Kbk CheM-Engineering Private Limited

April 10, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	10.00 (Reduced from 16.00)	CARE BBB; Stable	Reaffirmed
Short-term bank facilities	35.00 (Reduced from 42.00)	CARE A3+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Kbk CheM-Engineering Private Limited (KBK) factors in the company's strong parentage and continued operational and financial support from its parent, Shree Renuka Sugars Limited (SRSL), and ultimate parent Wilmar International Limited (WIL). The company benefits from its integration within the group, which supports order inflows, execution capabilities and overall business stability. Its established track record in executing process equipment and engineering, procurement, and construction (EPC) projects, and experienced management, also provides comfort. Ratings take cognisance of gradual shift towards more specialised and export-oriented work, which is expected to support improvement in margins and quality of operations over the medium term.

However, ratings continue to be constrained by moderation in scale in recent periods and the impact of impairment and provisioning towards receivables relating to earlier projects, which has affected reported profitability in FY25 (FY refers to April to March) and in the current year, although the underlying operations remain stable. The business remains working capital intensive, with dependence on timely execution and collection of receivables.

In addition, profitability remains exposed to changes in raw material prices and foreign exchange movements. The company operates in a competitive and cyclical industry, which can affect order inflows and execution levels.

Overall, while the financial profile has improved with comfortable leverage and absence of repayment obligations, the company's ability to sustain execution, improve profitability and manage working capital efficiently, and avoid recurrence of large one-time provisions towards receivables, will remain important over the medium term.

CARE Ratings Limited (CareEdge Ratings) has withdrawn ratings assigned to certain facilities of KBK pertaining to IDBI Bank, which have been repaid in full, and CareEdge Ratings has received No Dues Certificate (NDC) from the lender with no outstanding amount as on date.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The company's ability to scale up operations above ₹400 crore and profit before interest, lease rentals, depreciation and tax (PBILDT) margins over 8% on sustainable basis.
- Improvement in total outside liabilities to total net worth (TOL/TNW) below 1.50x on a sustained basis.
- The company's ability to improve diversification of orders from other than group companies.

Negative factors

- Deterioration in overall gearing levels to over 1x on a sustained basis.
- Decline in profitability with PBILDT margin below 3% on a sustained basis.
- Operating cycle deteriorating to over 90 days on a sustained basis.
- Reduction in unsecured borrowings and change in terms impacting the company's liquidity.
- Weakening linkages with the ultimate parent, Wilmar Group.

Analytical approach:

Standalone, while factoring in the operational and management linkages with the parent, SRSL, and its parent, Wilmar Sugar and Energy Pte. Limited (WSEPL).

Outlook: Stable

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

The Stable outlook on the long-term rating of KBK reflects CareEdge Ratings' belief that the company will continue to benefit from its established presence and ongoing support from group companies in the form of order inflows.

Detailed description of key rating drivers:

Key strengths

Strong parentage and group integration with SRSL and Wilmar group

KBK is a wholly owned subsidiary of SRSL and continues to benefit from strong operational and financial support from the parent. In FY26, the company has further strengthened its capital structure through conversion of unsecured loans into equity aggregating to ~₹57.36 crore, reflecting continued support and long-term commitment from SRSL. Moreover, SRSL has extended corporate guarantees for bank facilities. It also provides funding support through inter-company loans as required. SRSL provides oversight through its finance and treasury functions.

At the ultimate level, SRSL is majority owned by WSEPL (~62.48% stake), which is a part of the WIL group. The group has a diversified presence across Agri-processing, edible oils, sugar, ethanol, chemicals and food processing.

KBK derives operational strength from integration within the group, with a significant portion of its order inflows originating from SRSL and group entities. According to recent position, the order book is largely group-driven, ensuring revenue visibility. Being part of the Wilmar ecosystem provides potential access to international opportunities, supported by export-oriented capabilities and certifications. Continued group support and a largely group-driven order book are expected to support stable execution and business visibility over the medium term.

Long track record of operations and experienced management

KBK has a long track record of over two decades in executing turnkey projects and is currently managed by Vijendra Singh (Whole Time Director) and Atul Chaturvedi (Director).

Vijendra Singh holds a B.Sc. degree from Meerut University and a Postgraduate qualification in Sugar Technology from the National Sugar Institute. With over three decades of experience in the agro-processing industry, he has expertise in production, expansion, modernization, and the construction of co-generation plants.

Atul Chaturvedi has nearly four decades of diverse experience in general and strategic management across manufacturing, trading, and Agri-infrastructure development. Vijendra Singh and Atul Chaturvedi are Executive Directors at SRSL, and are further supported by Sunil Kadam (Director), who also has extensive experience in the distillery industry. KBK's long-standing industry experience along with directors' extensive experience benefits it in acquisitions of new clientele and smooth operations.

Key weaknesses

Moderation in scale in FY25; profitability impacted by provisioning

The company reported lower revenue in FY25, with total operating income at ₹127.53 crore compared to ₹245.34 crore in FY24, mainly due to lower execution during the year. However, against this significant decline in scale, the decline in operating profitability was comparatively lower, with PBILDT margins moderating to 2.78% in FY25 against 3.32%, indicating better order mix and cost control. Due to impairment of trade receivables for earlier projects, reported profitability was impacted.

In the current year (10MFY26), revenue improved to ₹140.13 crore, indicating better execution. However, profitability was impacted due to provisioning of ~₹33 crore towards receivables under dispute from earlier projects. Additional ₹5 core provisioning is further expected for FY26. Per management, these relate to past projects, and recovery efforts through litigation are ongoing. Excluding this impact, operating performance remains stable.

Going ahead, performance is expected to improve with the company's shift towards specialised equipment and export-oriented orders. The American Society of Mechanical Engineers (ASME) certification supports access to international markets and improves acceptance of its products, which can help in increasing export orders. Export orders generally offer better margins and payment terms. This should support profitability and cash flows. However, the company's ability to avoid recurrence of large provisioning towards receivables and achieve recovery from disputed receivables, and sustained improvement in execution and margins, will remain critical for normalisation of reported profitability over the medium term.

Moderate debt coverage indicators, though capital structure remains comfortable

Debt coverage indicators remain moderate, having been impacted in recent periods due to lower operating performance and provisioning-related impact on accruals. The PBILDT to interest coverage continued to remain weak with 0.45x in FY25 compared to 0.93x in FY24, impacted by deterioration in operating profit. It is noteworthy that a significant portion of interest cost pertains to unsecured loans from the parent. With conversion of unsecured loans into equity in FY26, interest cost is expected to reduce.

The company's capital structure remains comfortable, with overall gearing improving to 0.25x as on March 31, 2025, from 0.46x as on March 31, 2024, driven by repayment of term loan and reduced working capital utilisation at the year-end.

Earlier moderation in net worth was considering losses; however, with strengthening of net worth and reduced reliance on external debt has improved the financial risk profile. Going forward, expected reduction in interest cost, sustained improvement in profitability and cash accruals remain critical for further strengthening of debt coverage indicators.

Working capital intensive operations
KBK's operations remain working capital intensive, with funds largely tied up in receivables, unbilled revenue and project execution cycles. Operating cycle further elongated to 160 days in FY25 (FY24: 103 days), primarily considering higher collection period of 195 days, indicating delays in realisation from customers.

The receivables profile is also characterised by a high share of unbilled revenue and retention money, which is inherent to project-based operations and linked to milestone-based billing. In the current year, the company has undertaken significant provisioning towards receivables under dispute, indicating past stress in collections, although these relate to earlier projects.

KBK typically extends a credit period of 30-90 days to customers, while availing 30-60 days credit from suppliers, resulting in a funding gap. However, with an increasing share of orders from SRSL and group entities, and improved order structuring and billing discipline, the collection cycle is expected to improve over the medium term. Efficient management of working capital and timely realisation of receivables will remain key monitorable from a credit perspective.

Exposure to raw material price volatility, foreign exchange risk and cyclical industry dynamics
KBK is exposed to volatility in steel prices, which are influenced by global market conditions. In absence of complete price pass-through mechanisms in certain contracts, sharp increase in raw material prices may impact margins.

The company also has meaningful export exposure (~40–45% in recent period), which exposes it to foreign exchange fluctuations. While export orders generally provide better margins and structured payment terms, adverse currency movements can affect profitability.

The company operates in a competitive and moderately cyclical EPC segment, with presence of multiple established players limiting pricing flexibility. Order inflows are linked to capex cycles in sugar and distillery sectors, making revenues depend on industry demand and policy environment. Accordingly, the company's ability to manage input cost fluctuations, execute orders efficiently and maintain steady order inflows remains a key monitorable.

Liquidity: Adequate
KBK's liquidity remains adequate, supported by absence of term debt and hence no repayment obligations. The company does not have plans to raise term debt in the near term.

Working capital utilisation remained moderate at ~69% for the 12 months ended January 31, 2025, providing some headroom in limits. The current ratio improved to ~1.59x as on March 31, 2025 (FY24: 1.43x), indicating comfortable short-term liquidity. Liquidity is further supported by continued backing from the parent, SRSL. This includes funding support and conversion of unsecured loans into equity.

Going ahead, liquidity is expected to remain supported by improvement in execution, better collection from group orders and absence of large debt obligations, although working capital intensity will remain a key monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

Definition of Default
Factoring Linkages Parent Sub JV Group
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Withdrawal Policy
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Other industrial products

Incorporated in 1997, KBK was acquired by SRSL in 2007. KBK is a 100% subsidiary of SRSL and is currently managed by Vijendra Singh (Director) and Atul Chaturvedi (Managing Director). WSEPL is a wholly owned subsidiary of WIL and holds ~62.48% stake in SRSL. KBK is engaged in manufacturing machineries and EPC solutions for distilleries, bioethanol, brewery, sugar, chemical processing, and co-generation plants at its facility in Pune, Maharashtra, having capacity of over 300 MT of SS/MS fabrication per month.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	245.34	127.53	140.13
PBILDT*	8.15	3.54	NA
Profit after tax (PAT)	-16.59	-5.97	NA
Overall gearing (x)	0.46	0.25	NA
Interest coverage (x)	0.93	0.45	NA

A: Audited UA: Unaudited NA: Not available; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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	-	-	-	-	10.00	CARE BBB; Stable
Non-fund-based - ST-Bank Guarantee	-	-	-	-	35.00	CARE A3+

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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	10.00	CARE BBB; Stable	-	-	1)CARE BBB; Stable (18-Mar-25)	1)CARE BBB; Stable (22-Feb-24)
2	Non-fund-based - ST-Bank Guarantee	ST	35.00	CARE A3+	-	-	1)CARE A3+ (18-Mar-25)	1)CARE A3+ (22-Feb-24)

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	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

To 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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About us:

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