

Kimaya Steel

September 30, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	31.00	CARE BB; Stable	Assigned
Short Term Bank Facilities	6.00	CARE A4	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Kimaya Steel (KS) are constrained by its moderate capital structure and debt coverage indicators, moderate profitability with susceptibility to fluctuations in input prices, intense competition due to tender-based nature of operations and execution challenges, on-going debt funded capital expenditure and partnership nature of constitution. Ratings, however, derive strength from extensive experience of promoters in the industry, growing scale of operations, and satisfactory orderbook position.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in scale of operations marked by Total Operating Income (TOI) of more than ₹300 crore on sustained basis while maintaining current level of profitability.
- Improvement in capital structure marked by overall gearing of below unity on sustained basis.

Negative factors

- Decline in profitability marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margins of less than 6%
- Continued withdrawals of funds by the partners leading to a decline in the firm's net worth base.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) expectations that the firm will continue to benefit from the experience of its promoters in the engineering and capital goods industry and sustain its moderate financial risk profile in the near-to-medium-term.

Detailed description of key rating drivers:

Key weaknesses

Moderate capital structure and debt coverage indicators

The capital structure of the firm remained moderate, marked by overall gearing of 2.03x and total outside liabilities to net worth (TOL/TNW) of 3.99x as on March 31, 2025 (PY: 2.37x and 8.16x). Further, the net worth base of the firm remained low at ₹18.20 crore as on March 31, 2025.

The debt coverage indicators remained moderate, marked by total debt to gross cash accruals (TD/GCA) of 4.12x and profit before interest, lease rentals, depreciation, and taxation (PBILDT) interest coverage of 5.52x for FY25 (FY refers to April 01 to March 31) as against 2.44x and 5.00x respectively for FY24. The deterioration in TDGCA was due to an increase in long-term debt and higher utilisation of working capital limits as on the balance sheet date.

Moderate profitability with its susceptibility to fluctuations in input prices

Profitability remained moderate over the past five years ending FY25, marked by PBILDT margins in the range of 4-8%. In FY25, PBILDT margins declined to 7.73% compared to 8.25% in FY24, due to an increase in labour charges, which was partially offset by a decline in raw material cost. However, in absolute terms, PBILDT improved from ₹6.70 crore in FY24 to ₹13.26 crore in FY25. In FY25, profit after tax (PAT) margins stood at 3.61% compared to 4.85% in FY24.

Raw material remained the major cost driver, constituting ~68% of total cost of sales in FY25, and its prices are volatile. Hence, the cost base remains exposed to adverse fluctuations in steel prices, which is the major cost component. Accordingly, profit margins remain susceptible to fluctuations in raw material prices. To mitigate this risk, the firm has a price escalation clause.

On-going debt funded capital expenditure

Kimaya Steel is undertaking a debt-funded capex for capacity expansion and installation of additional machinery. The project involves construction of a new shed of ~55,000 sq. ft and aims to enhance the installed capacity to 33,000 metric tonne per

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

annum (MTPA). The total project cost is estimated at ~₹8.00 crore, of which ~₹3.00 crore has been incurred as on August 31, 2025, funded through internal accruals. The balance cost is proposed to be funded through term debt, which is yet to be sanctioned. The project is expected to achieve commercial operations by January 2026. Timely completion of the ongoing capex within the envisaged cost and timeline remains a key monitorable.

Competitive industry with tender-based nature of operations along with execution challenges

The infrastructure sector in India remains highly fragmented and competitive, with several small and mid-sized players. This, combined with the tender-based nature of order procurement, results in intense competition, fluctuating revenues, and restrictions in profitability. The revenue growth, thus, depends on the firm's ability to bid successfully. Additionally, the continued increase in execution challenges, including regulatory clearances, aggressive bidding, and interest rate risk are external factors that affect the credit profiles of industry players.

Partnership nature of constitution

KS, being a partnership firm, remains exposed to the inherent risk of withdrawal of partners' capital in case of personal contingencies and dissolution of the firm upon death, retirement or insolvency of partners. Furthermore, partnership firms have restricted access to external borrowings, as the creditworthiness of partners remains a key factor influencing lenders' credit decisions.

Key strengths

Extensive experience of promoters in the industry

KS is promoted by Chetan Lomte, who holds a Master of Technology (MTech) degree and has over 15 years of industry experience, and Chandrakant Hundikar, who holds a Master of Commerce (MCom) degree with over 25 years of experience. The promoters are supported by a qualified and experienced management team for project execution and day-to-day operations.

Growing scale of operation

Over the past five years ending FY25, the firm's scale of operations, as reflected by total operating income (TOI), grew at a compound annual growth rate (CAGR) of ~35%. In FY25, TOI increased significantly to ₹171.40 crore from ₹81.25 crore in FY24, registering a year-on-year (y-o-y) growth of ~110%. The growth was primarily due to an increase in installed capacity from 10,000 MTPA to 22,000 MTPA, which supported the sales volume growth from 8,000 MT in FY24 to 18,000 MT in FY25. In Q1FY26 (refers to April 01 to June 30, 2025), the firm reported TOI of ₹22.46 crore. The ability of the firm to maintain the growing scale of operations will remain a key monitorable.

Satisfactory orderbook position with reputed clientele

As on July 31, 2025, the firm has a satisfactory outstanding orderbook of ~₹269 crore from reputed clientele such as Larsen & Toubro, Landmark Corporation Private Limited, and Godrej Agrovet Limited. The orderbook is expected to be completed by the end of FY26 (FY refers to April 01 to March 31). The execution cycle for these orders generally ranges from three to eight months. The orderbook is largely concentrated in Maharashtra, with the top five orders contributing ~77% of the total orderbook.

Liquidity: Adequate

The firm's liquidity position remained adequate, supported by sufficient gross cash accruals (GCA) against debt repayment obligations, high utilisation of working capital limits, and moderate cash and liquid investments. The firm expects to generate GCA of ~₹9 crore against debt repayment obligations of ~₹3 crore. The average utilisation of fund-based working capital limits remained high at 81.81% for the twelve months ending August 31, 2025. The firm had moderate cash and liquid investments of ₹2.58 crore as on March 31, 2025.

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Nonfinancial Sector](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Iron & Steel Products

Established in 2015, Kimaya Steel is a Nashik-based partnership firm promoted by Chetan Lomte and Chandrakant Hundikar. The firm is engaged in design, fabrication and erection of pre-engineered buildings (PEBs), catering to diverse industrial and commercial infrastructure requirements, with a total installed capacity of 22,000 MTPA as on March 31, 2025.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	81.25	171.40
PBILDT	6.70	13.26
PAT	3.94	6.18
Overall gearing (times)	2.37	2.03
Interest coverage (times)	5.00	5.52

A: Audited UA: Unaudited; Note: these are latest available financial results

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.97	CARE BB; Stable
Fund-based - LT-Term Loan		-	-	28/02/2032	15.03	CARE BB; Stable
Non-fund-based - ST-Bank Guarantee		-	-	-	6.00	CARE A4

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 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Fund-based - LT-Term Loan	LT	15.03	CARE BB; Stable				
2	Fund-based - LT-Cash Credit	LT	15.97	CARE BB; Stable				
3	Non-fund-based - ST-Bank Guarantee	ST	6.00	CARE A4				

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

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.

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