable at 0.07 times (FY2024: 0.01 times). Coverage indicators moderated due to higher finance costs, with interest coverage ratio (ICR) and debt service coverage ratio (DSCR) stood at 4.32 times and 3.39 times, respectively in FY2025. Total outside liabilities to tangible net worth increased to 0.75 times in FY2025 from 0.21 times in FY2024. Acuité expects PHEPL to continue benefiting from its strong capitalization and prudent financial management over the medium term.

Weaknesses

Declining revenues with low order book position

PHEPL reported revenue of Rs. 23.89 crore in FY2025 as against Rs. 47.20 crore in FY2024, reflecting a decline of 49.39 per cent, primarily due to delayed execution of a major order received in June 2024, with dispatches scheduled during April–October 2025, and deferment caused by design modifications. The company's order book largely comprises replacement parts and components for existing refinery units, leading to variability in revenue depending on customer maintenance schedules and expansion plans. Despite the decline in revenue, profitability improved in FY2025 with EBITDA and PAT margins increasing to 26.33 per cent and 14.92 per cent, respectively, owing to lower raw material costs. For 8M FY2026, PHEPL reported revenue of Rs. 85.50 crore with EBITDA and PAT margins of 15.35 per cent and 8.97 per cent, respectively; as per management, revenue stood at Rs. 106 crore as on January 13, 2026. The outstanding order book as on January 8, 2026, stood at around Rs. 40 crore, to be executed by FY2026, compared to an order book of Rs. 121 crore earlier, while orders under bidding amounted to approximately Rs. 62.55 crore, indicating near-term revenue visibility. Acuité believes that the company's revenue profile may continue to remain volatile over the near term, although timely execution of the existing order book and conversion of orders under bidding will be key monitorables.

Working capital-intensive operations

PHEPL's working capital operations remain intensive, driven by its project-based execution model and long gestation cycles of 8–12 months. Gross current asset (GCA) days remained elevated at 1,536 days in FY2025 compared to 343 days in FY2024, primarily due to higher inventory levels and elongated work-in-progress. Inventory days increased significantly to 1,514 days in FY2025 from 191 days in FY2024, while debtor days improved to 52 days in FY2025 from 75 days in FY2024. The company typically receives around 40 per cent advance from customers, with the balance linked to dispatch and milestone-based payments; however, receivables remain stretched due to execution timelines. Creditor days stood at 328 days in FY2024, supported by strong and long-standing supplier relationships, with payment terms

largely aligned with customer receipts. PHEPL caters to reputed clients such as Bharat Petroleum Corporation Limited, GAIL (India) Limited, Indian Oil Corporation Limited, Dangote Petroleum Refinery & Petrochemicals FZE, and Chennai Petroleum Corporation Limited, and has no overdue or disputed payables. The current ratio moderated to 1.99 times in FY2025 from 3.68 times in FY2024, reflecting tighter liquidity due to increased working capital intensity. Acuité believes that the company's working capital cycle will continue to remain elongated over the near to medium term, with timely project execution and disciplined fund management being key monitorables.

Customer concentration risk

PHEPL is exposed to customer concentration risk, with a significant proportion of revenues derived from a limited number of large clients. In FY2025, the top three customers Indian Oil Corporation Limited, Numaligarh Refinery Limited, and Bharat Petroleum Corporation Limited together accounted for approximately 77 per cent of the total sales in FY2025, indicating a high level of customer concentration. Revenues are largely dependent on orders from public sector oil marketing companies and a few large private refiners, making the company's revenue profile susceptible to project timing, maintenance schedules, and capex plans of these customers. While these customers are reputed and have long-standing relationships with the company, the inherently lumpy nature of project-based orders results in uneven revenue inflows and concentration risk. Acuité believes that continued dependence on a limited customer base may constrain revenue diversification, although the long-term relationships with established clients partially mitigate the associated credit risk.

Rating Sensitivities

- Sustain improvement in revenues and profitability
- Any further elongation in the working capital cycle leading to deterioration in the company's liquidity position
- Changes in financial risk profile

Liquidity Position

Adequate

The liquidity position of PHEPL remains adequate, supported by healthy cash accruals against limited debt obligations. The company generated net cash accruals of Rs. 6.30 crore in FY2025 against minimal debt repayment obligations of Rs. 0.22 crore during the same period. However, liquidity indicators witnessed some moderation due to increased working capital intensity, with gross current asset (GCA) days increasing to 1536 days in FY2025 from 343 days in FY2024, while the current ratio declined to 1.99 times as on March 31, 2025 from 3.68 times as on March 31, 2024. Further, the company maintains cash and bank balances of Rs. 5.19 Cr. Reliance on working capital limits also increased during the year, with average utilization remaining high at around 95 per cent for six months ending December 2025.

Acuité believes that, the company's liquidity profile will remain adequate over the near term, supported by comfortable cash accruals and financial management will remain a key monitorable.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Actual)	FY 24 (Actual)
Operating Income	Rs. Cr.	23.89	47.20
PAT	Rs. Cr.	3.56	6.18
PAT Margin	(%)	14.92	13.09
Total Debt/Tangible Net Worth	Times	0.07	0.01
PBDIT/Interest	Times	4.32	9.74

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

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>
- 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
31 Oct 2024	Bank Guarantee (BLR)	Short Term	2.25	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.12	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	6.20	ACUITE A3+ (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	61.43	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.02	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.86	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	0.12	ACUITE BBB Stable (Reaffirmed)
03 Aug 2023	Bank Guarantee (BLR)	Short Term	2.25	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	20.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3+ (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	4.12	ACUITE A3+ (Reaffirmed)
	Letter of Credit	Short Term	6.20	ACUITE A3+ (Reaffirmed)
	Term Loan	Long Term	0.12	ACUITE BBB Stable (Reaffirmed)
	Cash Credit	Long Term	3.00	ACUITE BBB Stable (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	63.31	ACUITE BBB Stable (Reaffirmed)
	Term Loan	Long Term	1.00	ACUITE BBB Stable (Reaffirmed)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	4.12	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	1.84	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	17.20	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
ICICI BANK LIMITED	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	13.00	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Canara Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
ICICI BANK LIMITED	Not avl. / Not appl.	Derivative Exposure	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	2.00	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Forward Contracts	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	0.04	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	20.00	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Canara Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.70	Simple	ACUITE A3 Downgraded (from ACUITE A3+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.10	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
	Not		Not avl.	Not	Not			ACUITE BBB- Stable

ICICI BANK LIMITED	avl. / Not appl.	Secured Overdraft	/ Not appl.	avl. / Not appl.	avl. / Not appl.	1.00	Simple	Downgraded (from ACUITE BBB)
AXIS BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	10 Mar 2028	1.00	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	30 Jun 2027	1.02	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
Canara Bank	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	26 Mar 2027	0.86	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)
THE ZOROASTRIAN CO-OPERATIVE BANK LIMITED	Not avl. / Not appl.	Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	15 Jul 2026	0.12	Simple	ACUITE BBB- Stable Downgraded (from ACUITE BBB)

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