

October 10, 2025

## Jindal Steel Odisha Limited: Long-term rating upgraded to [ICRA]AA (Stable); short-term rating reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based TL	15,727.00	15,727.00	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Long term – Non-fund based capex LC	(10,000.00) ^	(10,000.00) ^	[ICRA]AA (Stable); upgraded from [ICRA]AA- (Stable)
Long/Short term –Fund based – Working capital facilities	500.00	500.00	[ICRA]AA (Stable)/[ICRA]A1+; long term rating upgraded from [ICRA]AA- (Stable); short term rating reaffirmed
Long/Short term –Non-fund based facilities	1,500.00	1,500.00	[ICRA]AA (Stable)/[ICRA]A1+; long term rating upgraded from [ICRA]AA- (Stable); short term rating reaffirmed
Long/Short term- Unallocated	3,000.00	3,000.00	[ICRA]AA (Stable)/[ICRA]A1+; long term rating upgraded from [ICRA]AA- (Stable); short term rating reaffirmed
<b>Total</b>	<b>20,727.00</b>	<b>20,727.00</b>	

\*Instrument details are provided in Annexure I; ^sub-limit of long-term fund-based term loan

### Rationale

The long-term rating upgrade factors in the commissioning of the key facilities of Jindal Steel Odisha Limited (JSOL) in September 2025, which is expected to significantly increase its scale and profitability, going forward. The ratings continue to factor in the status of JSOL as a wholly-owned subsidiary of Jindal Steel Limited (JSL, rated [ICRA]AA (Stable)/[ICRA]A1+), which has a strong operational and financial risk profile. ICRA expects JSOL to receive significant operational, financial and management support from JSL due to its parentage. The ongoing capital expenditure (capex) under JSOL is strategically important for the Group (JSOL and JSL together) as it will enhance the Group's steel-making capacity to 15.6 million tonnes per annum (mtpa) by March 2026 from 9.6 mtpa as of March 2025.

JSOL commissioned the 4.6-mtpa blast furnace (BF) and 3-mtpa basic oxygen furnace (BOF) in September 2025, increasing the Group's iron-making capacity to 15 mtpa and steel-making capacity to 12.6 mtpa. This follows the earlier commissioning of the pellet plant and the hot-strip mill (HSM) in FY2024. While the company has one BOF unit pending to be commissioned, the associated capex execution risk stands relatively low. Nonetheless, the company remains exposed to stabilisation risk of its newly commissioned BF-BOF units in the near term. Herein, comfort is derived from JSL's established track record of successfully commissioning greenfield and brownfield steel capacities and operating its plants at healthy capacity utilisation rates.

ICRA notes that JSOL's project cost was revised upwards, which was funded from incremental equity infusion from the parent. Also, JSOL's term loans of Rs. 15,727 crore are backed by a corporate guarantee from JSL for up to two years of satisfactory performance, following the scheduled commercial operation date (SCOD).

The ratings remain constrained by the inherent vulnerability of the steel business to volatility in metal prices as well as the price and supply risks associated with key raw materials. Nonetheless, the Group's ongoing initiatives, including the setting up of a slurry pipeline from Barbil to its Angul plant for cost-efficient transportation of iron ore fines from captive mines and

availability of low-priced thermal coal from captive mines, are expected to improve the overall cost structure in the medium to long term.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's track record of operating its plants at healthy capacity utilisation levels will enable JSOL to efficiently ramp up the operations to remain self-sufficient in meeting its debt servicing obligations. The outlook also reflects ICRA's expectation of continued operational and financial support from the parent entity, if required.

### Credit strengths

**Commissioning of key facilities expected to result in substantial increase in scale and profitability** - JSOL successfully commissioned its BF-BOF facilities in September 2025, enhancing the Group's steel-making capacity to 12.6 mtpa from 9.6 mtpa. With the commissioning of the second BOF expected by March 2026, the total capacity is projected to reach 15.6 mtpa. The Group's operations are set to become fully integrated, supported by JSOL's already operational hot strip mill (HSM) and cold rolling mills (CRM), along with an anticipated ramp-up of the BF-BOF facilities. This integration is expected to drive a significant improvement in volumes and profitability FY2027 onwards. Further, ICRA notes that JSOL has descope its second pellet plant from its capex plan and all the necessary approvals have been received for the same.

**Wholly-owned subsidiary of JSL, which has a strong financial risk profile** – JSOL is a wholly-owned subsidiary of JSL (rated [ICRA]AA(Stable)/A1+), one of India's leading primary steel producers. JSL enjoys a strong operational and financial risk profile. The company's leverage is expected to remain comfortable over the medium term despite undertaking a sizeable debt-funded capex under JSOL. JSOL is strategically important for the Group, as it will aid in enhancing the Group's consolidated steel-making capacity by ~63% to 15.6 mtpa, thereby facilitating benefits of economies of scale.

**Parent entity's established track record of successful commissioning and operating of greenfield/brownfield capacities** – JSL has an established track record in successfully commissioning greenfield/brownfield capacities in the steel and power segments, as well as running its plants at healthy capacity utilisation rates. This partially mitigates the project implementation risk for the pending capex and operational risks for JSOL. It is also noted that the proximity of JSOL's project site to JSL's existing manufacturing capacities will enable the former to benefit from common infrastructure facilities and utilities.

**Favourable terms of debt** – The terms of the debt that JSOL has tied up for the project are favourable, with a moratorium of one year after the SCOD and ballooning repayments over 13 years. The step-up instalments are likely to provide the company with adequate time to ramp up and stabilise the operations. Besides, ICRA expects JSL's consolidated leverage and coverage indicators to remain healthy.

### Credit challenges

**Inherent vulnerability of steel business to volatility in metal prices** – The steel industry is cyclical in nature, with global overcapacity. Accordingly, JSOL will remain exposed to the vagaries of the sector and may witness volatility in its profitability depending on the operating environment. The entity's parent, JSL, has cost-competitive operations, along with a high level of integration in steel manufacturing operations, which reduces the susceptibility of its profitability to the downturns in the steel industry. JSOL is likely to benefit from JSL's ability to maintain cost competitiveness in its operations.

**Susceptibility of profitability to volatility in raw material prices** – While the Group's raw material coverage has improved over the years, the company's profitability remains susceptible to the volatility in raw material needs as it remains dependent on external purchases for a part of its coking coal and iron ore requirements. Further, it is noted that JSL has acquired a new coal and an iron ore mine recently to ensure the Group's raw material security. However, any challenges in ramping up these mines will expose the company to volatility in raw material prices in the medium term.

### Liquidity position: Adequate

The liquidity position is expected to remain adequate, supported by the partial commissioning of facilities (pellet plant – I, HSM, BF-BOF etc), with fund flow from operations expected at more than ~Rs. 1,000 crore in FY2026 and no principal

repayment obligations in the current fiscal. However, the liquidity profile, going forward, will largely be driven by the company's ability to successfully ramp up its operations. JSOL's liquidity position is also supported by the liquidity of its parent entity, whose ability to fund any additional equity requirements provides comfort. JSL is also expected to support any contingency funding needs during the project execution phase, if required.

## Rating sensitivities

**Positive factors** – An improvement in the credit profile of the parent entity would be a positive rating trigger for JSOL.

**Negative factors** – Pressure on the ratings could arise if the company experiences significant time and cost overruns for the pending capex, a slower-than-expected ramp-up, and/or weak revenue growth and profitability, resulting in a weakening of the debt protection metrics. Further, a deterioration in the credit profile of the parent and/or weakening in linkages/strength of support from the parent could be the negative rating triggers.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Iron &amp; Steel</a>
Parent/Group support	Parent/Group Company: <b>Jindal Steel Limited</b> ICRA expects JSL [rated [ICRA]AA (Stable)/[ICRA]A1+] to be willing to extend financial support to JSOL, should there be a need, given the high strategic importance of JSOL. Both JSOL and JSL share a common name, which in ICRA's opinion would persuade JSL to provide financial support to JSOL to protect its reputation from the consequences of a Group entity's distress
Consolidation/Standalone	Standalone

## About the company

Jindal Steel Odisha Limited (JSOL), incorporated in April 2021, is a wholly-owned subsidiary of JSL, setting up a 6-mtpa integrated steel plant at Angul, Odisha, near the already existing plant of JSL. The capex will enhance JSL's domestic consolidated steel-making capacity by ~63% in a staggered manner to 15.60 mtpa by the end of FY2026. As of September 2025, JSOL commissioned HSM, CRM, pellet plant, BF and one unit of BOF. The overall project cost of ~Rs. 28,200 crore is being funded in a debt-to-equity ratio of 56:44.

## Key financial indicators (audited)

JSOL Standalone	FY2024	FY2025
Operating income	1,109	10,580
PAT	(37)	(26)
OPBDIT/OI	3.8%	5.6%
PAT/OI	-3.3%	-0.2%
Total outside liabilities/Tangible net worth (times)	1.1	1.6
Total debt/OPBDIT (times)	113.3	17.7
Interest coverage (times)	1.0	1.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

### Rating history for past three years

Instruments	Current (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 10, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	15,727.00	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA-(Stable)	Mar 28, 2024	[ICRA]AA-(Stable)	-	-
						Oct 27, 2023	[ICRA]AA-(Stable)	-	-
Non-fund based (Capex LC)	Long term	(10,000.00) <sup>^</sup>	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA-(Stable)	Mar 28, 2024	[ICRA]AA-(Stable)	-	-
						Oct 27, 2023	[ICRA]AA-(Stable)	-	-
Fund based – Working capital facilities	Long term/short term	500.00	[ICRA]AA (Stable)/[ICRA]A1+	Oct 30, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Mar 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Non-fund based facilities	Long term/short term	1,500.00	[ICRA]AA (Stable)/[ICRA]A1+	Oct 30, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Mar 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-
Unallocated	Long term/short term	3,000.00	[ICRA]AA (Stable)/[ICRA]A1+	Oct 30, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	Mar 28, 2024	[ICRA]AA-(Stable)/[ICRA]A1+	-	-

<sup>^</sup>sub-limit of long-term fund-based term Loan

### Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based TL	Simple
Long term – Non-fund based capex LC	Very simple
Long/Short term –Fund based – Working capital facilities	Simple
Long/Short term –Non-fund based facilities	Very simple
Long/Short term- Unallocated	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Term loan	Feb 2022	NA	FY2039	15,727.00	[ICRA]AA (Stable)
NA	Non-fund based (Capex LC)	NA	NA	NA	(10,000.00) ^	[ICRA]AA (Stable)
NA	Fund based – Working capital facilities	NA	NA	NA	500	[ICRA]AA (Stable)/[ICRA]A1+
NA	Non-fund based facilities	NA	NA	NA	1,500	[ICRA]AA (Stable)/[ICRA]A1+
NA	Unallocated	NA	NA	NA	3,000	[ICRA]AA (Stable)/[ICRA]A1+

Source: Company; ^sub-limit of long-term fund-based term loan

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis: Not Applicable**

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