

No. S/BC/1(18-5)/2025/139

October 13, 2026

National Stock Exchange of India Limited Scrip Code: KIOCL Through: NEAPS
BSE Limited Scrip Code: 540680, Scrip Name: KIOCL Through: BSE Listing Centre
Metropolitan Stock Exchange of India Limited Scrip Code: KIOCL Through: mylisting

Dear Sir / Madam,

Sub: Intimation of Credit Rating

Pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we hereby inform that CARE Ratings Limited, vide its press release dated October 12, 2026, has assigned ratings for the Bank Loan Facilities aggregating to ₹1,050.00 Crores, comprising both fund-based and non-fund-based facilities.

The details of the ratings assigned are given below:

Name of Agency	Facilities	Amount (₹ in Crores)	Rating	Remarks
CARE Ratings Limited	Long-term / Short-term bank facilities	1,050.00	CARE BBB+; Stable / CARE A2	Reaffirmed; Outlook revised from Negative

A copy of the communication received from CARE Ratings Limited is attached below.

This is submitted for information and record.

Thanking You,

Yours faithfully,
For KIOCL Limited,
CLAFTON SIDDHARTH
Digitally signed by
CLAFTON SIDDHARTH
Date: 2026.10.13
14:28:04 +05'30'
(Clifton Siddharth)
Company Secretary & Compliance Officer
Email id: cs@kioclltd.in

KIOCL Limited

October 12, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term / Short-term bank facilities	RBI	1,050.00	CARE BBB+; Stable / CARE A2	Reaffirmed; Outlook revised from Negative

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Revision in outlook from 'Negative' to 'Stable' for the long-term rating of KIOCL Limited (KIOCL) reflects significant improvement in the company's operating performance in FY26 (FY refers to April 01 to March 31), which remained better than envisaged. Pellet production increased to 2.70 million tonnes in FY26 from 0.93 million tonnes in FY25, while total dispatch increased to 2.81 million tonnes from 0.89 million tonnes in the same period. Consequently, capacity utilisation improved to ~77% from 27%, supported by the ramp-up in conversion volumes under the arrangement with NMDC Limited (NMDC). Higher sales volume led to a significant reduction in operating losses in FY26 leading to net profit of ₹17 crore compared to net loss of ₹205 crore in FY25. Improvement in profitability was also supported by manpower deployment and other operating income.

Reaffirmation of ratings assigned to bank facilities of KIOCL continues to derive strength from its majority ownership by the Government of India, its status as a 'Mini Ratna' Central Public Sector Enterprise (CPSE) under administrative control of Ministry of Steel and its operating arrangements with other public-sector entities (PSU). Financial risk profile remains comfortable, supported by the sizeable net worth of ₹1,731 crore and a low overall gearing of 0.13x as on March 31, 2026. Liquidity is supported by cash and liquid investments of ~₹826 crore as on March 31, 2026. The company had no external term loan and continues to maintain a net cash position, providing substantial financial flexibility to fund near-term capex and working capital requirements.

Existing operations of KIOCL currently comprises a 3.5 million tonnes per annum (MTPA) pellet plant. Despite increase in capacity utilisation, the pellet plant continues to face occasional shutdowns owing to the unavailability of iron ore fines. The Devadari Iron Ore Mine remains strategically important for enhancing raw-material security and reducing the company's exposure to high-cost external procurement and logistics. Execution and registration of the Forest Lease Agreement in FY26 was a key progress; however, physical handover of the forest land, receipt of working permission and completion of certain residual compliances remain pending. Timeline for commencement of mineral production and dispatch has been extended to January 01, 2028. Timely completion of remaining approvals and operationalisation of the mine remains a key rating monitorable.

Ratings remain constrained by subdued operating profitability despite improvement, presence in the highly competitive and fragmented steel industry, marked by cyclical and sensitivity to demand-supply dynamics, volatility in pellet realisations, and exposure to fluctuations in iron ore, furnace-oil and freight costs. The company's operating performance also depends on availability of raw material from NMDC, continuity of the tolling arrangement and timely evacuation of pellets.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Timely execution and commissioning of capex plan (development and operationalisation of Devadari mines), leading to significant improvement in the company's operational performance on a sustained basis.
- Sustained operating break-even and positive cash accruals, supported by adequate conversion volumes, improved own-pellet sales and better absorption of fixed costs.

Negative factors

- Adjusted overall gearing deteriorating to beyond 0.75x, going forward.
- New capex undertaken either through internal accruals or a mix of debt and internal accruals, stretching existing liquidity position and impacting capital structure.
- Significant delay in operationalisation of Devadari Mines than envisaged, which may adversely impact company's operating performance.

Analytical approach: Standalone

¹SEBI: 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.

²Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

CARE Ratings Limited (CareEdge Ratings) has considered the standalone approach, factoring in the government notching per CareEdge Ratings' criteria on 'Factoring linkages-government support'.

Outlook: Stable

The Stable outlook reflects the expectation that KIOCL will sustain higher capacity utilisation, supported by the conversion arrangement with NMDC, while maintaining its strong liquidity and comfortable capital structure. albeit

Detailed description of key rating drivers**Key strengths****Majority ownership of Government of India**

Incorporated in April 1976, KIOCL is a Schedule 'A' Mini Ratna CPSE under the Ministry of Steel, Government of India, which held 99.03% stake in company as of March 31, 2026. The company operates a 3.5-MTPA pellet plant at Mangaluru, while its 0.216-MTPA blast furnace facility is currently non-operational. Historically, an export-oriented pellet producer, KIOCL exited the export-oriented unit (EOU) scheme in FY26, enabling domestic sales/conversion of pellets.

Significant improvement in operational performance, despite continued subdued profitability

KIOCL reported a significant improvement in operational performance in FY26, supported by the ramp-up of pellet conversion volumes under the NMDC arrangement. Total pellet sales volume increased to ~2.81 million tonnes in FY26 from 0.89 million tonnes in FY25, driven by an increase in NMDC conversion volume to 2.77 million tonnes from 0.39 million tonnes in the same period. Consequently, income from operations increased by 7.0% to ₹632 crore. The higher sales volume led to a significant reduction in operating losses in FY26 leading to net profit of ₹17 crore compared to net loss of ₹205 crore in FY25. Improvement in profitability was also supported by manpower deployment and other operating income.

However, increase in sales volume did not result in a commensurate improvement in revenue and profitability, as the operating profile remained dominated by lower-margin conversion operations. Tolling realisation declined by 23.5% to ~₹2,059 per tonne from ₹2,692 per tonne, while own-pellet sales volume declined by 92.6% to 0.037 million tonnes. In current financial year, KIOCL increased share of own-pellet sales volume, however, its profitability impacted by higher conversion costs. Hence, company's ability to improve operating profitability supported by adequate conversion volumes, improved own-pellet sales and better absorption of fixed costs on a sustained basis remain key monitorable.

Comfortable capital structure and sustained net debt negative position

KIOCL comfortable capital structure marked by low overall gearing of 0.13x as on March 31, 2026, supported by sizeable net worth of ₹1,731 crore. The company had no external term loan, with total debt comprising primarily lease liabilities and working capital borrowing. KIOCL had a net cash position as on March 31, 2026, with cash and bank balances of ₹826 crore against total debt of ₹224 crore, providing strong financial flexibility.

Key weaknesses**Profitability susceptible to price movement of iron ore pellets**

KIOCL's profitability remains exposed to volatility in iron ore pellet prices, given its presence in a margin-linked business model where realisations are closely tied to prevailing market prices. While the ongoing conversion arrangement with NMDC provides revenue visibility and coverage of variable costs, it restricts margin expansion in the near term. Consequently, in the absence of captive mining operations, the company's earnings profile remains susceptible to fluctuations in pellet price movements. However, once the Devadari iron ore mine becomes operational, availability of captive ore is expected to reduce raw material and transportation costs, supporting a more competitive cost structure and providing scope for margin expansion.

Highly competitive and cyclical industry

The steel industry is highly competitive, with presence of organised and unorganised players and expanding applications of steel. The margins continue to remain under pressure due to the fragmented nature of the industry. The steel industry is sensitive to shifting business cycles, including changes in the general economy, interest rates, and seasonal changes in demand and supply.

Delay in operationalisation of the Devadari mine

In September 2025, the Karnataka High Court directed state authorities to hand over the forest land and execute the Forest Lease Agreement, observing that possession could not be withheld pending resolution of other matters. The execution and registration of the Forest Lease Agreement in FY26 was a key progress. KIOCL has incurred cost of ~₹545 crore against the approved Phase-I project cost of ~₹882 crore as on March 31, 2026. However, physical handover of the forest land, receipt of working permission and completion of certain residual compliances remain pending. The timeline for commencement of mineral production and

dispatch has been extended to January 1, 2028. The delay restricts returns on the capital employed and prolongs dependence on externally sourced iron ore and conversion arrangements. Timely completion of remaining approvals and operationalisation of the mine remains a key rating monitorable.

Liquidity: Adequate

KIOCL's liquidity remains adequate marked by free cash and liquid investments of ₹826 crore as on March 31, 2026, against total debt of ₹224 crore. Total debt largely comprised lease liabilities, while reliance on fund-based working-capital limits remained negligible, providing adequate financial flexibility. Available liquidity is expected to sufficiently cover near-term operational and planned expenditure towards the Devadari mine. KIOCL is also exploring a joint venture (JV) partnership for forward integration projects. Higher-than-envisaged project expenditure remains monitorable.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	GHG (Greenhouse gases) emissions: Low Being a pellet manufacturer, the company remains exposed to energy and emissions-related risks. However, the Blast Furnace Unit continues to remain non-operational. For FY26, total Scope 1 and Scope 2 emissions intensity was 0.1053 tCO₂e/MT of pellets against 0.2097 tCO₂e/MT in FY25. Energy and water consumption: Low Energy intensity reported at ~1.29 GJ/MT of pellets in FY26 from 2.35 GJ/MT in FY25, supported by higher production levels and renewable energy integration. Water intensity also improved to 0.306 KL/MT of pellets in FY26 from 0.514 KL/MT in FY25. The company discontinued operation of its 9.36 MW furnace oil-based captive generators and consumed 76.48 GWh of renewable energy through wheeling arrangements, with renewable energy accounting for 53.61% of total energy consumption. The Pellet Plant continues to maintain Zero Liquid Discharge (ZLD) status with 100% recycling of process water. Wastage reduction and recycling: Strong The company generated 723 metric tonnes of waste in FY26, of which 721.85 metric tonnes were recycled. Waste intensity remained low at 0.000268 MT per MT of pellets. Pellet fines (~2% of pellet production) continue to be recycled through re-grinding.
Social	Safety standards: Strong Lost Time Injury Frequency Rate (LTIFR) remained zero for both employees and workers in FY26, with no fatalities or reportable injuries. The company continues to maintain ISO 9001:2015, ISO 14001:2015 and ISO 45001:2018 certifications. In FY26, KIOCL imparted 1,000 man-days of safety training to employees and 208 man-days to contract workers. The company also received the IBC Agni Suraksha Puraskar 2026 under the "Distinguished Safety/Zero Accident Award" category. Gender diversity- Low Women represented 19 out of 474 employees (~4.0%) as on March 31, 2026. While female representation remains low and reflects the broader metals and mining industry profile, the company continues to undertake women-focused initiatives through the Women in Public Sector (WIPS) platform, including health awareness.
Governance	Board independency- Low The company was non-compliant with certain SEBI requirements relating to board composition and board committees owing to the insufficient number of independent directors. As on March 31, 2026, the Board comprised four directors, including two executive directors, one government nominee director and one independent director, with no woman director on the Board as at year-end. Subsequently, three independent directors were appointed by the Ministry of Steel on July 14, 2026. Participation of board members: Active Board participation remained active in FY26. Six Board meetings were held in the year, and attendance of serving directors ranged from 80% to 100%, with the Chairman-cum-Managing Director and other continuing directors attending all meetings held in their tenure. Internal financial controls: Adequate

Applicable criteria

[Liquidity Analysis of Non-financial sector entities](#)

[Policy on Default Recognition](#)

[Notching by Factoring Linkages with Government](#)

[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 and mining	Ferrous metals	Iron and steel

Incorporated on April 02, 1976, KIOCL is a Government of India enterprise under the administrative control of the Ministry of Steel and holds Mini Ratna status. The company is engaged in iron ore pellet manufacturing, mineral exploration, beneficiation, mining services and project consultancy. It operates a pellet plant with an installed capacity of 3.5 MTPA at Mangalore, Karnataka. KIOCL has been allotted the Devadari Iron Ore Mine in Ballari, Karnataka by the Government of Karnataka vide notification dated January 23, 2017. The company has obtained key regulatory approvals, including Environmental Clearance, Forest Clearance, Mining Lease and Forest Lease agreement. However, physical handover of forest land, working permission and certain residual approvals are still pending.

Brief Financials (₹ crore)	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	591.10	632.35	180.46
PBILDT	-199.73	-10.20	-4.14
Profit after tax (PAT)	-204.58	16.57	-15.48
Overall gearing (x)	0.11	0.13	NA
Interest coverage (x)	-13.01	-0.70	-1.15

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

Note: *CareEdge Ratings has included mining rights of ₹540.49 crore (classified under intangible assets) as on March 31, 2026 (Previous Year: ₹530.15 crore as March 31, 2025) in net worth to arrive at the adjusted tangible net worth. Accordingly, adjusted overall gearing has been computed after considering these mining rights as part of net worth.

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 regulators:

A list of facilities / instruments falling under the purview of 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/ST-CC/PC/Bill Discounting	RBI	NA	-	-	-	-	300.00	CARE BBB+; Stable / CARE A2
Non-fund-based - LT/ ST-BG/LC	RBI	NA	-	-	-	-	750.00	CARE BBB+; Stable / CARE A2

NA: Not applicable

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/ ST-CC/PC/Bill Discounting	LT/ ST	300.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Negative / CARE A2 (14-Oct-25)	-	-
2	Non-fund-based - LT/ ST-BG/LC	LT/ ST	750.00	CARE BBB+; Stable / CARE A2	-	1)CARE BBB+; Negative / CARE A2 (14-Oct-25)	-	-

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.

Contact us

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