



Press Release
PRECISION EQUIPMENTS CHENNAI PRIVATE LIMITED
September 10, 2025
Rating Assigned and Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	5.00	ACUITE BBB Stable Assigned	-
Bank Loan Ratings	10.00	ACUITE BBB Stable Reaffirmed	-
Bank Loan Ratings	5.00	-	ACUITE A3+ Assigned
Bank Loan Ratings	161.50	-	ACUITE A3+ Reaffirmed
Total Outstanding Quantum (Rs. Cr)	181.50	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuite has reaffirmed its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and the short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three Plus**) on the Rs.171.50 Cr. bank facilities of Precision Equipments Chennai Private Limited (PECPL). The outlook is ‘**Stable**’.

Further, Acuite has assigned its long-term rating of ‘**ACUITE BBB**’ (read as **ACUITE triple Ba**) and short-term rating of ‘**ACUITE A3+**’ (read as **ACUITE A three Plus**) on the Rs.10.00 Cr. bank facilities of Precision Equipments Chennai Private Limited (PECPL). The outlook is ‘**Stable**’.

Rationale for rating

The rating reaffirmation takes into account improved scale of operations in FY25 primarily driven by exports to United States of America (US). Moreover, the growth is expected to be supported by moderate order book position of ~Rs.360 Cr. as on July, 2025 reflecting sound revenue visibility over the medium term. Further, the rating also considers PECPL’s experienced management and established track record of operations of over four decades in the manufacturing of process equipment along with healthy financial risk profile, comfortable debt protection metrics and low gearing levels. However, the rating remains constrained on account of intensive working capital cycle primarily due to the long order execution period. Further, with the onset of US tariffs on exports, any adverse impact on the company’s operations and profitability will be a key rating monitorable.

About the Company

Incorporated in 1981 as a partnership firm and later converted to a company in 1998, Chennai based Precision Equipment’s (Chennai) Private Limited (PECPL) is engaged into designing and manufacturing of process equipment’s such as shell and tube heat exchangers, pressure vessels and reactors catering to oil, gas, petro-chemical and fertilizer industries. The company has two manufacturing units at SIPCOT Industrial Park, Chennai and Tiruvallur. It is promoted by Mr. Easwaramurthy, Mr. Balasubramanian Prabhu and Mr. Arunmugilan Easwaramurthy.

Unsupported Rating

Not Applicable.

Analytical Approach

Acuite has considered the standalone business and financial risk profile of PECPL to arrive at the rating.

Key Rating Drivers

Established track record of operations and experienced management

PECPL has an established presence for over four decades in the equipment industry. Further, the current promoters bring in extensive experience of 23 years which has helped the company develop healthy relations with suppliers and reputed clientele like Excelerate Energy, ExxonMobil, Petronet LNG Limited, Toyo Engineering Corporation, Reliance Industries Limited, Indian Oil Corporation Limited, etc. The company deals with private & government players and has presence both in the domestic as well international markets.

Improving scale of operations

PECPL recorded top line of Rs.208.95 Cr. in FY24 as against Rs.187.06 Cr. in FY23. Further, the revenue increased by ~65% to Rs.340.37 Cr. in FY25(Est.) primarily on account growth in the export business. Currently, the order book stands at ~Rs.360 Cr. till July,2025 with majority concentration to export market. However, nearly 70% of the FY25(Est.) (28% in FY24) revenue stems from exports from US. Therefore, with the onset of US tariffs applicability in FY26, the impact of the same on company's operations and sustenance of the growth shall be a key rating monitorable. Further, while the operating margin moderated to 9.66% in FY24 as against 10.54% in FY23 due to high input costs towards business expansion, it improved to 12.10% in FY25(Est.) with improvement in revenue and input cost moderation.

Healthy financial risk profile

The increase in profits in FY25 led to improvement in net-worth of the company to Rs.87.34 Cr. as per FY25(Est.) as against Rs.60.63 Cr. in FY24. Further, the company has minimal dependence on long term debt, therefore, gearing remains below unity. The TOL/TNW also stood healthy at 1.02 times as on 31st March, 2025 (Est.), improving from 1.64 times as on 31st March, 2024. The company is expected to maintain its healthy financial risk profile on account of the expected improvement in profitability and no significant debt.

Weaknesses

Intensive working capital operations

PECPL's working capital operations stood improved yet remain intensive marked by gross current asset (GCA) of 146 days in FY25(Est.) as against 215 days in FY24. The elevated GCA days is majorly on account of high inventory days as the operations have a long gestation period of 9-12 months. Further, the debtor's receivables are also milestone based, ~40-50% advance and balance after delivery. Therefore, the debtor days stood at 74 days in FY25(Est.) (63 days in FY24).

Sector specific risk along with tendering nature of business

The revenue of PECPL is highly concentrated from oil & gas, petro-chemical, fertilizers, etc. therefore, any slowdown in this particular industry may affect the performance of the company. The risk is further amplified as the company also caters to government PSU's and quotes for the contract on tender basis. Also, risk becomes more pronounced as tendering is based on minimum amount of bidding of contracts. Therefore, the company's ability to successfully bid and win for greater number of large orders will remain a key monitorable. However, the promoter's experience and relationship with the clients mitigates this factor to an extent. Further, since company deals in export market, foreign exchanges fluctuations also remains critical to the company.

Rating Sensitivities

- Continued improvement in scale of operations at sustained margins.
- Significant increase in debt levels impacting the financial risk profile.
- Any elongation of the working capital cycle leading to deterioration in liquidity position.

Liquidity Position

Adequate

The liquidity position of the company is adequate as reflected from sufficient Net cash accruals (NCA) against the maturing debt repayment obligations. The company has registered NCA of Rs.29.23 Cr. during FY25(Est.) as against Rs.12.08 Cr. during FY24, which comfortably meet the maturing debt obligations of Rs.1.20 Cr. Additionally, company is expected to generate cash accruals in the range of Rs.29.00-32.00 Cr over the medium term, while repayment obligations are expected to be in the range of Rs.2.00-2.05 Cr. for the same period. The cash and bank balance stood healthy at Rs.16.47 Cr. during FY25(Est.) against Rs.6.51 Cr. in FY24. Further, the company had unencumbered fixed deposits of ~Rs.14.53 Cr. as on 31st March, 2025 (Est.). The current ratio stood at 1.71 times during FY25(Est.) as against 1.43 times in FY24. Additionally, the average bank limit utilization for fund-based limits stood low at ~4% for the last 6 months ended July, 2025 and the non-fund based LC & BG limits stood utilized at ~3% and ~35% respectively during the same period.

Outlook: Stable

Other Factors affecting Rating

None.

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	208.95	187.06
PAT	Rs. Cr.	9.70	8.66
PAT Margin	(%)	4.64	4.63
Total Debt/Tangible Net Worth	Times	0.43	0.22
PBDIT/Interest	Times	3.68	3.16

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. Acuité'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 Jun 2024	Letter of Credit	Short Term	30.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	60.00	ACUITE A3+ (Upgraded from ACUITE A3)
	Bank Guarantee (BLR)	Short Term	25.00	ACUITE A3+ (Assigned)
	Bank Guarantee (BLR)	Short Term	46.50	ACUITE A3+ (Assigned)
	Cash Credit	Long Term	6.50	ACUITE BBB Stable (Upgraded from ACUITE BBB- Stable)
	Cash Credit	Long Term	3.50	ACUITE BBB Stable (Assigned)
16 Mar 2023	Letter of Credit	Short Term	22.50	ACUITE A3 (Reaffirmed)
	Letter of Credit	Short Term	7.50	ACUITE A3 (Assigned)
	Bank Guarantee (BLR)	Short Term	49.65	ACUITE A3 (Reaffirmed)
	Bank Guarantee (BLR)	Short Term	10.35	ACUITE A3 (Assigned)
	Cash Credit	Long Term	6.50	ACUITE BBB- Stable (Reaffirmed)
14 Jul 2022	Letter of Credit	Short Term	22.50	ACUITE A3 (Reaffirmed)
	Bank Guarantee/Letter of Guarantee	Short Term	48.00	ACUITE A3 (Reaffirmed)
	Proposed Long Term Bank Facility	Long Term	2.01	ACUITE BBB- Stable (Reaffirmed)
	Cash Credit	Long Term	6.14	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
HDFC Bank Ltd	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	80.00	Simple	ACUITE A3+ Reaffirmed
RBL Bank	Not avl. / Not appl.	Bank Guarantee (BLR)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	46.50	Simple	ACUITE A3+ Reaffirmed
RBL Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.50	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	6.50	Simple	ACUITE BBB Stable Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	35.00	Simple	ACUITE A3+ Reaffirmed
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE A3+ Assigned
HDFC Bank Ltd	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB Stable Assigned

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About Acuité Ratings & Research

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