Kirloskar Brothers Limited

December 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term / Short Term Bank Facilities	25.00	CARE AA; Positive / CARE A1+	Reaffirmed; Outlook revised from Stable

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The reaffirmation of ratings assigned to the bank facilities of Kirloskar Brothers Limited (KBL) considers the company's strong market position in the domestic pump manufacturing industry and its geographically well-diversified business operations through its 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 a compound annual growth rate (CAGR) of ~13% from FY21-FY25 (FY refers to April 01 to March 31), while profit before interest, lease, depreciation, and tax (PBILDT) witnessed CAGR growth of 24%. Profitability (PBILDT) margins in the last two fiscals improved from ~11% in FY23 to ~15% in FY25. Significant improvement in profitability is considering the international business recording profitability compared to losses in the past and increasing focus on product business. Overseas subsidiary, Kirloskar Brothers International B.V. (KBIBV), which contributed about one-third of the FY25's revenue, had been recording losses in the past, however, with cost control measures, the profit-before-tax (PBT) reached from ₹66.8 crore in FY23 to ₹149.60 crore in FY25. KBL has reduced its exposure to projects business, which historically yielded relatively lower margins. On a consolidated basis, overall margins have continued in the double-digit band in H1FY26. Ratings further derive comfort from medium-to-long term revenue visibility in made-to-order and engineered-to-order business (contributing 49% to the total revenue), considering new orders received of ₹1,220 crore in H1FY26 and outstanding orders of ₹3,564 crore as on September 30, 2025. Majority orders (~44%) are from irrigation and water resource management sector, while ~23% orders are from power sector and 10% from oil & gas for KBL.

KBL's financial risk profile remains healthy having low leverage and strong debt coverage ratios with adjusted overall gearing at 0.11x as on March 31, 2025 while total debt (TD)/PBILDT was ~0.37x, and interest coverage ratio of 26.81x. Cash and liquid investments (including mutual fund investments and fixed deposits) stood at ₹862 crore as on March 31, 2025. The company reported gross cash accrual (GCA) of over ₹455 crore in FY25. 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. Owing to significant level of retention receivables, the company has transitioned to majorly focusing on the product business and has taken very few new projects recently, excluding where the company has high surety on receivables front. CARE Ratings Limited (CareEdge Ratings) has adjusted receivable net of provision, which have been older for over a year against the company's net worth. Strategic exit from long-duration, low-margin government and engineering, procurement, and construction (EPC) projects historically linked to extended receivable cycles and execution risks has improved overall business risk profile.

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, sustained improvement in the operation and profitability of foreign subsidiaries remain a key monitorable.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- PBILDT margin sustaining above 12% while improving revenue.
- Sustenance of financial risk profile with adjusted overall gearing at less than 0.30x and total outside liability to total net worth (TOL/TNW) below 1.00x.
- Substantial recovery in retention receivables, leading to lower utilisation of working capital bank lines.

Negative factors

- Significant decline in TOI and PBILDT margin below 10% on a sustained basis.
- Unforeseen debt funded capex/acquisition or increasing working capital requirements impacting the capital structure with overall gearing above 0.50x and net debt/PBILDT of more than 1.00x on a sustained basis.

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

- Slow-moving retention receivables from project business necessitating higher utilisation of working capital borrowings for funding operations.

Analytical approach:

CareEdge Ratings has taken a consolidated view on Kirloskar Brothers Limited's (KBL) financials. KBL and its subsidiaries are under a common management and have significant operational and financial linkages. Entities consolidated are listed under Annexure – 6.

Outlook: Positive

The positive outlook reflects CareEdge Ratings expectations of sustained improvement in KBL's operating and financial risk profile, supported by its diversified revenue base and strong order visibility. The company's healthy order book of ₹2,127 crore on a standalone basis and ₹3,564 crore on a consolidated basis as of September 30, 2025, provides clear medium-term revenue traction. Steady execution across domestic projects, and a balanced mix of engineered and standard products are expected to support profitability. The outlook also factors in KBL's comfortable liquidity position, with term debt obligations adequately covered through internal accruals, reflecting strong financial flexibility. Ongoing efficiencies in working capital management and disciplined capital structure are expected to further strengthen credit metrics. Rating outlook shall be revised to stable, in case of moderation in its credit profile and/or liquidity position from current levels.

Detailed description of key rating drivers:

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 75 types of pumps, over 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 the smallest to some of the largest and complex pumping solutions in the world. KBL and its subsidiaries (referred to as KBL group) have presence in over 80 countries with six manufacturing units in India and five abroad. About 25-30% of its revenue comes from international subsidiaries.

KBL is the flagship company of the Pune-based Sanjay Kirloskar Group and 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. As on September 30, 2025, the board consists of 70% majority non-executive and non-independent directors, indicating board independence.

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

Over time, on a standalone basis, KBL has 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.

Particulars	FY10	FY22	FY23	FY24	FY25
Made-to-stock	20%	51%	50%	50%	51%
Made-to-order	12%	24%	28%	27%	25%
Engineered-to-order (part of project business)	15%	18%	18%	20%	21%
Projects (part of project business)	54%	7%	4%	3%	3%
Total	**100**	**100**	**100**	**100**	**100**

KBL (standalone) alone has presence in the project business, with no international subsidiaries in this business. KBL has a standalone ₹2,127 crore of outstanding orders as on September 30, 2025, with most orders from irrigation and water resource management, followed by power and others.

Comfortable financial risk profile

KBL's financial risk is comfortable, having low leverage and strong debt coverage ratios with adjusted overall gearing stood at 0.11x as on March 31, 2025, while TD/PBILDT stood at 0.37x and ICR at 26.81x in FY25. In H1FY25, the company on standalone level had no term loan outstanding. However, the foreign currency debt taken in KBIBV is still pending, resulting in overall gearing of 0.10x as on September 30, 2025.

Key weaknesses

Exposure to volatile raw material prices

The primary raw materials used for manufacturing pumps include pig-iron, gun metal, and steel scrap. 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. CareEdge Ratings views immense competition in the agriculture and allied sectors from small and medium unorganised players, having a larger regional presence, 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. About 10-15% of the total capacity of Indian pump manufacturers are towards 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.

Liquidity: Strong

Cash and liquid investments (including mutual fund investments and fixed deposits) stood at ₹862 crore as on March 31, 2025. On the other hand, at standalone level the company has no term loan outstanding. The foreign currency debt taken in KBIBV remains outstanding. The company reported GCA of over ₹455 crore in FY25. CareEdge ratings expects healthy accumulation of cash accruals which are sufficient to meet term loan repayment for foreign subsidiary debt, capex requirement and funding support for loss-making subsidiaries. Apart from this, utilisation of fund-based limit has been low providing sufficient cushion to meet shortfall.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk Factors
Environmental	**Greenhouse gas (GHG) emissions: High** Scope 1 and Scope 2 GHG at 2,630 metric tonne (MT) and 28,542 MT in FY25 respectively. Total waste generated was at 48,022 MT in FY25. **Energy conservation: Adequate** Energy Conservation (ENCON) activities and projects for reducing energy consumption. Enhancement of 13.5 MWp renewable energy with existing 4 MW windmills and 4.74 MW solar rooftop. Approximately 70% of KBL's electricity consumption is met through renewable energy sources, primarily solar and wind, amounting to a total of 17.77 MW. **Wastage reduction** Dewas plant achieved "Approaching to Zero Waste to Landfill Facility" status and Sanand plant achieved "Aspiring to Zero Waste to Landfill Facility" status under the CII Zero Waste to Landfill Guidelines
Social	**Gender diversity: Strong** The company has an all-women plant in Coimbatore (Kaniyur). Gender diversity is at 8.76%. women representation in Leadership/Senior Management Roles is at 6.25%. **Safety and training: Adequate** Sustain zero reportable accident year-on-year.
Governance	**Board independence: Majority** As on March 31, 2025, 70% board members comprise independent directors. Women representation on the Board is 30%.

Applicable criteria

Definition of Default
Consolidation & Combined Approach
Liquidity Analysis of Non-financial sector entities
Rating Outlook and Rating Watch
Manufacturing Companies
Financial Ratios – Non financial Sector
Short Term Instruments

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Compressors, Pumps & 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 was established in 1888, and is India's largest manufacturer of pumps and valves.

Brief Consolidated Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	4,035	4,497	2,038
PBILDT*	554	614	251
PAT	350	419	140
Overall gearing (times)	0.11	0.09	0.10
Adjusted overall gearing (times)^	0.16	0.11	NA
Interest coverage (times)	21.44	26.81	19.77

A: Audited UA: Unaudited; Note: these are latest available financial results
*PBILDT: Profit before interest, lease rentals, depreciation and tax.
^ CareEdge Ratings has removed retention receivables older than one year from the net worth to arrive at the adjusted net worth for FY24 and FY25, as the retention receivable is slow-moving. 20% of customer advances have been assumed to be backed by financial guarantee and have been loaded on the debt for analysis purpose.

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
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	-	-	-	-	25.00	CARE AA; Positive / CARE A1+

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-Term Loan	LT	-	-	-	-	1)Withdrawn (20-Feb-24)	1)CARE AA; Stable (13-Dec-22) 2)CARE AA; Stable (15-Apr-22)
2	LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	LT/ST	25.00	CARE AA; Positive / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (10-Jan-25)	1)CARE AA; Stable / CARE A1+ (20-Feb-24)	-

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

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

Annexure-4: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	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

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	Direct or Step-down Subsidiary
2	The Kolhapur Steel Limited	Full	Direct or Step-down Subsidiary
3	Kirloskar Corrocoat Private Limited	Full	Direct or Step-down Subsidiary
4	Kirloskar Brothers International BV	Full	Direct or Step-down Subsidiary
5	SPP Pumps Limited	Full	Direct or Step-down Subsidiary
6	Kirloskar Brothers (Thailand) Limited	Full	Direct or Step-down Subsidiary
7	SPP Pumps (MENA) LLC	Full	Direct or Step-down Subsidiary
8	Kirolskar Pompen BV	Full	Direct or Step-down Subsidiary
9	Micawber 784 Proprietary Limited	Full	Direct or Step-down Subsidiary
10	SPP Pumps International Proprietary Limited	Full	Direct or Step-down Subsidiary
11	Rotaserve Limited	Full	Direct or Step-down Subsidiary
12	SPP France S.A.S	Full	Direct or Step-down Subsidiary
13	SPP Pumps Inc	Full	Direct or Step-down Subsidiary
14	SPP Pumps South Africa Proprietary Limited	Full	Direct or Step-down Subsidiary
15	Braybar Pumps Proprietary Limited	Full	Direct or Step-down Subsidiary
16	Rodelta Pumps International BV	Full	Direct or Step-down Subsidiary
17	Rotaserve BV	Full	Direct or Step-down Subsidiary
18	SPP Pumps Real Estate LLC	Full	Direct or Step-down Subsidiary
19	Syncroflo Inc	Full	Direct or Step-down Subsidiary
20	SPP Pumps (Asia) Ltd	Full	Direct or Step-down Subsidiary
21	SPP Pumps (Singapore) Ltd	Full	Direct or Step-down Subsidiary
22	Kirloskar Ebara Pumps Limited	Moderate	Joint venture

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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About us:
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