Press Release
KIC Metaliks Limited
September 09, 2026

Facilities	Name of the Regulator[1]	Amount (₹ crore)	Ratings[2]	Rating Action
Long-term / Short-term bank facilities	RBI	25.00	CARE BBB+; Stable / CARE A3+	Upgraded from CARE BBB; Stable / CARE A3
Long-term bank facilities	RBI	95.01	CARE BBB+; Stable	Upgraded from CARE BBB; Stable

Details of facilities in Annexure-1.

Rationale and key rating drivers

Revision in the ratings assigned to bank facilities of KIC Metaliks Limited (KML) factors in the improvement in capacity utilisation and financial risk profile of the company. CARE Ratings also take comfort from the classification of Bengal Energy Limited (BEL; rated CARE A; Stable/ CARE A1) as its related party from FY26 (refers to April 1 to March 31) onwards, given reclassification of ultimate shareholding of BEL at promoter level wherein, Thermic Steel Company Pvt Ltd (TSCPL) is now the ultimate holding company for both KML and BEL. KML benefits from its strategic relationship with BEL, a group entity, where the increasing scale of transactions and complementary nature of BEL's manufacturing operations, including supply of LAM coke and pig iron-related inputs, are expected to support supply chain efficiencies and improve the availability of critical raw materials for KML. During FY26, around 35% of KML's purchases were sourced from BEL, highlighting the strategic significance of the relationship.
The rating continues to derive strength from the experienced and resourceful promoters, improvement in capital structure and debt protection metrics, however, profitability margins continue to remain low given the company's single-product profile.

The rating, however, continues to be constrained by the cyclical nature of the steel industry, intense competition from the unorganised sector, concentration in a single product segment, exposure to commodity price fluctuations and exposure to increasing environmental compliance requirements.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- The ability of the company to increase its scale of operations and operating margin beyond 6% on a sustained basis.
- Maintenance of overall gearing ratio below 0.4x with improvement in Total Debt (TD)/PBILDT ratio below 2x on a sustained basis.

Negative factors

- Moderation in the average sales realisation from the current levels, on a sustained basis, thereby deteriorating the financial performance of the company.
- Any substantial debt funded capex resulting in deterioration in capital structure with overall gearing going above 1.00x on a sustained basis.

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 and resourceful promoters

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority
[2]Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

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. The other promoter of the company includes Om Jalan (brother of Radhey Shyam Jalan), who is also the promoter of BEL. The promoters have demonstrated fund support in the past as and when required and in FY26 also, the ultimate parent entity, ie TSCPL (majorly held by Om Jalan and his family members) has infused ₹5 crore in KML in the form of unsecured loans. Further, with the strategic operational linkages of the company with BEL, from which KML purchases around 35% of its total purchases, the company can benefit in terms of financial flexibility in the form of extended credit period.

Improvement in capital structure and debt protection metrics supported by recovery in profitability

The capital structure of the company remained satisfactory, with overall gearing ratio improving to 0.59x as on March 31, 2026, from 0.71x as on March 31, 2025, supported by an increase in net worth and moderation in total debt. The debt profile continues to majorly comprise of working capital borrowings. The company has successfully repaid/prepaid its entire term loan obligations during FY26, resulting in lower leverage and strengthening its overall financial risk profile.

The debt protection metrics improved significantly in FY26, supported by a recovery in operating profitability. The interest coverage ratio improved to 2.59x in FY26 from 1.23x in FY25, driven by a substantial increase in PBILDT. Further, gross cash accruals (GCA) improved to ₹16.41 crore in FY26 from ₹3.25 crore in FY25, resulting in a significant improvement in Total debt/GCA to 6.25x as on March 31, 2026 from 38.15x as on March 31, 2025. The improvement in profitability continued in Q1FY27, with interest coverage improving further to 7.52x. Going forward, the company's debt protection metrics are expected to remain comfortable, supported by sustained improvement in profitability and cash accruals.

Further, the company is contemplating a forward integration unit in near term, however the same is currently under discussion stage and nothing has been finalised as of now. Any significant debt funded capex undertaken by the company shall remain key rating monitorable.

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.

Improved capacity utilization in FY26 and Q1FY27

The capacity utilization of the pig iron plant improved significantly to 90% in FY26, from 72% in FY25, supported by normalization of operations following the plant closure in Q4FY25. The improvement in utilization reflects recovery in production levels and better absorption of fixed costs. The positive trend continued in Q1FY27, with capacity utilization further improving to 96%, indicating healthy plant operations and strong utilization levels. Going forward, sustained high capacity utilization is expected to support the company's operating performance.

Improvement in financial performance in FY26 and Q1FY27 albeit low profitability margin

The financial performance of the company improved in FY26, supported by recovery in production and higher capacity utilization following normalization of plant operations. The company reported TOI of ₹782.89 crore in FY26 compared with ₹717.68 crore in FY25, registering a growth of around 9% y-o-y. The improvement was supported by higher pig iron production and sales, with capacity utilization improving significantly to 90% in FY26 from 72% in FY25.

PBILDT increased to ₹25.07 crore in FY26 from ₹12.76 crore in FY25, resulting in improvement in PBILDT margin to 3.20% from 1.78% in FY25 supported by higher capacity utilization and better absorption of fixed costs. However, profitability margin continues to remain low given single product profile of the company.

In Q1FY27, the company earned TOI of ₹228.23 crore compared to ₹152.00 crore in Q1FY26 indicating strong operating performance. Going forward, sustained high capacity utilization is expected to support profitability, although the company remains exposed to volatility in pig iron realizations and key raw material prices.

Key weaknesses

Exposure to commodity price fluctuation risk

Raw materials, primarily iron ore lumps and coal/coke, remain the key cost drivers for KML, accounting for around 84% of total cost of sales in FY26 compared with around 80% in FY25. Volatility in iron ore, coal and coke prices therefore has a direct bearing on the company's profitability. Although pig iron prices generally move in tandem with raw material prices, the time lag in passing on higher input costs to customers could result in margin pressure, particularly when raw material prices rise sharply without a

commensurate increase in finished product prices. Also, the company has full linkage with Orissa Mining Corporation Limited for procuring iron ore which can meet its entire iron ore requirement.

Cyclicality 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.

Exposure to increasing environmental compliance requirements

The iron and steel industry is witnessing increasingly stringent environmental regulations relating to emissions, energy efficiency and sustainability standards. As a blast furnace-based steel producer, KML may be required to undertake additional capital expenditure towards pollution control equipment, energy-efficient technologies, and enhanced monitoring/reporting systems. Any significant regulatory-driven investments or increase in compliance-related operating costs could exert pressure on the company's profitability, cash accruals and liquidity position, particularly given its mid-sized scale of operations.

Liquidity: Adequate

The company's liquidity profile remains adequate, supported by cash and liquid investments of ₹10.07 crore as on March 31, 2026 and a comfortable current ratio of 1.18x. Average fund-based working capital utilisation stood at around 65.43% during the last 12 months period ended July 2026, providing adequate headroom in the working capital limits. The company generated GCA of ₹16.41 crore in FY26 with debt repayment obligation of ₹5.30 crore (including term loan of ₹5.00 crore and vehicle loan of ₹0.30 crore). The company has fully prepaid its term loan as on March 31, 2026 with prepayment of ₹1.25 crore in Q4FY26. In FY27, the company has negligible debt repayment obligation against which it 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.

Particular	March 31, 2025 (A)	March 31, 2026 (A)	Q1 FY27 (UA)
Total operating income	717.68	782.89	228.23
PBILDT	12.76	25.07	7.29
PAT	-6.09	1.05	1.02
Overall gearing (times)	0.71	0.59	NA
Interest coverage (times)	1.23	2.59	7.52

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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:
A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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-Cash Credit	RBI	Simple	-		-	-	95.00	CARE BBB+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-		-	March 2027	0.01	CARE BBB+; Stable
LT/ST Fund-based/Non-fund-based-CC/WCDL/OD/LC/BG	RBI	Simple	-		-	-	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	95.00	CARE BBB+; Stable	-	1)CARE BBB; Stable (24-Dec-25)	1)CARE BBB+; Stable (09-Jan-25)	1)CARE BBB+; Stable (15-Jan-24) 2)CARE BBB+; Stable (05-Jan-24)

2	Fund-based - LT-Term Loan	LT	0.01	CARE BBB+; Stable	-	1)CARE BBB; Stable (24-Dec-25)	1)CARE BBB+; Stable (09-Jan-25)	1)CARE BBB+; Stable (15-Jan-24) 2)CARE BBB+; Stable (05-Jan-24)
3	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 (24-Dec-25)	1)CARE BBB+; Stable / CARE A3+ (09-Jan-25)	1)CARE BBB+; Stable / CARE A3+ (15-Jan-24) 2)CARE BBB+; Stable / CARE A3+ (05-Jan-24)

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

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

Annexure-4: Lender details

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

Annexure-5: List of entities consolidated: Not Applicable

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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