

December 30, 2025

## Kirloskar Ferrous Industries 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 Loan	968.51	947.00	[ICRA]AA(Stable); reaffirmed
Long-term/short-term – Fund-based Limits	1115.00	1136.51	[ICRA]AA(Stable)/[ICRA]A1+; reaffirmed
Long-term/short-term - Non-fund Based Limits	2195.00	2195.00	[ICRA]AA(Stable)/[ICRA]A1+; reaffirmed
Commercial Paper	550.00	550.00	[ICRA]A1+; reaffirmed
<b>Total</b>	<b>4,828.51</b>	<b>4,828.51</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings favourably factor in the established position of Kirloskar Ferrous Industries Limited (KFIL) in the foundry-grade pig iron and ferrous castings businesses. Despite commodity headwinds, the company's financial performance continues to remain comfortable as reflected in the healthy operating profits reported in FY2025 and H1 of FY2026. The company is a part of the reputed Pune-based Kirloskar Group, which has a proven management track record. The ratings derive comfort from the backward integration achieved at KFIL's manufacturing plant through coke oven plant, captive power generation, pulverized coal injection (PCI) plant which leads to substantial cost savings. Besides, the commencement of operations at the Bharath iron ore mine has partially reduced reliance on external iron ore purchases, resulting in cost savings. The ratings factor in KFIL's established relationships with large original equipment manufacturers (OEMs). ICRA notes the high customer concentration in the castings segment, though it derives comfort from the fact that KFIL is the single source supplier in most of these cases, which leads to customer retention and repeat orders. The ratings also take into account the presence of the company in the value-added seamless pipes business (erstwhile ISMT Limited) which remains integrated as the company manufactures steel required for production of seamless tubes. The product profile in the tubes business is diversified as it produces seamless tubes in the range of 6 to 273 mm diameter and caters to customers across automobile, bearing, power, oil and gas, boiler, general engineering, and hydraulic segments among others. The seamless pipes business which was acquired through the IBC route has been turned around successfully and remains a credit positive. The ratings also derive comfort from the comfortable consolidated financial profile of KFIL, marked by healthy credit metrics. Despite the large capex plans going forward, ICRA expects KFIL's comfortable credit metrics to sustain going forward given the healthy cash generation expected which will limit dependence on debt.

The ratings are constrained by the vulnerability of the company's operating profit margin (OPM) to fluctuating raw material prices, given the commoditised nature of the pig iron business. The ratings are constrained by the casting division's exposure to the inherent demand cyclicality in the key end-user segments (both commercial vehicle and tractor segments). Besides, in the tubes business, the company remains exposed to the inherent cyclicality in the steel industry, which may lead to volatility in its profits and cash flows besides remaining vulnerable to any adverse changes in the demand-supply dynamics in the end-user industries such as automobile, bearing, oil and gas, among others. ICRA notes the company's exposure to foreign exchange (forex) movement, considering its sizeable imports of coking coal. However, the company adopts conservative hedging strategies to minimise the impact of the forex risk. ICRA also notes that KFIL has substantial capex plans of around Rs. 400-500 crore per annum over the next three years towards setting up of alloy steel plant, debottlenecking, and other cost saving projects which includes increasing captive renewable energy capacities which will expose the company to project execution

related risks. Besides, if the commissioning of the steel plant coincides with a cyclical downturn in the sector, the capacity ramp-up could potentially be delayed thus affecting business return indicators. Any significant debt contracted to fund the capex, which weakens the coverage metrics, will be a credit negative.

The Stable outlook on the long-term rating reflects KFIL's established position in the addressable markets, which, along with its efficient cost structure, is expected to keep its credit metrics at a comfortable level going forward.

## Key rating drivers and their description

### Credit strengths

**Status as one of the leading pig iron players in the domestic market and a healthy market share in castings segment; backward integrated operations** – KFIL is one of the leading manufacturers of foundry grade pig iron and ferrous castings in the domestic market. As per the company's management, KFIL has a healthy market share of 22-25% in the foundry grade pig iron and 19-20% in the castings segment. The company is a part of the reputed Pune-based Kirloskar Group, which has presence across diversified business segments and a proven management track record. The company has also diversified its product offerings with the acquisition of the value-added seamless pipes business. The company has a competitive cost structure for pig iron manufacturing because of its sinter plant, coke oven plant, captive power plant and pulverized coal injection (PCI) plant which support its margins. Besides, the commencement of operations at the Bharath iron ore mine has partially reduced reliance on external iron ore purchases, resulting in cost savings.

**Established relationships with OEMs** – KFIL mainly caters to large casting requirements (more than 50 kg) of tractor, commercial vehicle (CV) and utility vehicle (UV) and diesel engine segment and has a market share of 19-20%, as per the management. It has a reputed customer base and a long experience of dealing with OEMs, resulting in repeat orders.

**Entry into the value accretive seamless pipes business** – KFIL entered the seamless pipes business in FY2022 through the IBC route (acquisition of erstwhile ISMT Limited). This segment remains integrated as the company manufactures steel required for production of seamless tubes. The product profile in the tubes business is diversified as it produces seamless tubes in the range of 6 to 273 mm diameter and caters to customers across automobile, bearing, power, oil and gas, boiler, general engineering, and hydraulic segments among others. The company has successfully turned around the operations of this business post-acquisition and presently contributes meaningfully to the overall profits of the company.

**Comfortable financial profile** – The consolidated financial profile of KFIL remains comfortable with a gearing of 0.4 times (FY2024 – 0.4 times) and Total debt-to-operating profit ratio of 1.7 times as on March 31, 2025 (FY2024 – 1.4 times), and an interest cover of 5.3 times in FY2025 (FY2024 – 7.2 times). Despite the large capex plans going forward, ICRA expects KFIL's comfortable credit metrics to sustain going forward given the healthy cash generation expected which will limit dependence on debt.

### Credit challenges

**Sizeable capex and associated risks** – KFIL has substantial capex plans of around Rs. 400-500 crore per annum over the next three years towards setting up of alloy steel plant, debottlenecking, and other cost saving projects which includes increasing captive renewable energy capacities which will expose the company to project execution related risks. Besides, if the commissioning of the steel plant coincides with a cyclical downturn in the sector, the capacity ramp-up could potentially be delayed thus affecting business return indicators. Any significant debt contracted to fund the capex, which weakens the coverage metrics, will be a credit negative.

**Exposed to volatility in raw material prices** – Raw materials account for the major part of the operational cost for pig iron players, including KFIL, and are thus important determinants of profitability. As the pig iron business is cyclical in nature, it is exposed to margin risks arising from the temporary mismatches in the prices of raw materials and pig iron, causing volatility in profitability and cash flows. Nonetheless, backward integration through coke and iron ore would mitigate the risk to some

extent. ICRA also notes that given the sizeable coking coal imports, KFIL's profitability remains exposed to forex currency movements. The company, however, adopts conservative hedging strategies to minimise the impact of forex volatility.

**Casting division's performance exposed to inherent cyclicality in key end-user segments** – KFIL's casting division derives around 80% of its sales from CV and tractor segments, both of which are exposed to the inherent demand cyclicality. Any sustained demand weakness from its key end-user segments, as witnessed in the past, could adversely impact its revenues and earnings profiles.

**Exposed to cyclicality inherent in the steel industry** – The operations of the steel tubes segment are vulnerable to any adverse change in the demand-supply dynamics in the end-user industries such as automobile, bearing, oil and gas, among others. The cyclicality inherent in these sectors may lead to volatility in the company's profits and cash flows. Nevertheless, ICRA notes that revenue mix from this segment is well diversified across sectors such that dependence on a particular sector is limited.

## Environmental and Social Risks

**Environmental risks** – The steel industry faces several environmental risks, especially related to carbon emissions. KFIL is making conscious efforts to minimise wastage in materials and processing requirements by initiatives such as yield improvement, casting weight reduction and waste elimination by implementing appropriate technologies. The company continuously monitors and tracks the usage of natural resources. Energy audits are conducted every year by the third party and appropriate actions are taken on audit findings to optimise the energy consumption, considering conservation of natural resources. The company has also installed a 70-MW solar power plant at its facilities to promote green energy.

**Social risks** – Social risks for ferrous entities arise from the health and safety aspects of employees involved in the mining and manufacturing activities. Casualties/accidents at the operating units due to gaps in safety practices could not only lead to production outages but also invite penal action from regulatory bodies. On the social front, the company addresses the needs of associated communities by taking sustainable initiatives in the areas of health and hygiene, education, environment, infrastructure, and rural development.

## Liquidity position: Adequate

KFIL's liquidity position has been assessed as **adequate**, with unutilised fund-based limits of around Rs. 328 crore as on November end 2025 and healthy cash flow from operations expected over the near to medium term. Against these sources of cash, the company has a capex commitment of around Rs.400-500 crores and debt repayment obligations of around Rs.261 crore in FY2026. ICRA expects the company to be able to comfortably meet its capex commitment and service its debt obligations through internal as well as external sources of cash.

## Rating sensitivities

**Positive factors** – ICRA could upgrade KFIL's long-term rating if there is a substantial growth in its revenues and profitability while maintaining healthy debt coverage indicators. Specific credit metric that could lead to a rating upgrade includes consolidated Total debt-to-operating profit ratio remaining below 0.5 times on a sustained basis.

**Negative factors** – Pressure on KFIL's ratings could arise if any sharp decline in KFIL's revenues and profits adversely impacts its debt coverage indicators and/or the liquidity position. Specific credit metric that could lead to ratings downgrade includes consolidated Total debt-to-operating profit ratio remaining above 1.5 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Iron &amp; Steel</a>
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of KFIL. As on Marh 31, 2025, KFIL had 8 subsidiaries, details of which are mentioned in Annexure II.

## About the company

KFIL, incorporated in 1991, is part of Pune-based Kirloskar Group. KFIL manufactures pig iron, and ferrous castings such as cylinder blocks, cylinder heads, axles and transmission parts and different types of housings required in Automobile, Tractor and Diesel engine related industries. KFIL's plants in Koppal (Karnataka) and Solapur (Maharashtra) have a combined casting capacity of 170,000 metric tonnes per annum (MTPA). It has a combined pig iron capacity of ~609,000 MTPA in Karnataka (Koppal and Chitradurga) at present. The company also has three steam turbines with a total power cogeneration capacity of 9-megawatt (MW) in its Koppal facility and a 10 MW solar power plant at its Solapur facility. Additionally, it has a 40 MW waste heat recovery-based power plant at Koppal. The company is also among the largest specialised seamless tube manufacturers in India. It has three manufacturing plants, one each in Jejuri (steelmaking facility), Baramati and Ahmednagar (tube manufacturing). Its current tube manufacturing capacity is 3,71,000 MTPA and steelmaking capacity is 3,50,000 MTPA. In September 2023, KFIL acquired a 100% stake in Oliver Engineering Private Limited via IBC route. OEPL manufactures ferrous castings with a capacity of 28,000 MT in in Punjab.

## Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	6,146.8	6,564.8
PAT	297.7	294.0
OPBDIT/OI	14.1%	11.7%
PAT/OI	4.8%	4.5%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDIT (times)	1.4	1.7
Interest coverage (times)	7.2	5.3

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 amortization; Total debt includes lease liabilities

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current ratings (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Dec 30, 2025	Date	Date	Rating	Date	Rating	
Commercial Paper	Short term	550.00	[ICRA]A1+	Dec 27, 2024	[ICRA]A1+	Nov 02, 2023 Dec 29, 2023	[ICRA]A1+	Dec 15, 2022	[ICRA]A1+
Term Loan	Long term	947.00	[ICRA]AA (Stable)	Dec 27, 2024	[ICRA]AA (Stable)	Nov 02, 2023 Dec 29, 2023	[ICRA]AA (Stable)	Dec 15, 2022	[ICRA]AA (Stable)
Cash Credit/WCDL	Long term and Short term	1136.51	[ICRA]AA (Stable)/ [ICRA]A1+	Dec 27, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Nov 02, 2023 Dec 29, 2023	[ICRA]AA (Stable)/ [ICRA]A1+	Dec 15, 2022	[ICRA]AA (Stable)/ [ICRA]A1+
Letter of Credit and Bank Guarantee	Long term and Short term	2195.00	[ICRA]AA (Stable)/ [ICRA]A1+	Dec 27, 2024	[ICRA]AA (Stable)/ [ICRA]A1+	Nov 02, 2023 Dec 29, 2023	[ICRA]AA (Stable)/ [ICRA]A1+	Dec 15, 2022	[ICRA]AA (Stable)/ [ICRA]A1+
Non-Convertible Debenture	Long term	0.00	-	Dec 27, 2024	[ICRA]AA (Stable); Withdrawn	Nov 02, 2023 Dec 29, 2023	[ICRA]AA (Stable)	Dec 15, 2022	[ICRA]AA (Stable)
Unallocated Limits	Long term and Short term	0.00	-	-	-	-	-	Dec 15, 2022	[ICRA]AA (Stable)/ [ICRA]A1+

## Complexity level of the rated instrument

Instrument	Complexity indicator
Long-term - Fund Based - Term Loan	Simple
Long-term/Short-term - Fund Based	Simple
Long-term/Short-term - Non-fund Based	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 I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long-term - Fund Based - Term Loan	FY2019	-	FY2029	947.00	[ICRA]AA(Stable)
NA	Long-term/Short-term - Fund Based	-	-	-	1136.51	[ICRA]AA(Stable)/[ICRA]A1+
NA	Long-term/Short-term - Non-fund Based	-	-	-	2195.00	[ICRA]AA(Stable)/[ICRA]A1+
INE884B14697	Commercial Paper	29-Sep-25	-	2-Jan-26	100.00	[ICRA]A1+
INE884B14705	Commercial Paper	3-Nov-25	-	30-Jan-26	100.00	[ICRA]A1+
INE884B14713	Commercial Paper	28-Nov-25	-	26-Feb-26	100.00	[ICRA]A1+
INE884B14721	Commercial Paper	26-Dec-25	-	25-Mar-26	100.00	[ICRA]A1+
Not placed	Commercial Paper	-	-	-	150.00	[ICRA]A1+

Source: Company

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

**Annexure II: List of entities considered for consolidated analysis**

Company Name	Ownership	Consolidation Approach
Oliver Engineering Private Limited	100%	Full consolidation
ISMT Enterprises SA	99.62%	Full consolidation
Tridem Port and Power Company Private Limited	100%	Full consolidation
Nagapattinam Energy Private Limited	100%	Full consolidation
Best Exim Private Limited	100%	Full consolidation
Success Power and Infraprojects Private Limited	100%	Full consolidation
Marshall Microware Infrastructure Development Company Private Limited	100%	Full consolidation
Adicca Energy Solutions Private Limited	100%	Full consolidation

## ANALYST CONTACTS

**Girishkumar Kadam**  
+91 22 6114 3441  
[girishkumar@icraindia.com](mailto:girishkumar@icraindia.com)

**Ankit Jain**  
+91 124 4545 865  
[ankit.jain@icraindia.com](mailto:ankit.jain@icraindia.com)

**Sumit Jhunjunwala**  
+91 33 6521 6814  
[sumit.jhunjunwala@icraindia.com](mailto:sumit.jhunjunwala@icraindia.com)

**Deepayan Ghosh**  
+91 33 6521 6804  
[deepayan.ghosh@icraindia.com](mailto:deepayan.ghosh@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited

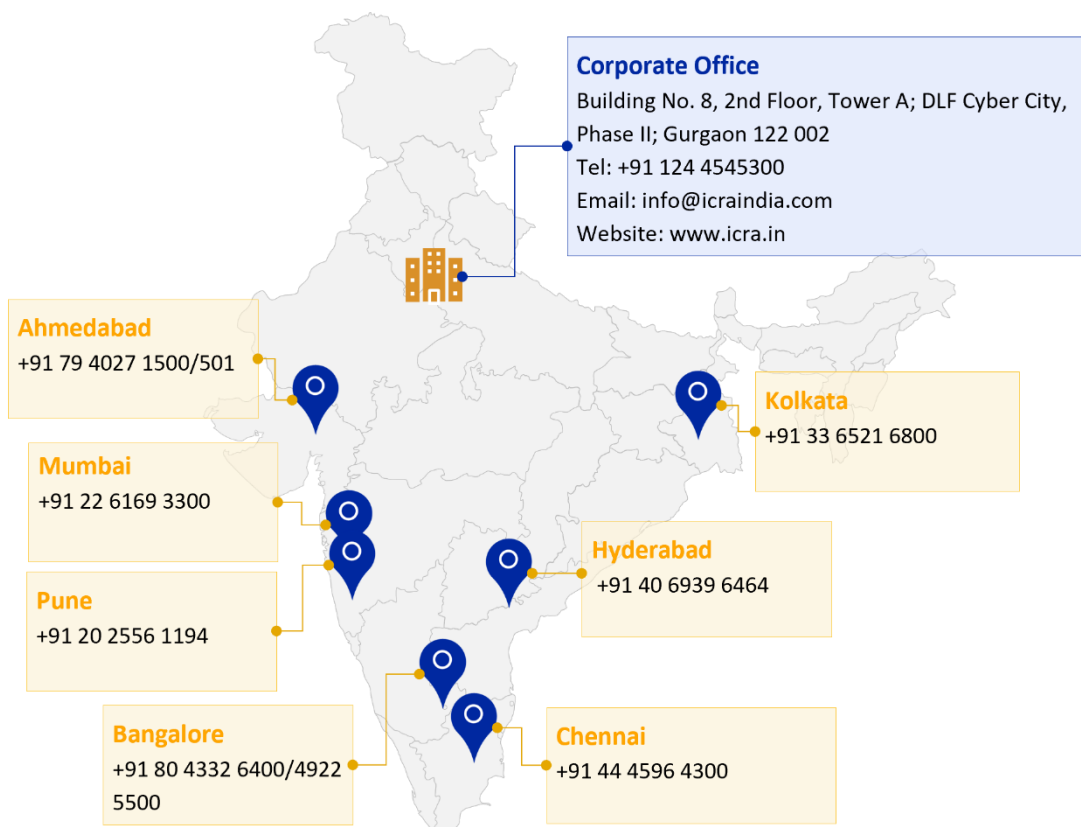


### Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001  
Tel: +91 11 23357940-45



### Branches



© Copyright, 2025 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.