

KIC Metaliks Limited (Revised)

December 24, 2025

Facilities	Amount (₹ crore)	Ratings ¹	Rating Action
Long-term bank facilities	98.75 (Reduced from 103.75)	CARE BBB; Stable	Downgraded from CARE BBB+; Stable
Long-term / short-term bank facilities	25.00	CARE BBB; Stable / CARE A3	Downgraded from CARE BBB+; Stable / CARE A3+

Details of facilities in Annexure-1.

Rationale and key rating drivers

Revision in the ratings assigned to the bank facilities of KIC Metaliks Limited (KML) take into account the moderation in financial performance during FY25 (refers to April 01 to March 31) and H1FY26 with significant compression in profitability margin driven by decline in average realisation price of pig iron. The debt protection metrics has also witnessed moderation due to decline in profitability in FY25. However, with expected recovery in the average realisation price of pig iron, the margins are expected to improve going forward.

The ratings continue to derive strength from satisfactory capital structure, experienced promoters, presence of backward integration and process improvement measures, and moderate capacity utilisation in FY25 with visible improvement in H1FY26. The ratings, however, remain constrained by its cyclical nature of the steel industry with intense competition from the unorganized sector, presence in single product segment and exposure to commodity price fluctuation risk.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The ability of the company to increase its scale of operations and its operating margin beyond 5% on a sustained basis.
- Improvement in Total Debt (TD)/PBILDT ratio below 2.5x on a sustained basis.

Negative factors

- Moderation in overall gearing above unity and TD/PBILDT beyond 6x from FY26 onwards on a sustained basis.
- Moderation in financial performance with TOI going below ₹650 crore backed by continuous moderation in realisation of finished goods.

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects that entity is likely to sustain its satisfactory financial risk profile backed by favourable demand scenario in the near to medium term.

Detailed description of key rating drivers:

Key strengths

Experienced promoters

Radhey Shyam Jalan, CMD of KML, looks after the day-to-day affairs of the company, with support from a team of experienced professionals. He is a Chartered Accountant with more than a decade of experience in iron and coal sector.

Satisfactory capital structure albeit moderation in debt protection metrics due to decline in profitability

The capital structure of the company remained satisfactory with overall gearing ratio of 0.71x as on March 31, 2025 (0.72x as on March 31, 2024). The same stood at similar level of 0.70x as on September 30, 2025. The debt profile majorly comprises of working capital loan.

The debt protection metrics marked by interest coverage ratio and TD/GCA moderated in FY25 due to decline in profit. The interest coverage ratio moderated to 1.23x in FY25 from 2.20x in FY24 due to decline in absolute PBILDT. With decline in PBILDT, gross cash accruals (GCA) also declined, leading to moderation in total debt to GCA (TD/GCA) from 8.10x as on March 31, 2024,

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

to 38.15x as on March 31, 2025. The same has, however, improved to 9.54x as on September 30, 2025. Going forward, with expected improvement in profitability, debt protection metrics are likely to improve.

Presence of backward integration and process improvement measures

While iron ore, coke and coal are the basic raw materials for KML, it does not have any captive mines for them. It, however, has facilities to manufacture intermediate feedstock namely sinters from the sinter plant (3,60,000 MTPA). KML has a 4.7 MW waste heat-based power plant for captive consumption to tap the waste gases generated during the production of pig iron and convert it in effective power generation to optimize the power cost. The company also has a Pulverised Coal Injection (PCI) system which helps in improving efficiency in production and reduction of costs.

Moderate capacity utilization in FY25 with visible improvement in H1FY26

The capacity utilization of the pig iron plant declined from 90% in FY24 to 72% in FY25, primarily due to lower production resulting from the plant closure for most of Q4FY25. This led to a moderation in overall capacity utilization. However, CU improved to 85% in H1FY26 and is expected to further improve in H2FY26.

Key weaknesses

Exposure to commodity price fluctuation risk

The raw material (mainly iron ore lumps, coal/coke) is the major cost driver (constituting about ~80% of total cost of sales during FY25 reducing from around 90% in FY24 largely due to lower production resulting from the plant closure for most of Q4FY25) for the company. The prices of iron ore, coal and coke have witnessed sharp volatility in the past making KML's profitability margin susceptible to input price fluctuation. Though, the prices of finished goods move in tandem to that of the raw materials, there is a time lag which exposes the company to commodity price fluctuation risk.

Cyclical in the steel industry with intense competition from the unorganized sector with presence in single product segment

The steel industry is the end user of KML's product, i.e., pig iron. Hence, the business is highly dependent on the fortunes of the steel industry. The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates and seasonal changes in the demand and supply conditions in the market. The producers of steel construction materials are essentially price-takers in the market, which directly expose their cash flows and profitability to volatility in the steel prices.

Moderation in financial performance in FY25 and H1FY26

The total operating income (TOI) witnessed a y-o-y de-growth of 16% from ₹854.19 crore in FY24 to ₹717.68 crore in FY25 on account of decline in both volume sold and realisation of pig iron. The volume decline was mainly driven by reduced production due to the plant being closed for most of Q4FY25. However, trading sales of coal and coke improved significantly, rising from ₹25.13 crore in FY24 to ₹67.62 crore in FY25 supporting revenue.

The PBILDT margin deteriorated to 1.78% in FY25 from 2.92% in FY24, primarily due to a sharper decline in pig iron realisation compared to the reduction in the average purchase price (APP) of iron ore, coke, and coal.

In H1FY26, company reported TOI of ₹334.42 crore as against ₹413.15 crore in H1FY25 which is largely driven by decline in prices of pig iron & plant being closed for first 19 days of H1FY26 hampering production. The PBILDT margin stood at 3.14% in H1FY26 compared to 3.28% in H1FY25, resulting from decline in average realisation. Going forward, with stabilisation of prices, the profitability is expected to improve.

Liquidity: Adequate

The company's liquidity profile remains adequate, supported by free cash and liquid investments of ₹4.07 crore as on September 30, 2025. Average fund-based working capital limit utilisation stood at around 80% over the past 12 months ended September 2025.

The company generated gross cash accruals (GCA) of ₹3.25 crore in FY25 against debt repayment obligations of ₹5.33 crore. It also prepaid ₹3.75 crore of term debt in September 2024, reducing the loan tenure by three quarters. Repayment in FY25 including the prepayment was funded through utilization of fixed deposits and higher operating cash flows of ₹20.55 crore in FY25.

During FY26, the company has a repayment obligation of ₹5.31 crore against which the company is expected to generate sufficient cash accruals.

Applicable criteria

- [Definition of Default](#)
- [Liquidity Analysis of Non-financial sector entities](#)
- [Rating Outlook and Rating Watch](#)
- [Manufacturing Companies](#)
- [Financial Ratios – Non financial Sector](#)
- [Short Term Instruments](#)
- [Iron & Steel](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Metals & Mining	Ferrous Metals	Pig Iron

KML was incorporated on August 26, 1986, as Prudential Marketing Private Limited. The name of the company was later changed to its existing name in September 2003. Currently, KML is engaged in manufacturing of pig iron with an installed capacity of 2,35,000 MTPA (enhanced from 1,65,000 MTPA through de-bottlenecking) in Durgapur and trading of coking coal & Low Ash Metallurgical Coke (LAMC). For manufacturing of pig iron, the company operates a 3,60,000 MTPA sinter plant at its existing plant location and a 4.7 MW waste heat-based power plant for captive consumption. Radhey Shyam Jalan, CMD of KML, looks after the day-to-day affairs of company, with support from a team of experienced professionals/staffs.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	854.19	717.68	334.42
PBILDT	24.91	12.76	10.50
PAT	2.28	-6.09	-1.07
Overall gearing (times)	0.72	0.71	0.70
Interest coverage (times)	2.20	1.23	2.11

A: Audited UA: Unaudited; 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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of facilities

Name of the Facilities	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	95.00	CARE BBB; Stable
Fund-based - LT-Term Loan		-	-	June 2026	3.75	CARE BBB; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG		-	-	-	25.00	CARE BBB; Stable / CARE A3

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 2025-2026	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
1	Fund-based - LT-Cash Credit	LT	95.00	CARE BBB; Stable	-	1) CARE BBB+; Stable (09-Jan-25) 2) CARE BBB+; Stable (05-Jan-24)	1) CARE BBB+; Stable (15-Jan-24) 2) CARE BBB+; Stable (30-May-22)	1) CARE BBB+; Stable (31-Jan-23) 2) CARE BBB+; Stable (30-May-22)
2	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1) Withdrawn (29-Sep-22) 2) CARE A3+ (30-May-22)
3	Fund-based - LT-Term Loan	LT	3.75	CARE BBB; Stable	-	1) CARE BBB+; Stable (09-Jan-25) 2) CARE BBB+; Stable (05-Jan-24)	1) CARE BBB+; Stable (15-Jan-24) 2) CARE BBB+; Stable (30-May-22)	1) CARE BBB+; Stable (31-Jan-23) 2) CARE BBB+; Stable (30-May-22)
4	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	25.00	CARE BBB; Stable / CARE A3	-	1) CARE BBB+; Stable / CARE A3+ (09-Jan-25) 2) CARE BBB+; Stable / CARE A3+ (05-Jan-24)	1) CARE BBB+; Stable / CARE A3+ (15-Jan-24) 2) CARE BBB+; Stable / CARE A3+ (30-May-22)	1) CARE BBB+; Stable / CARE A3+ (31-Jan-23) 2) CARE BBB+; Stable / CARE A3+ (30-May-22)

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

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

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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