October 10, 2025

Jindal Steel Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term fund based (Cash credit)	1,600.00	1,600.00	[ICRA]AA (Stable); reaffirmed
Long term fund based (Term loans)	16,759.95	16,759.95	[ICRA]AA (Stable); reaffirmed
Short term non-fund based bank facilities	16,640.05	16,640.05	[ICRA]A1+; reaffirmed
Non-convertible debentures (NCDs)	5,000.00	5,000.00	[ICRA]AA (Stable); reaffirmed
Total	**40,000.00**	**40,000.00**	

**Instrument details are provided in Annexure I*

Rationale

The ratings reaffirmation factors in the strong operating and financial performance of Jindal Steel Limited (JSL), which ICRA expects the company to sustain on the back of healthy domestic demand from key end-user industries. While the company's operating profitability (OPBITDA) declined in FY2025 {standalone OPBITDA per metric tonne fell to Rs. 11,024 from Rs. 13,295 in FY2024} due to a moderation in steel prices amid elevated imports, its debt protection metrics remained healthy. Also, the company's liquidity position remained comfortable, with liquid cash balances and investment portfolio of ~Rs. 5,885 crore as on March 31, 2025. Further, the entity's operational profile is characterised by large-scale and cost-competitive operations, a healthy track record in the steel and power sectors, the favourable location of the plants close to various coal and iron ore mines and a diversified as well as value-added product portfolio.

ICRA takes note of the expected increase in JSL's production volume and scale going forward, with the commissioning of 4.6-million-tonnes-per-annum (mtpa) iron making (blast furnace; BF) and 3-mtpa steel-making (basic oxygen furnace; BOF) capacities under its wholly-owned subsidiary (Jindal Steel Odisha Limited; JSOL), in September 2025. The ongoing capacity expansion in JSOL is nearing completion, which would increase the Group's steel-making capacity to 15.6 mtpa by the end of FY2026 and eliminate the associated project execution risks. However, a timely ramp-up of the key facilities, including the recently commissioned BF-BOF, will remain a key rating monitorable, going forward. Herein, comfort is derived from the company's established track record of successful commissioning greenfield and brownfield steel capacities and running its plants at healthy capacity utilisation rates.

JSPL's consolidated leverage and debt protection metrics remained healthy, reflected in net debt/OPBITDA of ~1.3 times and interest coverage ratio of over 6.0x times in FY2025. The net leverage ratio is expected to sustain at ~1.5 times in the current fiscal amid a debt drawdown in the subsidiary towards the completion of the ongoing capex. ICRA draws comfort from the company's stated intent to maintain a consolidated net debt/ OPBDITA at 1.5 times or less and a minimum liquidity (including unutilised fund-based limits) cushion of ~Rs. 2,500 crore on a sustained basis.

However, the ratings continue to be 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 company's ongoing initiatives, including setting up a slurry pipeline from Barbil to its Angul plant for cost-efficient transportation of iron ore fines from the captive mines and the availability of low-priced thermal coal from the captive mines, are expected to improve the overall cost structure in the medium to long term. ICRA expects the incremental cost savings, increased scale of operations from its newly commissioned facilities and ballooning repayment structure to keep the company's consolidated cash flows strong relative to its debt service obligations.

The Stable outlook on the long-term rating reflects ICRA's expectations of a continued healthy operating performance, backed by favourable domestic demand in the near to medium term and the policy measures to support domestic steelmakers, leading to strong profits and cash accruals. The company's financial risk profile is expected to remain healthy despite the ongoing debt-funded capex programme.

Credit strengths

Commissioning of JSOL facilities expected to scale up volumes 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 the anticipated ramp-up of the BF-BOF facilities. This integration is expected to drive a significant improvement in volumes and profitability FY2027 onwards. However, a timely ramp-up of the recently commissioned facilities will remain a key rating monitorable. Herein, comfort is derived from the company's established track record of successfully commissioning the greenfield and brownfield steel capacities and running its plants at healthy capacity utilisation rates.

Cost competitiveness arising from large-scale integrated operations and attractive plant locations – JSL's steel manufacturing operations are vertically integrated, encompassing captive iron ore mines for partial capacity, captive thermal coal mines, coal washing, coke manufacturing, pelletisation, sponge iron manufacturing, power generation and production of semi and finished steel products. Also, its plants are favourably located, in proximity to various iron ore and thermal coal mines. JSL has sizeable coking/thermal/anthracite coal mining assets in Mozambique, Australia and South Africa through its overseas subsidiaries. Further, the ongoing capacity expansion project at Angul is expected to improve the scale. Besides, the ongoing cost saving initiatives, including the establishment of a slurry pipeline, procurement of additional rakes for efficient transportation of raw materials/finished goods and the ongoing development of the Paradip port, are expected to push up the OPBITDA/tonne in the upcoming fiscals, strengthening the company's operational profile.

Established track record and diversified operations with forward integration into value-added products – JSL has an established track record in successful commissioning greenfield/brownfield capacities in the steel and power segments as well as in operating its plants at healthy capacity utilisation. The company diversified its steel product portfolio over the years to include high-value-added and finished steel products, besides other finished and semi-finished products. The multiple sale points across the steel value chain allow JSL to cater to market requirements while optimising the capacity utilisation and profitability. The incremental capacities commissioned under JSOL have increased the company's finished steel capacities to 13.25 mtpa from 7.25 mtpa and established a healthy presence in the valued-added flats segment for the group.

Healthy financial risk profile – JSL's debt protection and leverage metrics continue to be healthy, reflected in an interest cover of 6.1 times in FY2025 and net debt/OPBITDA of ~1.3 times in FY2025. The net debt/OPBITDA is expected at ~1.5 times in the current fiscal amid a debt drawdown in the subsidiary towards the completion of the ongoing capex and is expected to improve from FY2027.

Credit challenges

Inherent vulnerability of steel business to volatility in metal prices – JSL operates in a cyclical industry with global overcapacity. While the company's cost competitiveness, coupled with a high level of integration in steel manufacturing operations, reduces the susceptibility of its profitability to downturns in the steel industry, JSL remains exposed to the volatility in the sector. It had earlier witnessed fluctuations in its operating profitability owing to the tough operating environment.

Susceptibility of profitability to volatility in raw material prices – While the company's raw material coverage has improved over the years, its profitability remains susceptible to the volatility in raw material requirements as it remains dependent on external purchases for part of its coking coal and iron ore requirements. Further, it is noted that the company has acquired a new coal and an iron ore mine recently to ensure its 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.

Environmental and social risks

The steel industry is one of the largest contributors to air pollution and carbon dioxide emission in the world, as primary steelmaking requires coal for the reduction process and energy generation. This exposes JSL to the risks of strict regulations or investments in alternative, environment-friendly steelmaking methods and technologies, which may impact its credit metrics. ICRA notes that the company has adopted a goal to reduce carbon emissions below 2TCO2/TCS by 2030. Other initiatives taken by the company include its ongoing efforts to reduce the reliance on road and rail transport to cut diesel consumption by setting up slurry pipelines and conveyor belts for the transportation of raw materials.

ICRA also notes that JSL has entered into solar and wind power purchase agreements through SPVs set up by its group entity. The SPVs are implementing solar and wind projects across locations to replace coal-based power procurement with renewable energy sources of 2.8 GW, which would enable JSL to keep the proportion of sustainable sources of power in line with the steel capacity enhancement.

The social risks for JSL, like other ferrous entities, manifest from the health and safety aspects of employees involved in mining and manufacturing activities. Casualties/accidents at the operating units due to gaps in safety practices could lead to production outages and invite penal action from regulatory bodies. The sector is exposed to labour-related risks and risks of protests/social issues with local communities, which might impact its expansion/modernisation plans. Some key initiatives undertaken by the company include regular safety audits at all plant locations, identification of fatality risk potential conditions (FRCP) at the workplace and at colony premises by safety professionals, monitoring and closure of risk potential conditions and quarterly review of health and safety performance by the firm's safety performance review forum.

Liquidity position: Adequate

JSL's liquidity position is adequate, with free consolidated cash and liquid investments of ~Rs. 2,617 crore as on March 31, 2025, excluding the unutilised fund-based limits. ICRA expects JSPL's consolidated cash flow from operations of ~Rs. 9,500 crore and accumulated liquid balances to be sufficient to meet the margin requirements for its capex as well as debt servicing requirements in the near to medium term (repayment obligations of ~Rs. 1,436 crore in FY2026).

Rating sensitivities

Positive factors – The ratings could be upgraded if the company demonstrates a sustained and significant growth in revenues, volumes and profitability while maintaining strong credit metrics.

Negative factors – Pressure on JSPL's ratings could arise if there is a sustained deterioration in its operating performance, resulting in a weakening of the earnings and debt protection metrics. Any further considerable time and cost overruns for the ongoing capex at Angul or higher debt funding may also exert pressure on the ratings. A specific trigger for downgrade includes a consolidated net debt to OPBDITA ratio of more than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of JSL. The list of entities considered for consolidation are enlisted in Annexure II

About the company

JSL is one of India's leading primary steel producers, with a significant presence in power generation and mining. Its manufacturing units are at Raigarh (Chhattisgarh), Angul (Odisha), Barbil (Odisha) and Patratu (Jharkhand). JSL's integrated operations in India encompass capacities of 15 mtpa of iron making, 9.0 MTPA of pellets, 12.6 MTPA of liquid steel and 13.25 MTPA of finished steel. JSPL's product range includes TMT bars, plates, coils, parallel flange beams and columns, rails, angles and channels, wire rods, fabricated sections among other finished and semi-finished products. While 11.9-mtpa domestic iron manufacturing capacity is achieved through the blast furnace route, the balance 3.12 mtpa is through the direct-reduced iron (DRI) process.

JSPL also has a captive thermal power generation capacity of about 1,634 MW at its Raigarh and Angul plants. In addition to the steel manufacturing capacities, JSPL's international operations include interests in coking coal mining assets in Australia, thermal/coking coal mining assets in Mozambique and anthracite coal mining assets in South Africa.

Key financial indicators (audited)

JSL Consolidated	FY2024	FY2025
Operating income	50,354	49,765
PAT	5,943	2,855
OPBDIT/OI	20.2%	18.7%
PAT/OI	11.8%	5.7%
Total outside liabilities/Tangible net worth (times)	0.8	0.8
Total debt/OPBDIT (times)	1.6	2.0
Interest coverage (times)	6.8	6.1

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					
				FY2025		FY2024		FY2023	
	Type	Amount rated (Rs. crore)	Oct 10, 2025	Date	Rating	Date	Rating	Date	Rating
Term loans	Long term	16,759.95	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA (Stable)	Oct 25, 2023	[ICRA]AA (Stable)	-	-
				Aug 26, 2024	[ICRA]AA (Stable)	Sep 21, 2023	[ICRA]AA (Stable)		
						Apr 06, 2023	[ICRA]AA-(Positive)		
Cash credit	Long term	1,600.00	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA (Stable)	Oct 25, 2023	[ICRA]AA (Stable)	-	-
				Aug 26, 2024	[ICRA]AA (Stable)	Sep 21, 2023	[ICRA]AA (Stable)		
						Apr 06, 2023	[ICRA]AA-(Positive)		
Non-fund based	Short term	16,640.05	[ICRA]A1+	Oct 30, 2024	[ICRA]A1+	Oct 25, 2023	[ICRA]A1+	-	-
				Aug 26, 2024	[ICRA]A1+	Sep 21, 2023	[ICRA]A1+		
						Apr 06, 2023	[ICRA]A1+		
Unallocated	Long term/Short term	-	-	-	-	Apr 06, 2023	[ICRA]AA-(Positive)/[ICRA]A1+	-	-
NCDs	Long term	5,000.00	[ICRA]AA (Stable)	Oct 30, 2024	[ICRA]AA (Stable)	Oct 25, 2023	[ICRA]AA (Stable)	-	-
				Aug 26, 2024	[ICRA]AA (Stable)				

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term fund based (Cash credit)	Simple
Long term fund based (Term loans)	Simple
Short term non-fund based bank facilities	Very simple
Non-convertible debentures (NCDs)	Very simple*

** Subject to change as per the terms of NCDs at the time of placement*

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	Long term fund based (Cash credit)	--	-	-	1,600.00	[ICRA]AA (Stable)
NA	Long term fund based (Term loans)	FY2015	-	Upto FY2030	16,759.95	[ICRA]AA (Stable)
NA	Short term non-fund based bank facilities	--	-	-	16,640.05	[ICRA]A1+
Unplaced	Non-convertible debentures (NCDs)	--	--	--	5,000.00	[ICRA]AA (Stable)

Source: Company

Please click here to view details of lender-wise facilities rated by ICRA

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Jindal Steel Bolivia SA	51.00%	Full Consolidation
Jindal Steel & Power (Mauritius) Limited	100.00%	Full Consolidation
Skyhigh Overseas Limited	100.00%	Full Consolidation
JB Fabinfra Limited	100.00%	Full Consolidation
Trishakti Real Estate Infrastructure and Developers Limited	94.87%	Full Consolidation
Raigarh Pathalgaon Expressway Ltd	100.00%	Full Consolidation
Jindal Steel Odisha Limited	100.00%	Full Consolidation
JSP Metallics Limited	99.00%	Full Consolidation
Jindal Steel Chhatisgarh Limited	100.00%	Full Consolidation
Jindal Steel Jindalgarh Limited	100.00%	Full Consolidation
Jindal Paradip Port Limited	51.00%	Full Consolidation
Gas to Liquids International S.A	87.56%	Full Consolidation
Blue Castle Ventures Limited	100.00%	Full Consolidation
Brake Trading (Pty) Limited	85.00%	Full Consolidation
Jindal (BVI) Limited	100.00%	Full Consolidation
Jindal Africa Investments (Pty) Limited	100.00%	Full Consolidation
Jindal Africa SA	100.00%	Full Consolidation
Jindal Botswana (Pty) Limited	100.00%	Full Consolidation
Jindal Investimentos LDA	100.00%	Full Consolidation
Jindal KZN Processing (Pty) Limited	85.00%	Full Consolidation
Jindal Madagascar SARL	100.00%	Full Consolidation
Avion Mineraux Ltd	100.00%	Full Consolidation
Jindal Mining Namibia (Pty) Limited	100.00%	Full Consolidation
Jindal Steel & Power (Australia) Pty Limited	100.00%	Full Consolidation
JSPL Mozambique Minerals LDA	100.00%	Full Consolidation
Osho Madagascar SARL	100.00%	Full Consolidation
Jindal Iron Ore (Pty) Limited	74.00%	Full Consolidation
Wollongong Resources Pty Ltd	100.00%	Full Consolidation
Jindal Africa Consulting (Pty) Limited	100.00%	Full Consolidation
Eastern Solid Fuels (Pty) Limited	100.00%	Full Consolidation
Jindal Mining SA (Pty) Limited	73.94%	Full Consolidation
Jindal Resources (Botswana) Pty Limited	100.00%	Full Consolidation
Meepong Energy (Pty) Limited	100.00%	Full Consolidation

Company Name	Ownership	Consolidation Approach
Meepong Service (Pty) Limited	100.00%	Full Consolidation
Meepong Water (Pty) Limited	100.00%	Full Consolidation
Southbulli Holding Pty Limited	100.00%	Full Consolidation
Oceania Coal Resources NL	100.00%	Full Consolidation
Wongawilli Resources Pty Limited	100.00%	Full Consolidation
Goedehoop Coal (Pty) Limited	50.00%	Equity Method
Jindal Steel Andhra Limited	49.00%	Equity Method
Jindal Green Wind 1 Private Limited	26.00%	Equity Method
Sunbreeze Renewables Nine Private Limited	26.00%	Equity Method
Jindal Synfuels Limited	70.00%	Full Consolidation
Shresht Mining and Metals Private Limited	50.00%	Equity Method
Urtan North Mining Company Limited	66.67%	Full Consolidation

Source: FY2025 Annual report

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