The Kolhapur Steel Limited

January 10, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long term bank facilities	5.00	CARE BBB+ (RWP)	Continues to be on Rating Watch with Positive Implications
Long term / Short term bank facilities	5.00	CARE BBB+ / CARE A2 (RWP)	Continues to be on Rating Watch with Positive Implications
Long term bank facilities@	7.00	CARE AA (CE); Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

@ The above ratings are based on credit enhancement (CE) in the form of unconditional and irrevocable corporate guarantee from Kirloskar Brothers Limited (KBL; rated CARE AA; Stable/CARE A1+)

Unsupported rating	**CARE BBB+ (Rating Watch with Positive Implications) [Continues to be on Rating Watch with Positive Implications]**

Note: Unsupported rating does not factor in the explicit credit enhancement.

Rationale and key rating drivers for credit enhanced debt

The reaffirmation of the ratings assigned to the bank facilities- long-term of The Kolhapur Steel Limited (TKSL) factors in the credit enhancement (CE) in the form of an unconditional and irrevocable corporate guarantee (CG) extended by Kirloskar Brothers Limited (KBL; CARE AA; Stable/ CARE A1+) towards timely servicing of debt obligations.

For outstanding bank loan ratings, the Reserve Bank of India (RBI) has permitted continuation of such rating until the residual tenure of the rated facilities. Accordingly, CARE Ratings Limited (CARE Ratings) has considered grandfathering the existing approach and has continued with the credit enhanced approach

Rationale and key rating drivers of KBL (Guarantor)

Ratings assigned to bank facilities of Kirloskar Brothers Limited (KBL) consider the company's strong market position in the domestic pump manufacturing industry and its geographically well-diversified business operations through subsidiaries. With wide-ranging products and global presence, the company has built a strong brand reputation in domestic and global markets. External dependency on vendors is relatively low and operational integration is strong, given the manufacturing of steel castings, motors, and anti-corrosive materials, used in manufacturing pumps, are mainly done in-house through subsidiaries or joint ventures (JVs). The company's total operating income (TOI)has increased at compounded annual growth rate (CAGR) of ~15% in FY22-FY24 period (FY refers to April 01 to March 31), while profit before interest, depreciation, lease, and tax (PBILDT) has witnessed a CAGR growth of 60%. Margins in the last two fiscals improved from ~11% in FY23 and ~13% in FY24 compared to hovering ~6-7% in the last five fiscals. Significant improvement in profitability is considering the international business recording profitability compared to losses in the past, softening of raw materials prices, and increasing focus on product business. Overseas subsidiary, Kirloskar Brothers International B.V. (KBIBV), which contributed about one-third of the FY24's revenue, had been recording losses in the past few fiscals, however with cost control measures, the profit-before-tax (PBT) reached ₹66.8 crore in FY23 and further improved to ₹104.8 crore in FY24. KBL has reduced its exposure to projects business, which has historically yielded relatively lower margins. On a consolidated basis, overall margins have continued in the double-digit band in H1FY25.

Ratings further derive comfort from medium-term revenue visibility, considering new orders received of ₹2,387 crore in H1FY25 and outstanding orders of ₹3,057 crore as on September 30, 2024.Majority orders (~46%) are from irrigation and water resource management sector, while ~27% orders are from power sector for KBL.

KBL's financial risk remains healthy having low leverage and strong debt coverage ratios. Overall gearing stood 0.11x as on March 31, 2024, while total debt/PBILDT was ~0.37x, and interest coverage ratio of 20.34x. Cash and liquid investments stood at ₹346.7 crore as on September 30, 2024, and ₹298.66 crore as on March 31, 2024. On the other hand, at a standalone level, the company has no term loan outstanding. It has been reinvesting internal accruals to improve its product portfolio and adapting to changing technologies and consumer demands.

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

Owing to significant level of retention receivables, the company is majorly focusing on the product business and has taken very few new projects recently, excluding where the company has high surety on receivables front. Earlier the company had issues related to project execution which has resulted in retention. Majority of this retention has been aged for more than 4 years; hence we have considered it doubtful and adjusted the net worth accordingly.

However, the above strengths are tempered by inherent cyclicality associated with end-user industries, exposure to fluctuating raw material prices, and the company's ability to achieve growth and profitability margins by further diversifying its product profile amid intense competition from the unorganised sector. Additionally, operational turnaround plans in domestic and foreign subsidiaries remain a key monitorable, particularly loss-making subsidiaries like The Kolhapur Steel Limited (TKSL) and Rodelta Pumps International BV (having operations in Netherlands), part of KBIBV.

Detailed rationale and key rating drivers for The Kolhapur Steel Limited

CARE Ratings Limited (CARE Ratings) has continued ratings assigned to bank facilities of TKSL on 'Rating Watch with Positive Implications' (RWP). The rating action follows KBL announcement of scheme of amalgamation of TKSL, a step-down wholly owned unlisted subsidiary, and Karad Projects and Motors Limited (KPML), a material wholly owned unlisted subsidiary (parent entity of TKSL) and its possible impact on the company's credit profile. The Scheme of Amalgamation has been approved by the board of directors of TKSL and KPML on October 15, 2024, and the same is subject to various other approvals.

CARE Ratings expects the proposed Scheme of Amalgamation would benefit TKSL enabling access to low-cost funding and better operational synergies with centralised sourcing arrangements. The proposed scheme would also further simplify the structure in the group and management efficiency, which will result in simplification, scale and sustainability in the medium-to-long term. Additionally, it would reduce administrative costs of maintaining separate entities. CARE Ratings will continue to closely monitor developments on this announcement and would take a view accordingly on TKSL's ratings post-merger after requisite approvals.

The reaffirmation of ratings assigned to the unsupported/standalone rating of TKSL's bank facilities continues to derive strength from resourceful and experienced promoters, operational synergies and demonstrated financial support extended by the ultimate parent KBL. TKSL is part of KBL's vertical integration strategy for supplying steel castings required for pump manufacturing at KBL. TKSL also procures scrap steel produced at KBL and processes it in steel castings. The rating further takes cognizance of steady increase in scale of operations in the last three fiscals (FY; refers to April 01 to March 31); where TKSL's total operating income (TOI) increased from ₹20.90 crores in FY21 to ₹53.5 crores in FY24. In H1FY25 (refers to April 01 September 30) as well, TKSL recorded a TOI of ₹15.52 crores.

However, rating strengths are offset by TKSL's sub-par operational performance with the company continuously reporting negative operating profit in the past few years. This has resulted in a weak financial risk profile and stretched liquidity, leading to dependence on the ultimate parent company, KBL for repayment obligations and to avail financing from lenders.

Outlook (KBL): Stable

CARE Ratings expects KBL's outlook to be stable, given diversified revenue streams and medium-term revenue visibility in the domestic business from the strong standalone order book of ₹1,877 crore as on September 30, 2024. The company's financial profile is strong as term debt repayments can be comfortably met through internal accruals.

Outlook TKSL (Standalone): Not applicable

Rating sensitivities of KBL: Factors likely to lead to rating actions

Positive factors – Factors could lead to positive rating action/upgrade

- PBILDT margin sustaining above 12% while improving revenue.
- Sustenance of financial risk profile with adjusted overall gearing at less than 0.3x.

Negative factors – Factors could lead to negative rating action/downgrade

- Significant decline in TOI and PBILDT margin below 9% on a sustained basis.
- Unforeseen debt funded capex/acquisition, impacting the capital structure with overall gearing above 0.50x.
- Net debt/PBILDT of more than 1x on a sustained basis.

Rating sensitivities of TKSL: Factors likely to lead to rating actions

Positive rating sensitivities – Factors could lead to positive rating action/upgrade

- Substantial improvement in the scale of operations, leading to positive cash flows from operations.
- Substantial change in the overall gearing, with reduction in external borrowings.

Negative rating sensitivities – Factors could lead to negative rating action/downgrade

- Weakening of linkages and/or deterioration in the credit profile of Kirloskar Brothers Limited.
- Lower-than-envisaged revenues, resulting in delay in breakeven profitability.
- Delay in timely infusion of funds/arrangement of funds by promoters required for any shortfall in debt repayment and loss-funding.

Analytical approach (KBL): Consolidated

CARE has taken a consolidated view on KBL's financials. KBL and its subsidiaries are under a common management and have significant operational and financial linkages. The list of entities consolidated is given in Annexure-6.

Analytical approach: TKSL

For credit-enhanced debt: The rating to TKSL's bank facilities factors in the CE in the form of an unconditional and irrevocable corporate guarantee extended by KBL towards timely servicing of debt obligations.

Unsupported/Standalone rating: Standalone. Operational, financial and management linkages with the ultimate parent KBL have been considered while arriving at the rating and accordingly CARE Ratings has applied the parent notch-up framework**.**

Detailed description of key rating drivers- KBL (The Guarantor)

Key strengths

Established market position in pump manufacturing with diversified end-user industries

Incorporated in 1920, KBL is one of the largest centrifugal pump manufacturers in India with a leading share in the domestic market. Product offerings include more than 75 types of pumps, more than 28 types of valves, low tension induction motors, pumps up to 22 MW. The project business caters to a diversified clientele base from multiple sectors, including agriculture, oil and gas, defence, industrial, and building and construction. Solutions include smallest to some of the largest and complex pumping solutions in the world. KBL, with its subsidiaries (referred to as KBL group), has presence in more than 80 countries with six manufacturing units in India and five abroad. About 25-30% of its revenue comes from international subsidiaries.

KBL, the flagship company of the Pune-based Sanjay Kirloskar Group, is a 133-year-old company founded by Laxmanrao Kirloskar. Sanjay Kirloskar is the Chairman and Managing Director. The Board of Directors comprises professionals from diversified background and experience.

Strategic shift from low-margin project business to relatively higher-margin product business

On a standalone basis, KBL reduced its exposure towards project business due to low margins and stretch in the working capital cycle. The company is continuously focusing on the product business and value-added products, improving its profitability margins.

Product mix:

	FY10	FY22	FY23	FY24
Made-to-stock	20%	51%	50%	50%
Made-to-order	12%	24%	28%	27%
Engineered-to-order (part of project business)	15%	18%	18%	20%
Projects (part of project business)	54%	7%	4%	3%
Total	**100**	**100**	**100**	**100**

KBL (standalone) alone has presence in the project business, with no international subsidiaries in this business. KBL has a standalone ₹1,877 crore of outstanding orders as on September 30, 2024, with most orders from irrigation and water resource management, followed by power and others.

Comfortable financial risk profile

KBL's financial risk is excellent, having low leverage and strong debt coverage ratios. Overall gearing stood at 0.08x as on September 30, 2024, and 0.11x as on March 31, 2024, while total debt (TD)/PBILDT stood at 0.37x and ICR at 20.34x in FY24. In H1FY25, the company on standalone level has no term loan outstanding. However, the foreign currency debt taken in KBIBV is still pending, resulting in overall gearing of 0.08x as on September 30, 2024.

Liquidity of KBL: Strong

Cash and liquid investments stood at ₹346.7 crore as on September 30, 2024, and ₹298.66 crore as on March 31, 2024. The estimated gross cash accrual (GCA) of over ₹400 crore in FY25 is sufficient to meet term loan repayments for foreign subsidiary debt, capex requirements, and funding support for loss-making subsidiaries (such as TKSL and Rodelta). Utilisation of the fund-based limit has been low, providing sufficient cushion to meet shortfall.

Key weaknesses- KBL

Exposure to volatile raw material prices

Primary raw materials used for manufacturing pumps include pig-iron, gun metal, and steel scrap. The prices of these materials are inherently volatile and are driven largely by global and domestic demand-supply conditions. KBL procures pig-iron castings primarily from the open market, although a few are manufactured in its step-down subsidiary, TKSL. Motors for pumps are developed by Karad Projects and Motors Limited, a subsidiary of KBL.

Intense competition within the pump manufacturing industry

Domestic demand for pump manufacturing remains strong owing to the increasing demand from the agricultural and building services sectors. According to the Indian Pumps Manufacturers Association (IPMA), the agricultural sector accounts for ~27% share of the total pumps' demand in the domestic market, followed by building services (19%), and water/wastewater management (17%). The pump manufacturing sector comprises a mix of organised and unorganised players catering different end-user industries. While CARE Ratings views immense competition in the agriculture and allied sectors from small and medium unorganised players having a larger regional presence, the competition narrows down as we move towards industrial and other sectors. Sectors with different fluid management requirements such as power and oil and gas sectors and certain other industrial pumps, among others, are catered by a few large players in organised markets. As we move up in niche or critical pump requirements, competition from the unorganised sector is negated, where only a few domestic and international players have presence. ~10-15% of the total capacity of Indian pump manufacturers are catering export markets.

Companies with engineering expertise, long track record of manufacturing and offering after-sale services are preferred. However, margins are under pressure for organised players such as KBL due to stiff competition and low-cost products offered by unorganised players.

Detailed description of the key rating drivers- TKSL

Key strengths of TKSL

Financial support from KBL due to backward integration benefits

TKSL has reported cash losses in the past and working capital requirements and debt obligations are met through funding support from KBL as either equity or inter-corporate loan. KBL has infused funds of ₹16 crores (in FY23 through KPML-Karad Projects and Motors Limited, parent company of TKSL and subsidiary of KBL), ₹15 crores in FY21 as cumulative compulsory convertible preference share (CCPS) and ₹15 crores in FY20 as well as unsecured loans. This indicates consistent track record for need-based financial support from the parent has been strong. TKSL also procures scrap steel (₹22.1 crores in FY24) produced at KBL and processes it further into steel castings.

Capability to produce large-size sound castings

TKSL has been manufacturing large-size castings (ranging from 300 kg to 14,000 kg in weight) since its inception. These castings are mostly used in segments such as large-size pumps for oil extraction, irrigation projects, and water treatment projects. Since these pumps are put to test for extreme conditions and operations, and are used in harsh climatic conditions, acceptance for these products plays a vital role, and it is not easy for a customer to change its supplier.

TKSL has gradually reduced product rejection rate from customers by improving installing 4-metric tonne heat treatment furnace and in-house radiographic testing to reduce cost, product quality and lead time.

Strong operational and financial strength of Kirloskar Brothers

For fiscal FY21 to FY24, TOI increased by 7% year-over-year (y-o-y) in FY24 (FY refers to April 01 to March 31). While profit before interest, depreciation, lease, and tax (PBILDT) margin remained ~6-7% in the last five fiscals, it improved to a healthy 13.1% in FY24. Profitability improved due to positive profits in international business, softening of raw materials prices, and increasing focus on product business. In the past few fiscals, KBL has reduced exposure to projects business, which has historically yielded relatively lower margins. Overseas subsidiary, Kirloskar Brothers International B.V. (KBIBV), which contributed about one-third the FY24 revenue had reported losses historically in FY22 and FY20. However, with cost control measures, the profit-before-tax (PBT) reached ₹66.8 crores in FY23 and further improved to ₹104.8 crore in FY24. On a consolidated basis, overall margins have continued in the double-digit band in H1FY25 too. KBL's financial risk is excellent having low leverage and strong debt coverage ratios. Overall gearing stood 0.11x as on March 31, 2024, while total debt/PBILDT was ~0.37x, and interest coverage ratio of 20.34x. Cash and liquid investments stood at Rs.346.7 crores as on September 30, 2024, and Rs.298.66 crores as on

March 31, 2024. On the other hand, at standalone level, the company has no term loan outstanding. It has been reinvesting internal accruals to improve its product portfolio and adapting with changing technologies and consumer demands.

Key weaknesses of TKSL

Modest scale of operations and operating losses

Scale of operations has been modest over the past five years, with below 50% capacity utilisation, from modest orders from KBL and other group entities. However, capacity utilisation is expected to gradually improve due to steady load for production considering consistent orders from external customers. TKSL has seen strong improvement in TOI reaching ₹53.5 crores from ₹45.62 crores in FY23 and further reaching ~₹15.52 crores in H1FY25. TKSL has irregular orders from KBL in the fiscal. However, TKSL requires repeat consistent orders for the smooth operation of the plant. However, the company's ability to increase quantum of orders from one or multiple such external customers will remain a key monitorable.

Improvement was from gradual reduction in product rejection rate from customers. Customers which were lost few months ago due to quality issues have again placed orders. However, cost-economics has not yet kicked-in and with high cost of employees, raw materials and power, the company has continued to register operating losses since FY19. The company's ability to significantly improve its scale of operations and register operating profits will remain a key rating monitorable.

Weak capital structure and debt coverage metrics on standalone basis

Accumulated losses over the years (₹127.9 crores as on March 31, 2024) have resulted in negative net worth, and weak capital structure and debt coverage indicators for the company. Despite the fund infusion by KBL, capital structure is expected to remain weak in the near term. The rating draws comfort in TKSL's servicing debt due to presence of corporate guarantee extended by resourceful promoter- KBL to TKSL.

Susceptibility to raw material price volatility

Prices for key raw materials used by the company (steel scrap and ferro alloys) are highly volatile. Large portion of orders usually do not have an escalation clause built-in, which keeps its operating efficiency vulnerable to movements in raw material prices.

Liquidity: Adequate

TKSL's liquidity position is derived from the KBL's parent-level liquidity strength, which remains strong, supported by cash and liquid investments stood at ₹346.7 crore as on September 30, 2024, and ₹298.66 crore as on March 31, 2024. Utilisation of fund-based limit has been low, providing sufficient cushion to meet shortfall. On a standalone level, TSKL's liquidity though remains stretched from continued losses have completely eroded the company's net worth. However, the company has been regular in servicing debt obligations, statutory dues and payrolls supported by infusion by KBL, its parent. The company has moderate cushion in overdraft utilisation, having sanctioned fund-based limit of ₹5.00 crore. The company has low cash balance. The total debt servicing (including interest) of ₹10-15 crores and profit after tax (PAT) losses are expected to be funded by the parent through advances, trade credit (creditor period at 340 days for FY24) and arrangement of additional unsecured loans based on requirement.

Environment, social, and governance (ESG) risks

	Risk Factors
Environmental	**Greenhouse gas (GHG) emissions: High** Scope 1 and Scope 2 GHG at 26,729 metric tonne (MT) in FY24. Hazardous waste of 98.60 MT has been generated. **Energy conservation: Adequate** Energy Conservation (ENCON) Assessment for energy saving competition within KBL group of companies. Through this initiative, the Company has saved around 1000 GWh till date. **Wastage reduction** 46% of the water consumed is recycled. 10% of the recycled metal is used at KBL while 45% of the recycled metal is used at one of the subsidiaries, TKSL.
Social	**Gender diversity: Strong** The company has an all-women plant in Coimbatore (Kaniyur). **Safety and training: Adequate** Sustain zero reportable accident year on year.
Governance	**Board independence: Majority** As on March 31, 2024, 70% board members comprise independent directors.

Applicable criteria

Definition of Default
Rating Credit Enhanced Debt
Consolidation
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
Short Term Instruments

Adequacy of credit enhancement structure

The guarantee provided by KBL is unconditional, irrevocable and legally enforceable and binding on guarantor covering the entire tenor of the bank facility.

About the guarantor (KBL) and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Compressors, pumps, and diesel engines

KBL is part of the Pune-based Sanjay Kirloskar Group, one of India's largest manufacturers and exporters of pumps. It also has interests in engineering and manufacturing systems for fluid management. Incorporated in 1920, the company provides management solutions for large infrastructure projects in areas such as water supply, irrigation, oil and gas, marine and defence. Its registered office is in Maharashtra, with six manufacturing units in India and five units globally. The Kirloskar group is an Indian conglomerate, headquartered in Pune. The Kirloskar group of companies was among the earliest industrial groups in the engineering industry in India. The group produces centrifugal pumps, engines, compressors, screws and centrifugal chillers, lathes, and electrical equipment such as electric motors, transformers, and generators. The company exports to over 80 countries over most of Africa, Southeast Asia, and Europe. The flagship and holding company, KBL, established in 1888, is India's largest manufacturer of pumps and valves.

Brief Consolidated Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	H1FY25 (UA)
Total operating income	3730.22	4006.66	2066.7
PBILDT	400.36	525.26	283.40
PAT	235.77	349.68	162.33
Overall gearing (times)	0.21	0.11	0.08
Adj. Overall gearing (times)*	0.27	0.16	NA
Interest coverage (times)	11.31	20.34	24.86

A: Audited UA: Unaudited; Note: these are latest available financial results; NA: Not Applicable

*CARE Ratings has removed retention receivables older than one year from the net worth to arrive at the adjusted net worth, as the retention receivable is slow-moving. Additionally, 20% of customer advances have been assumed to be backed by financial guarantee and have been loaded on the debt for analysis purpose.

About the company and industry

Industry classification

Macro-economic indicator	Sector	Industry	Basic industry
Industrials	Capital goods	Industrial products	Compressors, pumps and diesel engines

TKSL is a subsidiary of Kirloskar Brothers Limited (KBL, holding 99.74% stake). TKSL's manufacturing facility is at Shiroli, Kolhapur (Maharashtra), and it was established on May 26, 1965, by the Agashe family. It was taken over by KBL in September 2007 and is currently managed by Rajkumar Assudani (Managing Director), who earlier held key positions in the parent company, KBL. TKSL is engaged in manufacturing mild steel and stainless-steel castings, used in end-user sectors such as pumps, valves, turbines (steam and hydro), marine, rubber machinery, mining, and general engineering. TKSL has a total production capacity of 2,400 MTPA, producing castings weighing between 300 kg to 14,000 kg (single piece).

Standalone financials of TKSL

Brief Financials (₹ crore)- TKSL	FY2023 (A)	FY2024 (A)	H1FY2025 (UA)
Total operating income	45.62	53.50	15.52
PBILDT	-14.78	-18.50	-8.22
PAT	-23.36	-24.27	-8.52
Overall gearing (times)	-0.70	-0.36	-
Interest coverage (times)	-4.02	-3.11	-4.67

A: Audited; UA: Unaudited. Note: These are latest available financial results.; NA: Not Applicable

Standalone financials of KPML

Brief Financials (₹ crore)- KPML	FY2023 (A)	FY2024 (A)
Total operating income	515	506
PBILDT	55.11	59.69
PAT	41.5	52.96
Overall gearing (times)	-	0.01
Interest coverage (times)	344.44	132.64

A: Audited; UA: Unaudited; NA: Not Available. Note: These are latest available financial results

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-Working capital Term Loan		-	-	September 30, 2026	5.00	CARE BBB+ (RWP)
Fund-based-Long Term		-	-	June 30, 2028	7.00	CARE AA (CE); Stable
LT/ST Fund-based/Non-fund-based-		-	-	-	5.00	CARE BBB+ / CARE A2 (RWP)

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
EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC						
Un Supported Rating-Un Supported Rating (Long Term)		-	-	-	0.00	CARE BBB+ (RWP)

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Working capital Term Loan	LT	-	-	-	-	1)Withdrawn (13-Dec-22) 2)CARE AA (CE); Stable (06-Apr-22)	-
2	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	5.00	CARE BBB+ / CARE A2 (RWP)	1)CARE BBB+ / CARE A2 (RWP) (24-Oct-24)	1)CARE BBB+; Stable / CARE A2 (12-Mar-24)	1)CARE AA (CE); Stable / CARE A1+ (CE) (13-Dec-22) 2)CARE AA (CE); Stable / CARE A1+ (CE) (06-Apr-22)	-
3	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	LT/ST	-	-	-	-	1)Withdrawn (06-Apr-22)	-
4	Fund-based-Long Term	LT	7.00	CARE AA (CE); Stable	1)CARE AA (CE); Stable (24-Oct-24)	1)CARE AA (CE); Stable (12-Mar-24)	1)CARE AA (CE); Stable (13-Dec-22) 2)CARE AA (CE); Stable (06-Apr-22)	-

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
5	Un Supported Rating-Un Supported Rating (Long Term)	LT	0.00	CARE BBB+ (RWP)	1)CARE BBB+ (RWP) (24-Oct-24)	1)CARE BBB+ (12-Mar-24)	1)CARE BBB+; Stable / CARE A2 (13-Dec-22) 2)CARE BBB-; Stable / CARE A3 (06-Apr-22)	-
6	Fund-based - LT-Working capital Term Loan	LT	5.00	CARE BBB+ (RWP)	1)CARE BBB+ (RWP) (24-Oct-24)	1)CARE BBB+; Stable (12-Mar-24)	-	-

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

Annexure-3: Detailed explanation of covenants of rated instruments/facilities

Name of the Instrument	Detailed Explanation
A. Financial covenants	Financial covenants will be calculated on annual basis at the end of each financial year from annual report FY24 onwards while the facility is outstanding based on the standalone audited financials of the guarantor
I	TD (excl. CG)/ EBITDA <= 2.5x for FY2024 onwards
II	TD/ EBITDA <= 4.5x for FY2024 onwards
III	TD/TNW <= 0.8x for FY2024 onwards
IV	DSCR >= 1.5x for FY2024 onwards
B. Non-financial covenants	NA

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Working capital Term Loan	Simple
2	Fund-based-Long Term	Simple
3	LT/ST Fund-based/Non-fund-based-EPC / PCFC / FBP / FBD / WCDL / OD / BG / SBLC	Simple
4	Un Supported Rating-Un Supported Rating (Long Term)	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Karad Projects and Motors Limited	Full	Subsidiary
2	The Kolhapur Steel Limited^	Full	Subsidiary till August 01, 2024. Step Down Subsidiary (As on December 31, 2024)
3	Kirloskar Corrocoat Private Limited	Full	Subsidiary
4	Kirloskar Brothers International B V (Consol.)	Full	Subsidiary
5.	Kirloskar Ebara Pumps Ltd	Partial	Joint Venture

^On August 02, 2024, KBL has announced the sale of its entire stake in The Kolhapur Steel Limited (TKSL), a non-material wholly owned subsidiary, to Karad Projects and Motors Limited (KPML), a material wholly owned subsidiary, for a consideration of ₹10.76 crore.

Note on complexity levels of rated instruments: CARE 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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