KNOWLEDGE MARINE & ENGINEERING WORKS LIMITED

September 21, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term / Short-term bank facilities	RBI	11.00 (Reduced from 11.50)	CARE BBB+; Positive / CARE A2	Reaffirmed; Outlook revised from Stable
Long-term bank facilities	RBI	502.25 (Enhanced from 172.25)	CARE BBB+; Positive	Reaffirmed; Outlook revised from Stable
Short-term bank facilities	RBI	186.75 (Enhanced from 116.25)	CARE A2	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Ratings reaffirmation and revision in the outlook on long-term rating to Positive from Stable reflects the healthy operating and financial performance of KNOWLEDGE MARINE & ENGINEERING WORKS LIMITED (KMEWL) in FY26 (refers to April 01 to March 31) and Q1 FY27, and CARE Ratings Limited's (CareEdge Ratings') expectations of sustained improvement in scale of operations and cash accruals supported by strong order book position across dredging, vessel chartering, and shipbuilding divisions amidst favourable industry growth prospects while maintaining comfortable capital structure and debt coverage metrics. KMEWL's total operating income (TOI) increased by ~28% year-over-year (y-o-y) to ₹256 crore in FY26, with profit before interest, lease rental, depreciation, and taxation (PBILDT) margins sustaining at 38% backed by healthy order execution. The trend continued in Q1 FY27 with ~138% y-o-y growth in revenue to ₹115 crore, partly owing to execution of a sizeable rock dredging contract during the quarter.

The company has a sizeable, confirmed order book of ~₹1,400 crore as on March 31, 2026, and a healthy order pipeline of ~₹2,000 crore, which provides medium-term revenue visibility. The order book has grown significantly compared to ~₹550 crore as on May 30, 2025, indicating the company's growing market standing. The order book is fairly diversified across dredging (~₹350 crore), vessel chartering (~₹824 crore), and shipbuilding (₹220 crore), and has reputed counterparties, such as the Inland Waterways Authority of India (IWAI), Dredging Corporation of India Limited (DCI; rated CARE BBB+; Stable / CARE A3+), and major ports, among others. During the year, the company has bagged two large contracts for construction and deployment of green tugs at Vishakhapatnam Port and Tuticorin Port aggregating to ~₹650 crore over 15 years (classified under vessel chartering) under the Green Tug Transition Program, which mandates a phased transition to deployment of green tug boats across all major ports in the country. KMEWL is leveraging its in-house shipbuilding capabilities, and tie-ups with global players for vessel designing and sourcing of critical components, at a significant planned capex of ~₹180 crore in the next 8-12 months towards construction of green tugs. In addition to this, the company has committed sizeable growth capex of ~₹500 crore in the next 2-3 years, including ~₹250 crore towards construction of its shipyard at Saphale (near Mumbai) and ~₹250 crore towards purchase of a large dredger and maintenance capex of ~₹10-15 crore p.a. translating into a total committed capex of ₹700-750 crore in the next 2-3 years towards execution of current order book. Incrementally, KMEWL could incur additional capex of ~₹500 crore towards acquisition of dredgers, green tugs, and other vessels upon bagging further orders. The sizeable expected capital expenditure being incurred by the company exposes it to significant execution risks as a significant portion of the capex is linked to its nascent shipbuilding operations and continues to constrain ratings. Comfort is drawn from order-backed nature of a significant portion of the capex and timely progress of the capex with generation of envisaged revenue remain key monitorable.

Ratings also consider the sizeable increase in KMEWL's net worth base through preferential issue equity share and warrants aggregating to ~₹435 crore in FY26 and Q1 FY27, to promoters and qualified investors. These funds are to be utilised to meet the company's planned capital expenditure towards vessel construction, vessel acquisition and construction of the shipyard, which mitigates the overall funding risk to an extent. CareEdge Ratings expects KMEWL's revenue from operations to continue to grow significantly in the next 1-2 years backed by strong unexecuted order book and healthy vessel utilisation while maintaining comfortable profitability translating into sizeable cash accruals of ₹170-190 crore p.a.

Ratings continue to derive strength from KMEWL's established track record and market position in the domestic dredging and vessel chartering industry with a sizeable fleet of dredgers, patrol boats, tugs and other port ancillary crafts and a track record of healthy fleet utilisation, supported by in-house vessel maintenance and repair capabilities. Ratings also consider the favourable industry growth prospects amidst continued support from government policies including revision in tonnage tax scheme to cover

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

domestic vessel operations, extension of subsidies to support domestic shipbuilding and phased deployment of green tugs at major ports under the green tug transition program, among others, which is expected to support medium term growth. Ratings also favourably factor in KMEWL's adequate financial risk profile with a significant increase in net worth base to ~₹572 crore as on March 31, 2026, aided by increasing cash accruals and raising of fresh equity capital. Despite an increase in debt in FY26, primarily towards fleet addition and vessel construction, the capital structure remained comfortable with overall gearing and total outside liabilities to tangible net worth (TOL/TNW) at 0.39x and 0.43x, respectively, as on March 31, 2026 (PY: 0.61x and 0.75x, respectively). While the company has sizeable borrowing plans of ~₹650 crore in the next 2-3 years to fund planned capex, its financial risk profile is expected to remain adequate with total debt/PBILDT expected to remain below 3x and PBILDT interest cover above 4x in the next two years.

However, ratings remain constrained by project risks emanating from sizeable, planned debt-funded capex of ~₹1,200 crore in the next three years, towards construction of shipyard, construction/acquisition of vessels, and maintenance capex, including committed capex of ₹700-750 crore. The company's growth depends on scale-up of its shipbuilding operations, which expose it to sizeable execution risks given the nascent stage of construction of shipyard and limited experience in construction of dredgers and green tugs. While financing risks are mitigated to an extent from equity funds raised by the company, timely progress in execution of the capex translating into revenue growth remains a key monitorable. Ratings also consider KMEWL's moderate scale of operations, concentrated order book with top five orders accounting for ~65% of the order book and working capital intensive operations characterised by high gross current asset days. Ratings also factor in dependence on the shipping and maritime industry, which exhibits intense competitive, cyclicality, and regulatory risks.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations to above ₹500 crore and maintaining PBILDT margin above 30% on a sustained basis.
- Improvement in working capital cycle leading to improved liquidity position.

Negative factors

- Significant decline in scale of operations or PBILDT margin leading to below envisaged cash accruals.
- Overall gearing above 1.5x or net debt/PBILDT above 2.50x on a sustained basis.
- Increased working capital intensity with extension of collection days.

Analytical approach: Consolidated

Consolidated financials have been considered due to presence of common management, brand name, and operational linkages with subsidiary. List of entities considered for consolidation are mentioned under Annexure-5.

Outlook: Positive

Revision in outlook on the long-term rating to Positive from Stable reflects CareEdge Ratings' expectations of sustained improvement in KMEWL's scale of operations and cash accruals backed by revenue visibility from sizeable order book and progress on the ensuing planned capex. Outlook could be revised to Stable in case of lower-than-anticipated growth in scale of operations or cash accruals and/or delay in execution of the capex putting pressure on KMEWL's debt coverage metrics or liquidity position.

Detailed description of key rating drivers

Key strengths

Steady profitability and strong order book

KMEWL's profitability continues to remain healthy with PBILDT margin sustaining ~38% in the last two years and profit after tax (PAT) margin over 20% in the last five years, indicating operational efficiency. High profitability is attributable to KMEWL's in-house repair, maintenance capabilities, and execution of higher margin dredging contracts in recent years, which limit costs and maintenance time, and superior utilisation of fleet. In FY26, its PBILDT margin remained healthy at 38%, broadly in line with 39% in FY25 and PAT margin improved to ~31% compared to ~25% in FY25, translating into healthy gross cash accruals (GCA) of ~₹91 crore in FY26. As on March 31, 2026, the total unexecuted order book position stood at over ₹1,400 crore, providing medium-term revenue visibility. Presence of strong counterparties and healthy execution track record mitigate risks to an extent. Going forward, CareEdge Ratings expects PBILDT margin to sustain over 35% pa with increasing order book.

Comfortable capital structure and debt coverage indicators

The company's capital structure remained comfortable, with overall gearing and TOL/TNW at 0.39x and 0.43x, respectively, as on March 31, 2026, despite an increase in debt to ₹178 crore as on March 31, 2026 (PY: ₹128 crore), owing to planned capex. KMEWL's TNW grew substantially to ₹572 crore as on March 31, 2026, supported by healthy internal accruals and equity infusion through preferential issue of equity shares and warrants to reputed investors. Its debt coverage metrics also remained comfortable, with PBILDT interest coverage and total debt/PBILDT of 6.5x and 2.3x, respectively, in FY26. While CareEdge Ratings expects KMEWL's capital structure and debt coverage metrics to report some moderation in the next 1-2 years due to planned debt-funded capex, the company is expected to maintain a comfortable financial risk profile with overall gearing below unity and PBILDT interest coverage above 4x.

Experienced promoters supporting growth and strategic expansion

KMEWL is promoted by Kewalramani's and Daswani's, who have over a decade of experience in the shipping industry and are well supported by the management team having technical skills. The company's Chief Executive officer (CEO), Sujay Kewalramani, is a qualified naval architect with past experience of over 17 years across ship building, repairing, marine operations, and dredging, among others. Promoters' strong industry experience has helped the company develop strong relationships with key port authorities and secure key orders for the construction and chartering of green tugs. Promoters' extensive industry experience and established track record are expected to support the company's growth plans over the coming years.

Favourable industry growth prospects in the medium term

The domestic maritime industry is expected to record healthy growth in the medium term, supported by the Government of India's initiative including Sagarmala Project, Jal Marg Vikas Project, and Maritime Amrit Kaal Vision 2047, which aim to enhance port capacity and develop and strengthen inland waterways, supporting growth in demand for dredging and chartering of port ancillary crafts. The Green Tug Transition Program aimed at phased replacement of conventional diesel-powered tugs with battery-powered green tugs is expected to generate significant vessel construction and chartering demand over the coming years. Incrementally, the Government of India is providing sizeable subsidies to promote domestic vessel construction in addition to the extension of tonnage tax scheme to domestic vessel operators, which is expected to support cashflows. KMEWL is expected to benefit from the favourable industry growth prospects of the domestic maritime industry.

Key weaknesses

Project risks emanating from sizeable, planned debt-funded capex

KMEWL plans to incur capex of ~₹1,200 crore in the next three years towards construction of shipyard, fleet expansion, and other maintenance and growth requirements. The capex is expected to be funded through a mix of debt and equity supported by equity funds, raised through preferential issues and expected internal accruals. While the debt component is estimated at ~₹665 crore, the company remains exposed to project implementation and funding risks, given that the projects are at an initial stage and financial closure is yet to be achieved. However, these risks are mitigated to an extent, as the committed capex of ~₹700 crore in the next three years is backed by confirmed orders, while the remaining capex is planned only upon receipt of orders, reducing utilisation risk. A sizeable portion of KMEWL's order book execution is tied to its shipbuilding operations, which exposes the company to significant project execution risks in the light of nascent stages of development of the shipyard and limited experience in construction of dredgers and green tugs. Timely progress on the planned capex, achievement of debt tie-up, and the ability of the shipyard to generate envisaged revenues remain key monitorable.

Moderate scale of operations and concentrated order book

KMEWL's scale of operations continues to remain at moderate levels, despite reporting growth in TOI, limiting the benefit of economies of scale. The company had an unexecuted order book of ~₹1,400 crore as on March 31, 2026, providing healthy revenue visibility in the next 4-5 years. However, the order book is moderately concentrated, with top five orders accounting for ~65% of the total order book, with two green tug deployment contracts of ~₹650 crore over 15 years constitute 47% of the unexecuted order book. Excluding long tenure green tug contracts, the order book is concentrated across IWAI and DCI, which together account for ~70% of order book, exposing the company to customer concentration risk. Timely execution of the order book and conversion of the order pipeline into executable contracts remain key monitorable for the company's growth.

Working capital intensive operation

The company's operations remain working capital intensive with sizeable receivables and margin money requirements as evidenced by gross current assets of 214 days in FY26 (PY: 245 days). Average working capital cycle stood at ~62 days in FY26, compared to 54 days in FY25, while average collection period remained relatively high at ~104 days.

Exposure to tender-driven nature of business and cyclicality of maritime industry

Tender-driven nature of contracts poses huge competition and puts pressure on profit margins of players. KMEWL faces competition from other companies for tenders or contracts, and hence, successful bidding of contracts also remained critical. Contracts with government organisations remain cyclical in nature as they primarily depend on budgetary allocations. Hence, changes in budgetary allocations may impact the company's revenue visibility. The company depends on the maritime industry for its revenue and is impacted by performance of entities in the industry, including ports and waterways. The industry is also impacted by preferences of government spending in the form of trade promotion and budgetary allocation, and regime changes could impact the business prospects.

Liquidity: Adequate

KMEWL's liquidity is adequate marked by sufficient projected GCA of ₹170-190 crore p.a. in the next 1-2 years against fixed repayment obligation (including projected term loan) of ₹70-95 crore p.a. in the next three years. The company plans to incur growth capex of ~₹1,200 crore (including committed capex of ₹700-750 crore) in the next three years, partly funded by expected borrowings of ~₹665 crore. KMEWL's liquidity is further supported by sizeable free cash and liquid investments of ~₹372 crore as on June 30, 2026 (at a consolidated level), and buffer from sanctioned fund-based working capital limits of ₹21.5 crore, whose average utilisation stood at 25% for 12 months ending March 31, 2026. KMEWL's current ratio stood at 3.25x and quick ratio also stood at 3.22x as on March 31, 2026.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

Environment risks**:** KMEWL follows environmentally responsible operations and sustainable maritime practices. The company focuses on sustainable dredging methods, minimising environmental impact while ensuring operational efficiency. Its key operating segments of dredging and shipbuilding have a high environmental impact and are regulated by environment protection regulations. Non-adherence to these regulations could have significant impact on its operations.

Social risks**:** KMEWL undertook Corporate Social Responsibility (CSR) initiatives focused on education and preventive healthcare in FY26, contributing ₹0.99 crore in collaboration with the Well Wisher Education & Social Welfare Society. The company's CSR activities are aimed at improving access to education and healthcare for underprivileged communities, reflecting its commitment to inclusive and sustainable social development.

Governance risks**:** The company follows a well-defined governance structure with independent directors, specialised board committees, and periodic reviews of operational, financial, and compliance related matters. It has established policies governing ethics, whistleblower mechanisms, insider trading, related-party transactions, among others.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Financial Ratios – Non financial Sector
Service Sector Companies
Infrastructure Sector Ratings
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Services	Services	Engineering services	Dredging

KMEWL is engaged in providing dredging services, owning and operating marine craft, and repairing, maintaining, and refitting marine crafts and marine infrastructure. Its fleet includes pilot boat, speed patrol boat, survey boat, grab dredger, trailing suction hopper dredger, mooring launches, and service boat. At a consolidated level, it has 48 dredgers and port ancillary vehicles (incl under construction) as on March 31, 2026. The company was incorporated in 2015 by Saurabh Daswani and Kanak Kewalramani.

It was listed on Bombay Stock Exchange Small and Medium Enterprises (BSE SME) Platform in 2021 and migrated to the Main Board of National Stock Exchange (NSE) in 2024.

Consolidated Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	201.11	256.28	115.41
PBILDT*	78.65	96.80	73.42
Profit after tax (PAT)	49.60	79.11	62.75
Overall gearing (x)	0.61	0.39	NA
Interest coverage (x)	8.04	6.49	14.51

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

Standalone Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	149.65	225.67	115.41
PBILDT*	57.38	89.09	70.93
Profit after tax (PAT)	34.98	77.95	60.82
Overall gearing (x)	0.48	0.41	NA
Interest coverage (x)	8.64	6.49	14.13

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT/ ST-Working Capital Limits	RBI	Simple	-	-	-	-	11.00	CARE BBB+; Positive / CARE A2
Non-fund-based - ST-Bank Guarantee	RBI	Simple	-	-	-	-	186.75	CARE A2
Term Loan-Long Term	RBI	Simple	-	-	-	31-12-2035	502.25	CARE BBB+; Positive

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	Term Loan-Long Term	LT	502.25	CARE BBB+; Positive	1)CARE BBB+; Stable (27-May-26)	1)CARE BBB+; Stable (31-Jul-25)	-	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST	11.00	CARE BBB+; Positive / CARE A2	1)CARE BBB+; Stable / CARE A2 (27-May-26)	1)CARE BBB+; Stable / CARE A2 (31-Jul-25)	-	-
3	Non-fund-based - ST-Bank Guarantee	ST	186.75	CARE A2	1)CARE A2 (27-May-26)	1)CARE A2 (31-Jul-25)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: Lender details

To view lender-wise details of bank facilities please click here

Annexure-5: List of entities consolidated

S. No.	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Indian Ports Dredging Private Limited	Full	Wholly owned subsidiary
2	Knowledge Infra Ports Private Limited	Full	Wholly owned subsidiary
3	Knowledge Marine Co. W.L.L., Bahrain	Full	Wholly owned subsidiary
4	Knowledge Dredging Co. W.L.L., Bahrain	Full	Subsidiary
5	Knowledge Shipyard Private Limited	Full	Subsidiary
6	KMEW Offshore Private Limited	Moderate	Associate

Source: FY26 Annual report

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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