

July 09, 2026

SJK Innovations Private Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term- Fund based - Cash credit	23.00	23.00	[ICRA]BB+(Stable); reaffirmed
Short-term -Non-fund based -Bank guarantee	17.00	17.00	[ICRA]A4+; reaffirmed
Total	40.00	40.00	

*Instrument details are provided in Annexure II

Rationale

The ratings reaffirmation for the bank lines of SJK Innovations Private Limited (SJKIPL) considers the improved operational and financial performance in FY2026 (provisional), which is expected to sustain in the near to medium term. SJKIPL's revenues grew by 25.3% YoY, reaching Rs. 57.4 crore in FY2026, supported by improved order flows and healthy demand for Automatic Tray Retrieval Systems (ATRS) from airports. However, the company's operating profit margins (OPM) moderated to 33% in FY2026 (provisional) compared to 39.3% in FY2025, on account of increase in employee cost. Going forward, the revenue and earnings are expected to be supported by an adequate order book position and anticipated new orders. The ratings also consider the healthy debt protection metrics with an interest coverage of around 13 times in FY2026 and Total Debt/OPBDITA of 0.6 times as on March 31, 2026. The ratings are further supported by its established presence in supplying ATRS and material handling equipment to airports, land ports, and warehouses while the company is focussing on expanding the product mix to include passenger boarding bridges, which are likely to aid product diversification. ICRA also draws comfort from SJKIPL being part of the Kirtilals Group, with common directors across entities.

The ratings are, however, constrained by SJKIPL's moderate scale of operations and the intense competition in the conveyor belt industry. Despite healthy improvements in recent years, the company continues to operate at a modest scale with a relatively low net worth base. SJKIPL's profitability remains vulnerable to fluctuations in the prices of key raw materials, which could adversely impact its margins. Additionally, the company's working capital intensity remains high at 63.5% in FY2026 due to extended receivable days and high inventory cycle. This has led to a greater reliance on external borrowings to meet its working capital requirements.

The Stable outlook on the long-term rating reflects ICRA's expectations that SJKIPL is likely to improve its revenues and operating profitability with its healthy order book position. Further, the outlook underlines ICRA's expectations that the entity's incremental capex will be funded in a manner that it is able to maintain its debt protection metrics commensurate with the existing ratings.

Key rating drivers and their description

Credit strengths

Favourable demand outlook with healthy order book position – SJKIPL's revenues increased at a CAGR of 43.1% over the past four years ending in FY2026, backed by favourable demand and rise in number of orders from the airports segment. SJKIPL's reasonable presence, reputed clientele, and healthy order book position are expected to lead to its revenue growth, going forward. The company had a pending order book position of around Rs. 41.5 crore as on March 31, 2026, which will be executed in the current fiscal.

Comfortable financial risk profile – While the OPM declined in FY2026 from FY2025 levels, the earnings remain comfortable, backed by SJKIPL’s focus on higher value-added products and increase in scale of operations, leading to better operating leverage. Further, given the relatively lower dependence on external debt and steady earnings, the coverage indicators remain comfortable. Its debt protection metrics remained healthy, characterised by Total Debt/OPBDITA of 0.6 times and an interest coverage ratio of 13 times in FY2026.

Product mix expansion augurs well for company – The company generates a significant portion of its revenue from the supply of ATRS equipment. Over the years, it has maintained business stability by consistently expanding its client base within the airport segment. Going forward, the company is focusing on diversifying its product portfolio by introducing conveyor-based solutions, vertical storage systems for warehouses, and Put-to-Light systems for parcel sorting. In addition to product expansion. The expansion in new product development and geography, in addition to healthy demand for ATRS equipment, are expected to drive growth, going forward.

Credit challenges

Modest scale of operations, albeit on an increasing trend – Although SJKIPL’s operating income increased to Rs. 57.4 crore in FY2026, aided by improved order book position, the scale of operations remains at a relatively lower level, which limits its economies of scale. Nevertheless, healthy order book position and expansion of customer base, led by the company’s proven track record in the ATRS segment, are expected to support revenue growth, going forward.

Low net worth and high working capital intensity – The company’s operations are highly working capital intensive, characterised by extended receivable period and elongated inventory holding, which led to a higher NWC/OI of 63.5% in FY2026. Additionally, the losses incurred during FY2020 to FY2022, coupled with the impact of the pandemic, resulted in a weakened net worth base. However, the company’s net worth improved in FY2026, supported by healthy accretion to reserves over the past three fiscals. With an anticipated growth in revenues and earnings, backed by a healthy order book, SJKIPL’s net worth is expected to strengthen over the medium term.

Susceptibility of profits to volatility in prices of input cost – SJKIPL remains exposed to the risk of volatility in its key raw material. The company protects the expected profit margin through prudent buying of raw materials, thereby mitigating some impact of volatility in raw material price. The procurement through domestic as well as overseas suppliers, based on the prevailing market conditions, provides some comfort to input cost management. Nevertheless, SJKIPL’s ability to safeguard its margins amid elevated input costs remains a key rating monitorable.

Liquidity position: Adequate

SJKIPL’s liquidity position is expected to remain Adequate, supported by steady earnings and adequate buffer available in working capital limits with no term loan repayment obligations. The company had a cushion in working capital limits of Rs. 16.9 crore as on May 31, 2026, while the average cushion in the working capital limits stood at Rs. 15 crore between June 2026 and May 2026, of its fund-based working capital limits. The company has capex plans of around Rs. 7-8 crore in FY2027, which is planned to be funded through internal accruals. Overall, ICRA expects SJKIPL to be able to meet its incremental working capital and capex requirements through internal cash flow generation.

Rating sensitivities

Positive factors – ICRA could upgrade the ratings, if there is a sustained increase in the company’s revenues, leading to strengthening of net worth position, while maintaining the profitability, comfortable debt protections metrics and adequate liquidity position.

Negative factors – The ratings could be downgraded, if there is a significant decline in revenues and profitability or further elongation of the working capital cycle or large debt-funded capex, which would adversely impact the liquidity position and debt protection metrics on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity

About the company

SJK Innovations Private Limited was incorporated in 2010 as SJK Industries Private Limited before its name was changed in 2018. It is involved in procuring, assembling and installing automatic tray retrieval systems and automated material handling equipment, mainly catering to the requirements of airports and land port authorities.

SJKIPL also provides machines for post-harvest activities and conveyer solutions for warehouses. The company has manufacturing/assembling unit in Coimbatore, Tamil Nadu, spread across 14,250 sq. ft. of area. SJKIPL is managed by Mr. Suraj Shanthakumar and Mr. Paras Pares Mehta, who are also the common directors of the Kirtilals Business Group.

Key financial indicators (audited)

SJKIPL	FY2025	FY2026*
Operating income	45.8	57.4
PAT	12.5	13.0
OPBDIT/OI	39.3%	33.0%
PAT/OI	27.3%	22.7%
Total outside liabilities/Tangible net worth (times)	1.3	0.5
Total debt/OPBDIT (times)	1.3	0.6
Interest coverage (times)	13.3	13.0

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; * Provisional numbers

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current ratings (FY2027)				Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	FY2027		FY2026		FY2025		FY2024	
			Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based- Cash credit	Long Term	23.00	July 09, 2026	[ICRA]BB+ (Stable)	Aug 25, 2025	[ICRA]BB+ (Stable)	Sep 06, 2024	[ICRA]BB (Stable)	-	-
Non fund based - Bank Guarantee	Short Term	17.00	July 09, 2026	[ICRA]A4+	Aug 25, 2025	[ICRA]A4+	Sep 06, 2024	[ICRA]A4+	-	-

Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10, 2026

ICRA-rated instruments fall under the regulatory purview of various Financial Sector Regulators (FSRs), as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, FIs	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under the regulatory purview of various FSRs, as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI

5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

Disclosure: SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of FSRs other than SEBI.

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-Based – Cash credit	Simple
Short-term – Non fund based – Bank guarantee	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

Annexure II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Cash credit	NA	NA	NA	23.00	[ICRA]BB+ (Stable)
NA	Bank guarantee	NA	NA	NA	17.00	[ICRA]A4+

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure III: List of entities considered for consolidated analysis - Not applicable

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