

June 16, 2026

TRL Krosaki Refractories Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund based - Term loans	280.00	112.00	[ICRA]AA (Stable); reaffirmed
Long-term - Fund-based limits	507.00	507.00	[ICRA]AA(Stable); reaffirmed
Short-term - Non-fund based facilities	170.24	200.24	[ICRA]A1+; reaffirmed
Commercial paper	75.00	75.00	[ICRA]A1+; reaffirmed
Total	1,032.24	894.24	

*Instrument details are provided in Annexure II

Rationale

The reaffirmation of ratings considers the healthy financial and operational performances of TRL Krosaki Refractories Limited (TRL), supported by steady demand from the end-user industries, primarily steel. The ratings also consider the company's comfortable financial risk profile, characterised by a conservative capital structure, comfortable debt coverage metrics, healthy return indicators and an adequate liquidity position. TRL's dominant position in the domestic refractory market with a wide product portfolio of high-quality refractories, a strong brand image and a reputed client base further supports the rating action.

The ratings favourably factor in the significant operational and management synergies of TRL with its parent, Krosaki Harima Corporation [KHC] (Nippon Steel Corporation, rated Baa2 (Stable) by Moody's, holds a 90.77% stake in KHC). The technology support from the parent entity in the high precision and margin-accretive tap hole clay and flow control refractory segments has aided TRL's growth. In March 2022, TRL commissioned its new alumina-graphite refractory unit, a high-margin product used in the continuous casting of steel, with technology assistance from KHC.

The long-term rating, however, remains constrained by the project-specific risks associated with the large-scale expansion/growth plans of the company. ICRA notes that these capex plans are large vis-à-vis TRL's current balance sheet size. Given the healthy accruals expected, much of the capex will be funded through internal accruals, reducing dependence on debt and thereby keeping credit metrics at comfortable levels. The ratings are also tempered by the company's exposure to the cyclicity inherent in the steel industry, as ~65% of its revenue is earned through sales made to steel companies.

Moreover, the pricing power of refractory players, including TRL, is limited due to the fragmented industry structure. ICRA, however, notes that the focus on cost-per-tonne (CPT) contracts and the refractory engineering management services (REMS) business has resulted in a differentiated competitive position for the company. Moreover, an increase in the sales volume of products used as consumables in the steel-making process has considerably lowered the company's dependence on project-related business, where the revenues are more uneven. The ratings also factor in TRL's exposure to fluctuations in the supply and prices of raw materials, particularly for basic refractories and high alumina refractories, which are largely imported from China.

The Stable outlook is underpinned by ICRA's expectations that the company's earnings will remain supported by healthy demand from the steel industry, its primary consumer segment. ICRA expects the company's credit indicators to remain healthy going forward, notwithstanding the sizeable capex plans of the company, given its lower dependence on debt.

Key rating drivers and their description

Credit strengths

Dominant position in domestic refractory market, a reputed client base – TRL is the second-largest manufacturer of refractory products in India. It has a diverse range of refractory products covering all grades and shapes for the steel, copper, cement, aluminium, glass and other non-ferrous industries. TRL is among the largest manufacturers of dolomite refractories in the world and the only one in India. It is also the leading supplier of silica refractories for coke ovens and the glass industry worldwide. The company has a reputed client base, including renowned entities like Tata Steel Ltd. (TSL), Steel Authority of India Ltd. (SAIL), JSW Steel Ltd., etc. The company gets repeat orders from its reputed clientele, reflecting the acceptability of its refractory products. Moreover, the reputed client base reduces the counterparty risk to a large extent. TRL's revenues are also diversified in terms of geographical presence. Exports account for 10-15% of its total sales. The access to overseas markets insulates TRL's revenue profile from demand fluctuations in the domestic market and provides higher growth opportunities.

Financial profile characterised by conservative capital structure, robust debt coverage metrics, healthy return indicators and liquidity position – The return indicators of the company remain healthy, reflected in the core RoCE staying above 20% in the last five fiscals. TRL's moderate debt levels compared to its sizeable net worth led to a comfortable capital structure, reflected in gearing of 0.1-0.2 times over the last three fiscals. The coverage indicators, too, remained healthy, with interest coverage of 26.2 times and a DSCR of 13 times in FY2026. The liquidity profile is adequate, supported by undrawn working capital lines of ~Rs. 513 crore as on March 31, 2026. Notwithstanding the company's large expansion/growth plans, the expected healthy internal accruals will fund a significant portion of the capex. This will reduce reliance on debt and help maintain comfortable credit metrics going forward.

Strong parentage with significant operational and management synergies – TRL derives significant operational and management synergies from its parent, KHC, a global leader in the refractories business. The entity's growth has been supported by technology assistance provided by its parent in the high precision and margin accretive tap hole clay and flow control refractory segments. In March 2022, TRL commissioned its new alumina-graphite refractory unit, a high-margin product used in the continuous casting of steel, with technological assistance from KHC. Moreover, 90.77% of KHC's equity is held by Nippon Steel Corporation, a global integrated steel producer. At present, KHC holds a 77.62% stake in TRL after purchasing TSL's stake in the company in December 2018.

Credit challenges

Large expansion/growth plans in pipeline; will remain exposed to project-related risks – The company has large capex/growth plans accumulating ~Rs. 1100 crore, to be incurred over the next five years which will be a combination of greenfield and brownfield expansion, upgradation/efficiency improvement and sustenance capex. The capex plans are large vis-à-vis TRL's current balance sheet size and, hence, it remains exposed to operational and execution risks. Besides the long gestation period for the greenfield capex, the operational risks associated with the project will increase if the project's commissioning coincides with a cyclical downturn in the steel sector, which is TRL's primary consumer. However, TRL's experience in project execution and its easy access to established technology from its parent entity are expected to mitigate the project execution and market risks to an extent.

Exposure to cyclicity inherent in steel industry and fluctuations in supply and prices of raw materials – TRL is exposed to the cyclicity inherent in the steel industry, as it earns ~65% of its revenues from sales to steel companies. However, an increase in the sales volume of products used as consumables in steel-making considerably reduced the risk of the business model due to lower dependence on project-related business. The company imports a large portion of its raw materials, particularly for basic refractories and high alumina refractories, from China. Supply disruptions in the past due to the pollution-

control measures undertaken in China have resulted in elevated raw material prices. While TRL’s long-term relationships with suppliers lead to stable supply linkages, any disruption in supply may increase raw material prices going forward, impacting the profitability of the company.

Intense competition in the industry – The pricing power of refractory players in India, including TRL, is limited owing to the fragmented industry structure. Surplus capacity in certain refractory segments and competition from imported refractories on the back of low-duty protection provides easy market access to large and established overseas refractory manufacturers. Besides, intensifying competition from large and established foreign refractory manufacturers operating in India constrains the pricing power to an extent. ICRA, however, notes that the focus on CPT contracts and the REMS business has resulted in a differentiated competitive position for the company. It has entered into contract manufacturing arrangements with some smaller domestic refractory manufacturers, who exclusively manufacture for TRL, which has helped it consolidate its position within the fragmented Indian industry.

Liquidity position: Adequate

TRL’s liquidity position remains adequate with undrawn working capital lines of ~Rs. 513 crore as on March 31, 2026 and healthy cash flow from operations expected in the current fiscal. Against these sources of cash, the company has a total capex commitment of ~Rs. 250 crore and debt repayment obligations of around Rs. 25 crore in FY2026. ICRA expects the company to comfortably meet its capex commitment and service its debt obligations and yet be left with a sufficient liquidity buffer in the form of unutilised credit lines.

Rating sensitivities

Positive factors – ICRA may upgrade TRL’s long-term rating if a sustained improvement in end-user demand and realisations leads to a significant increase in the company’s turnover and profit margins.

Negative factors – Pressure on TRL’s ratings may arise if there is significant decline in profitability and cash accruals due to volatility in raw material prices and weak demand from end-user industries. A specific trigger for downgrade would be an interest coverage ratio below 7 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the standalone financials of TRL

About the company

TRL Krosaki Refractories Limited (TRL) was initially established in 1958 under the name of Tata Refractories Limited as a joint venture between Tata Steel Limited (TSL) and Didier Werke AG of Germany. Gradually, Didier exited the operations and TSL held the majority stake of 51%. TSL increased its stake in the company to 77.46% between FY2006 and FY2010. In May 2011, TSL sold a 51% stake in the company to Krosaki Harima Corporation (KHC) of Japan, a subsidiary of Nippon Steel Corporation and a leading global player in flow control refractories. The company was subsequently renamed TRL Krosaki Refractories Limited in 2011. On December 31, 2018, TSL sold its entire 26.62% stake to KHC, following which KHC's stake in the company rose to 77.62%.

Key financial indicators (audited)

TRL	FY2025	FY2026
Operating income	2600.1	2856.2
PAT	342.2	215.9
OPBDIT/OI	13.1%	12.5%
PAT/OI	13.2%	7.6%
Total outside liabilities/Tangible net worth (times)	0.5	0.4
Total debt/OPBDIT (times)	0.3	0.3
Interest coverage (times)	29.3	26.2

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	FY2027		FY2026		FY2025		FY2024	
		Amount rated (Rs crore)	June 16, 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	507.00	[ICRA]AA (Stable)	Jun 30, 2025	[ICRA]AA (Stable)	Jun 06, 2024	[ICRA]AA (Stable)	Jun 30, 2023	[ICRA]AA (Stable)
Fund-based-Term loan	Long Term	112.00	[ICRA]AA (Stable)	Jun 30, 2025	[ICRA]AA (Stable)	Jun 06, 2024	[ICRA]AA (Stable)	Jun 30, 2023	[ICRA]AA (Stable)
Non-fund based- Others	Short Term	200.24	[ICRA]A1+	Jun 30, 2025	[ICRA]A1+	Jun 06, 2024	[ICRA]A1+	Jun 30, 2023	[ICRA]A1+
Commercial Paper	Short Term	75.00	[ICRA]A1+	Jun 30, 2025	[ICRA]A1+	Jun 06, 2024	[ICRA]A1+	Jun 30, 2023	[ICRA]A1+

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 regulatory purview of various Financial Sector Regulators (FSR) 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 regulatory purview of various Financial Sector Regulators (FSR) 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
Term loans	Simple
Fund-based limits	Simple
Non-fund based facilities	Simple
Commercial paper	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	Term loans	FY2020	NA	FY2030	112.00	[ICRA]AA (Stable)
NA	Fund-based limits	NA	NA	NA	507.00	[ICRA]AA (Stable)
NA	Non-fund based facilities	NA	NA	NA	200.24	[ICRA]A1+
Unplaced	Commercial paper	NA	NA	7-365 days	75.00	[ICRA]A1+

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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