

## Kilburn Engineering Limited

March 10, 2022

### Ratings

Facilities/Instruments	Amount (Rs. crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	-	-	Reaffirmed at CARE C / CARE A4 (Single C / A Four) and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE C (Single C) and Withdrawn
Long Term Bank Facilities	-	-	Reaffirmed at CARE D (Single D) and Withdrawn
<b>Total Bank Facilities</b>	<b>0.00 (Rs. Only)</b>		

Details of instruments/facilities in Annexure-1

### Detailed Rationale & Key Rating Drivers

CARE Ratings Limited has reaffirmed and withdrawn the outstanding ratings of 'CARE C/CARE D/CARE A4' [Single C/Single D/ A Four] assigned to bank facilities of Kilburn Engineering Limited with immediate effect. The above action has been taken at the request of Kilburn Engineering Limited and 'No Objection Certificate' received from the bank(s) that have extended the facilities rated by CARE Ratings Ltd.

CARE has reaffirmed the rating of Kilburn Engineering Limited on account of absence of information of term and conditions of the resolution plan for restructuring of term loan, however, CARE notes that there has been no delay or default post restructuring of the term loan as per banker's feedback.

### Detailed description of the key rating drivers

#### Key Rating Weaknesses

##### Moderation in capital structure

Overall gearing of KEL deteriorated to 1.80x as on March 31, 2021 as against 1.18x on March 31, 2020 on account of significant erosion in net worth due to exceptional losses of Rs 127 crores during FY21. These losses pertain to unrecoverable ICDs given to group companies. The company has made provision for ICDs extended to group companies and interest on ICDs has been written off in FY21. KEL has made provision for Rs.99.50 crore of ICDs as on March 31, 2021 and written off Rs.27.83 crore interest accrued during FY21. As a result, KEL's networth declined to Rs.47.73 crore as on March 31, 2021 (Rs.103.44 crore as on March 31, 2020), leading to deterioration in overall gearing and debt coverage indicators.

##### Deterioration in scale of operation

KEL's income from operation declined from Rs 147.62 crores in FY20 to Rs 96.59 crores in FY21 due to impact of covid. Profitability margins marginally moderated from 17.44% in FY20 to 15.73% in FY21. Due to exceptional losses, the company has suffered cash losses of Rs 121.79 crores during FY21.

### Key Rating Strengths

#### Experienced track record in manufacturing customized process equipment

KEL has over three decades of experience in manufacturing customised process equipment in various industries ranging from chemicals, petrochemicals, oil, gas, refineries, fertilisers, nuclear power plants and food processing industries covering tea, sugar, paddy and coconut. The company has developed machinery for tea industry which is now used across the world. The company has also manufactured certain niche products such as Rotary Dryer for Carbon Black, Instrument and Utility gas drying System (IUGS), Soda ash Calciners.

### Analytical approach: Standalone

### Applicable Criteria

[Policy on default recognition](#)

[Financial Ratios – Non financial Sector](#)

[Rating Outlook and Credit Watch](#)

[Short Term Instruments](#)

[Manufacturing Companies](#)

[Policy on Withdrawal of Ratings](#)

### About the Company

Incorporated on September 7, 1987, Kilburn Engineering Limited (KEL) is a Williamson Magor Group Enterprise listed on Bombay Stock Exchange (BSE) and Calcutta Stock Exchange (CSE). KEL manufactures drying systems, pneumatic handling systems, heat exchangers, etc with specialized expertise in design, engineering, manufacturing and installation of drying

<sup>1</sup>Complete definition of the ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Ltd.'s publications

systems for solids, liquids and gases. KEL caters to various industries ranging from Chemicals, Petrochemicals to Food, Oil & Gas, Refinery, Power Plants & Steel. KEL also provides services for erecting, commissioning and annual maintenance of the equipment manufactured.

Brief Financials (Rs. crore)	31-03-2020 (A)	31-03-2021 (A)	9MFY22(UA)
Total operating income	147.62	96.59	66.31
PBILDT	25.75	15.20	5.66
PAT	5.17	-91.70	-3.23
Overall gearing (times)	1.18	1.80	NA
Interest coverage (times)	1.48	1.33	0.83

A: Audited UA: Unaudited NA: Not Available

**Status of non-cooperation with previous CRA:** N/A

**Any other information:**

**Rating History for last three years:** Please refer Annexure-2

**Covenants of rated instrument / facility:** Detailed explanation of covenants of the rated instruments/facilities is given in Annexure-3

**Complexity level of various instruments rated for this company:** Annexure 4

**Annexure-1: Details of Instruments / Facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	0.00	Withdrawn
Non-fund-based - LT/ST-BG/LC		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	-	0.00	Withdrawn

**Annexure-2: Rating History of last three years**

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1	Fund-based - LT-Cash Credit	LT	-	-	1)CARE C (06-Apr-21)	1)CARE C (30-Apr-20)	1)CARE B; Negative (31-Mar-20) 2)CARE B; Negative (24-Jul-19) 3)CARE BB+; Stable (02-Apr-19)	1)CARE BBB-; Stable (06-Apr-18)
2	Non-fund-based - LT/ ST-BG/LC	LT/ST*	-	-	1)CARE C / CARE A4 (06-Apr-21)	1)CARE C / CARE A4 (30-Apr-20)	1)CARE B; Negative / CARE A4 (31-Mar-20) 2)CARE B; Negative / CARE A4 (24-Jul-19) 3)CARE BB+; Stable / CARE A4+ (02-Apr-19)	1)CARE BBB-; Stable / CARE A3 (06-Apr-18)
3	Fund-based - LT-Term Loan	LT	-	-	1)CARE D (06-Apr-21)	1)CARE D (30-Apr-20)	1)CARE B; Negative (31-Mar-20) 2)CARE B; Negative (24-Jul-19) 3)CARE BB+; Stable (02-Apr-19)	1)CARE BBB-; Stable (06-Apr-18)

\* Long Term / Short Term

**Annexure-3: Detailed explanation of covenants of the rated instrument / facilities: N/A****Annexure 4: Complexity level of various instruments rated for this company**

Sr. No	Name of instrument	Complexity level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-BG/LC	Simple

**Annexure 5: Bank Lender Details for this Company**To view the lender wise details of bank facilities please [click here](#)

**Note on complexity levels of the rated instrument:** CARE Ratings Ltd. has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to [care@careedge.in](mailto:care@careedge.in) for any clarifications.

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**About CARE Ratings Limited:**

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