

December 18, 2025

Rashtriya Ispat Nigam Limited: Ratings reaffirmed with change in outlook to Stable from Positive

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	13,400.00	13,400.00	[ICRA]BB+ (Stable); reaffirmed with change in outlook to Stable from Positive
Long term - Non-fund based - Others	600.00	600.00	[ICRA]BB+ (Stable); reaffirmed with change in outlook to Stable from Positive
Long term/Short term- Fund based - Others	7,085.00	7,085.00	[ICRA]BB+ (Stable)/ [ICRA]A4+; reaffirmed with change in outlook to Stable from Positive
Long term/Short term - Non-fund based - Others	3,350.00	3,350.00	[ICRA]BB+ (Stable)/ [ICRA]A4+; reaffirmed with change in outlook to Stable from Positive
Short term - Fund based - Others	4,565.00	4,565.00	[ICRA]A4+; reaffirmed
Total	29,000.00	29,000.00	

*Instrument details are provided in Annexure I

Rationale

The revision in the outlook on Rashtriya Ispat Nigam Limited's (RINL) long-term rating to Stable from Positive reflects the company's weaker-than-expected earnings and credit metrics. Although RINL achieved periods of elevated capacity utilisation, it was unable to sustain the healthy levels consistently as envisaged earlier owing to disruptions caused by an extended monsoon and operational challenges. This shortfall, coupled with subdued steel prices, has led to the earnings and credit indicators being weaker than envisaged. Consequently, the production volumes and operating leverage were constrained, resulting in lower earnings and weaker credit metrics compared to the earlier expectations. As per ICRA estimates, RINL is expected to report operating profits of Rs. 500–600 crore.

The reaffirmation of the ratings continues to derive comfort from RINL's 100% Central government ownership, and the Rs. 11,440 crore revival package announced in January 2025, of which Rs. 10,644 crore has been received as of November 2025, underscoring the Gol's strong support and its critical role in easing financial stress. The ratings also factor in RINL's large scale and integrated nature of operations and its wide market reach. The ratings also derive comfort from the company's vertically integrated operations, supported by steelmaking facilities through the blast furnace-basic oxygen furnace route, captive coke and sinter-making facilities, a captive power plant and various downstream finished long steelmaking facilities.

However, RINL's ratings continue to be constrained by the company's inability to report profits across business cycles, largely due to sub-optimal key operating parameters like fuel consumption rates, PCI usage, higher conversion costs and relatively high employee costs. RINL's consistent net losses over the last decade led to a significant erosion of its net worth. This resulted in a marked deterioration in its capital structure and a rise in total outside liabilities. ICRA notes that RINL has largely funded its past losses through higher dependence on short-term borrowings and by stretching the creditors, which resulted in sizeable asset-liability mismatches. While the recent Gol infusion provided some relief to the asset-liability mismatch, the position is expected to remain negative in the near term.

RINL's ratings are also constrained by its weak debt protection metrics, a legacy of its sizeable debt-funded capex and loss-making operations. Additionally, its lack of captive raw material sources exposes the company to risks associated with price volatility and availability of raw materials, adversely impacting its cost competitiveness. Further a sizeable proportion of semis/pig iron sale in the overall product mix depresses blended realisations and tempers the profit margins. Also, the ratings

continue to be constrained by the company's exposure to the inherent cyclicity of the steel industry and its vulnerability to volatility in raw material prices and end-product realisations.

ICRA notes the improvement in production volumes following the operationalisation of the third blast furnace in June 2025, alongside the significant progress made in reducing employee costs. This includes the implementation of a VRS for employees in FY2025 and FY2026 and a reduction in the CISF security workforce, resulting in annual cost savings of around Rs. 500-600 crore. However, RINL's operating profits remain subdued at present, making timely debt servicing contingent on continued Government support, higher reliance on short-term borrowings, or extended credit terms from suppliers. While achieving and sustaining optimal capacity utilisation and operational efficiency will be pivotal for generating healthy earnings and enabling progressive deleveraging over the medium term, interim Government support will remain critical in the near term until such improvements materialise on a sustained basis. Both these aspects of near-term support and long-term operational turnaround will be the key monitorables for the credit profile.

The Stable outlook reflects expectations that the company's credit profile for the near to medium term will be supported by improvement in operational performance as well as timely support from the Government.

Key rating drivers and their description

Credit strengths

Status as a sovereign entity, as the company is 100% Government of India owned Navratna PSU; sizeable inflow of long-term funds from the Gol – Being an erstwhile division of Steel Authority of India Limited (SAIL), RINL was incorporated as a separate entity in February 1982. RINL is a 100% Central Government-owned 'Navratna' public sector undertaking under the administrative control of the Ministry of Steel. After the default in June 2024, the Gol infused Rs.500 crore equity in RINL on September 19, 2024, of which Rs. 233 crore was used for statutory payments and the rest was used to open the LC. The Gol also provided a working capital (WC) loan of Rs. 1,140 crore on September 27, 2024. Further, on January 17, 2025, the Cabinet Committee on Economic Affairs (CCEA) approved the revival plan for RINL for Rs. 11,440 crore. The infusion includes Rs. 10,300 crore as equity capital into RINL and conversion of Rs. 1,140 crore working capital loan as 7% non-cumulative preference share capital redeemable after 10 years to keep RINL as a going concern. As on November 30, 2025, RINL has received Rs. 9,504 crore of equity, taking the cumulative amount received from the Gol (since September 2024) to Rs. 10,644 crore. These funds have been primarily utilised towards LC payments, repayment of term loans and working capital borrowings, settlement of GST dues, and employee-related obligations, among other requirements.

Large scale and integrated nature of operations – RINL – with a crude steel capacity of 7.3 MTPA – is the fifth-largest domestic steel maker having a wide market reach. In addition to RINL's large scale, the ratings derive comfort from the company's vertically integrated nature of operations, supported by the crude steelmaking facilities through the blast furnace-basic oxygen furnace route, captive coke and sinter-making facilities, captive power plant, and various downstream finished long steelmaking facilities.

Credit challenges

Weak financial risk profile; sizeable asset-liability mismatch – In the last one decade, the company has reported net profit in only one fiscal, which was at the peak of the commodity rally in FY2022. There has been a steep decline in the company's tangible net worth from around Rs.11,950 crore as on March 31, 2015 to a negative of around Rs. 4,566 crore as on March 31, 2024. Nevertheless, the Gol's equity infusion in FY2025 and FY2026 so far has provided long-term capital to RINL, resulting in a positive net worth of Rs. 2,224.3 crore as on September 30, 2025. RINL's continued loss-making operations have worsened the capital structure and increased the total outside liabilities over the years. While the Gol fund infusion has helped push down external debt by ~23% between March 2024 and November 2025, the credit metrics continue to be weak with the company's interest coverage and DSCR expected to remain below 1.0 times in FY2026.

Also, RINL's net working capital deployed in the business continues to be negative and stood at a negative of around Rs.8,939.2 crore as on March 31, 2025, whereas the short-term/working capital borrowings stood at around Rs.3,282.6 crore as on March 31, 2025. This indicates that over the years, a combination of creditor funding and short-term/working capital borrowings have been used to cover for the PSU's loss-making operations. Reliance on shorter term creditors and working capital borrowings to fund losses has resulted in a sizeable asset liability mismatch of Rs.12,109.2 crore as on March 31, 2025, and consequently a low current ratio of 0.4 times in FY2025. While the infusion of GoI equity has led to a material reduction in RINL's short term borrowings in FY2025 and H1 FY2026 compared to FY2024, the asset liability mismatch is still estimated to remain at an elevated level in the near term. The company needs to generate sustained positive cash accruals to correct the mismatch.

Lack of captive raw material sources expose the company to risks associated with price volatility and availability of raw materials – Iron ore and coking coal remain the principal raw materials used in steelmaking through the blast-furnace route. RINL does not have any captive iron ore or coking coal mines, which adversely impacts its cost competitiveness. The company procures iron ore largely from NMDC Limited's mines in Chhattisgarh. For coking coal, which accounts for 40-45% of RINL's overall cost of production, the company relies largely on imports. However, RINL's shore-based location leads to significant savings in inland freight costs.

Exposed to cyclical inherent in the steel industry – RINL is exposed to the cyclical inherent in the steel industry, which leads to volatility in the revenue and cash flows of the industry players, including RINL. The cash flows and profitability of the company would remain volatile largely because of the fluctuation in steel spreads, given the mismatch in the price movement of raw materials and end products.

Sizeable proportion of semis/pig iron sales depresses blended realisations and consequently tempers profit margins – RINL's finished steel capacity stands at 5.05 mtpa against which the liquid steel capacity stands higher at 7.3 mtpa. Given the capacity constraint at the finished steel lines, RINL sells 8-10% of the output as semis/pig iron (in FY2024/ FY2025) which are low value added compared to the finished steel products, where the margins remain higher. Nevertheless, the management is targeting to reduce the portion of semis by producing round casts and partially outsourcing the conversion of billets into finished steel on job work basis.

Liquidity position: Stretched

The company's liquidity remains stretched despite the recent equity infusions, given the company's weak operating cash flows and sizeable near-term debt obligations of Rs. 1,700-1,800 crore each in FY2026 and FY2027. While the Government of India's support has provided temporary relief, a structural mismatch between cash generation and repayment commitments persists, resulting in continued reliance on timely GoI support and a combination of creditor funding and short-term/working capital borrowings. The GoI is expected to infuse the balance equity portion of Rs.796 crore in December 2025. This is expected to help RINL tide over the funding needs in the near term, as it ramps up its operations.

Rating sensitivities

Positive factors – ICRA may upgrade RINL's ratings if the company is able to improve its earnings significantly by steadily ramping up the operations to the peak rated capacity and thereby leading to a sustained improvement in debt protection metrics and liquidity position.

Negative factors – Negative pressure on RINL's rating may arise if the loss-making operations persist going forward, resulting in a material increase in the total outside liability.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Parent: RINL is 100% owned by the Government of India The assigned rating factors in the financial support by the Government to the rated entity, should there be a need
Consolidation/Standalone	The ratings are based on the consolidated financials of RINL.

About the company

RINL, 100% owned by the Government of India, is a Navratna PSU operating under the administrative control of the Ministry of Steel. In FY1992, the company commissioned a 3-mtpa integrated steel plant in Vizag, specialising only in the long product segment. In April 2015, RINL completed a brownfield capacity of 3.3 mtpa, increasing the liquid steel capacity to 6.3 mtpa. Thereafter, RINL undertook a modernisation programme for the old 3-mtpa facility and added a liquid steel capacity of 1 mtpa, which took its total installed liquid steel capacity to 7.3 mtpa.

Key financial indicators (audited)

RINL (consolidated)	FY2024	FY2025	H1 FY2026*
Operating income	23,323.4	18,449.4	10,209.4
PAT	-4,843.0	-1,423.8	-1,024.9
OPBDIT/OI	-8.4%	-9.3%	2.6%
PAT/OI	-20.8%	-7.7%	-10.0%
Total outside liabilities/Tangible net worth (times)	-7.0	24.1	12.2
Total debt/OPBDIT (times)	-9.5	-6.8	25.3
Interest coverage (times)	-0.9	-0.8	0.4

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; * Unaudited

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Dec 18, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	13,400.00	[ICRA]BB+ (Stable)	Apr 24, 2025	[ICRA]BB+ (Positive)	-	-	-	-	-	-
Non-fund based - Others	Long term	600.00	[ICRA]BB+ (Stable)	Apr 24, 2025	[ICRA]BB+ (Positive)	-	-	-	-	-	-
Fund based - Others	Long term/ Short term	7,085.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	Apr 24, 2025	[ICRA]BB+ (Positive)/ [ICRA]A4+	-	-	-	-	-	-
Non-fund based - Others	Long term/ Short term	3,350.00	[ICRA]BB+ (Stable)/ [ICRA]A4+	Apr 24, 2025	[ICRA]BB+ (Positive)/ [ICRA]A4+	-	-	-	-	-	-
Fund based - Others	Short term	4,565.00	[ICRA]A4+	Apr 24, 2025	[ICRA]A4+	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Term loan	Simple
Long term – Non-fund based - Others	Simple
Long term/Short term - Fund based - Others	Simple
Long term/Short term – Non-fund based - Others	Simple
Short term - Fund based - Others	Simple

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	Fund based - Term loan	NA	NA	FY 2030	13,400.00	[ICRA]BB+ (Stable)
NA	Non-fund based - Others	NA	NA	NA	600.00	[ICRA]BB+ (Stable)
NA	Fund based - Others	NA	NA	NA	7,085.00	[ICRA]BB+ (Stable)/ [ICRA]A4+
NA	Non-fund based - Others	NA	NA	NA	3,350.00	[ICRA]BB+ (Stable)/ [ICRA]A4+
NA	Fund based - Others	NA	NA	NA	4,565.00	[ICRA]A4+

Source: Company

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

Annexure II: List of entities considered for consolidated analysis –

Sr.	Company name	Ownership	Consolidation approach
1	Eastern Investments Limited	51.00%	Full consolidation
2	The Orissa Minerals Development Company Limited	50.01%*	Full consolidation
3	The Bisra Stone Lime Company Limited	50.22%**	Full consolidation
4	International Coal Ventures Private Limited	25.94%	Equity method
5	RINL Powergrid TLT Private Limited	50.00%	Equity method

* Eastern Investments Limited (EIL) holds 50.01% in The Orissa Minerals Development Company Limited

** RINL (0.21%) and EIL (50.01%) collectively hold 50.22 % of the shareholding of The Bisra Stone Lime Company Limited

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