August 04, 2026

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	Financial sector regulator#
Long term - Fund based TL	15,727.00	15,727.00	[ICRA]AA+ (Stable); upgraded from [ICRA]AA (Stable)	RBI
Long term – Non-fund based capex LC	(10,000.00)^	(10,000.00)^	[ICRA]AA+ (Stable); upgraded from [ICRA]AA (Stable)	RBI
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	RBI
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	RBI
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	RBI
Total	**20,727.00**	**20,727.00**		

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

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of financial sector regulators other than SEBI.

Rationale

The upgrade in the long-term rating of Jindal Steel Odisha Limited (JSOL) factors in an improvement in the credit profile of its parent, Jindal Steel Limited {Jindal Steel or the parent; rated [ICRA]AA+; (Stable)/[ICRA]A1+}, coupled with the successful commissioning of JSOL's 6-million-tonnes-per-annum (MTPA) integrated steelmaking facility. ICRA expects JSOL to continue to receive significant operational, financial and management support from parent Jindal Steel and its strategic importance within the Group. Jindal Steel has also extended a corporate guarantee for the project debt raised by JSOL until two years of satisfactory performance post commercial operation, providing additional comfort to the lenders.

The ratings factor in the commissioning of all the major facilities under the expansion project, including the 4.6-MTPA blast furnace and two 3.0-MTPA basic oxygen furnaces commissioned in September 2025 and March 2026, respectively. Consequently, the Jindal Steel Group's liquid steel capacity has increased to 15.6 MTPA from 9.6 MTPA earlier, strengthening its position as among the leading integrated steel producers in India. The completion of the capex programme substantially mitigates the project execution risks, while enhancing the Group's overall scale of operation with steel sales volume expected to improve to 11-11.5 mtpa for the consolidated entity in FY2027. JSOL's sales volume is also expected to reach 3-3.5 million MT in the current fiscal.

The gradual stabilisation of operations is expected to improve the operating profitability, reflected in higher OPBDITA per tonne, thereby resulting in an improvement of the leverage and coverage metrics for the entity. At a consolidated level, Jindal Steel's credit metrics are also expected to remain comfortable with an estimated net debt/OPBDITA of ~1.5 times in FY2027.

In FY2027, ICRA expects a successful ramp-up of the newly commissioned facilities at JSOL to drive a meaningful improvement in the consolidated operating income and profitability. Although domestic hot-rolled coil (HRC) prices have moderated in recent months, they are expected to remain higher compared to the previous year, supported by healthy domestic demand and the safeguard duty protection announced in December 2025. While coking coal costs are also expected to remain elevated, the impact is likely to be largely offset by higher steel prices, resulting in a healthy OPBDITA/tonne in the current fiscal. Further, various ongoing cost optimisation initiatives, including the commissioning of additional captive power generation capacity, development of the Barbil–Angul slurry pipeline, expansion of pellet manufacturing facilities and enhancement of the logistics infrastructure are also expected to enhance the cost competitiveness and improve the entity and the Group's operating profits in the medium term. In addition, the enhanced product mix following the JSOL expansion is expected to improve product diversification and enhance the Group's market positioning.

The ratings continue to be constrained by the inherent vulnerability of the steel industry to the volatility in metal prices as well as the price and supply risks associated with key raw materials, particularly coking coal. In recent quarters, coking coal prices have been rising, exerting pressure on the margin, though this has been offset to an extent by better steel realisations. The ratings also remain constrained by the company's exposure to regulatory and policy-related risks inherent in the mining sector. JSOL further remains exposed to forex risks, given its dependence on imports to meet coking coal requirement.

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 comfortable 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.

Key rating drivers and their description

Credit strengths

Commissioning of integrated facilities expected to result in a substantial increase in scale and profitability – JSOL successfully commissioned its manufacturing facilities in March 2026, enhancing the Group's steel-making capacity to 15.6 mtpa from 9.6 mtpa. The Group's operations have 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, with steel sales volume seen to improve to 11-11.5 mtpa in FY2027 for the consolidated entity. JSOL's sales volume is also expected to reach around 3-3.5 million MT in the current fiscal. The gradual stabilisation of operations is expected to improve the operating profitability, reflected in higher OPBDITA per tonne, thereby resulting in an improvement in the leverage and coverage metrics for the entity. At a consolidated level, Jindal Steel's credit metrics are also expected to remain comfortable with an estimated net debt/OPBDITA of ~1.5 times in FY2027.

Wholly-owned subsidiary of Jindal Steel, which has a strong financial risk profile – JSOL is a wholly-owned subsidiary of Jindal Steel {rated [ICRA]AA+(Stable)/A1+}, one of India's leading primary steel producers. Jindal Steel 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 has helped enhance the Group's consolidated steelmaking capacity to 15.6 mtpa, thereby facilitating benefits of economies of scale. Jindal Steel has also extended a corporate guarantee for the project debt raised by JSOL until two years of satisfactory performance post commercial operation, providing additional comfort to the lenders.

Parent entity's established track record of successful commissioning of greenfield/brownfield capacities – Jindal Steel 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 ramp-up and operational risks for JSOL. It is also noted that the proximity of JSOL's project site to Jindal Steel'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 Jindal Steel's consolidated leverage and coverage indicators to remain healthy.

Credit challenges

Inherent vulnerability of the 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 its profitability may be volatile depending on the operating environment. The entity's parent, Jindal Steel, 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 Jindal Steel'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 Jindal Steel has acquired a new coal mine and has been declared as a preferred bidder for 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 over the medium term.

Liquidity position: Adequate

The liquidity position is expected to remain adequate, supported by the commissioning of facilities (pellet plant – I, HSM,BF, BF-BOF etc). Moreover, the fund flow from operations is expected to be more than ~Rs. 1,300 crore in FY2027 and there are no principal repayment obligations in the current fiscal. JSOL's liquidity position is also supported by the liquidity of its parent entity, whose ability to fund any additional equity requirements provides comfort. Jindal Steel 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 in case of a weaker-than-expected 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 of the linkages/strength of support from the parent could be the negative triggers.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Parent/Group Company: **Jindal Steel Limited** ICRA expects Jindal Steel [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 Jindal Steel share a common name, which in ICRA's opinion would persuade Jindal Steel 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, having capacity of a6-mtpa integrated steel plant at Angul, Odisha, near the already existing plant of Jindal Steel Limited. The Project has now been commissioned. 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	FY2025	FY2026*
Operating income	10,580	16,610
PAT	(26)	(38)
OPBDIT/OI	5.6%	7.4%
PAT/OI	-0.2%	-0.2%
Total outside liabilities/Tangible net worth (times)	1.6	2.0
Total debt/OPBDIT (times)	17.7	11.6
Interest coverage (times)	1.8	1.7

*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; *Provisional numbers*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
	Type	Amount rated (Rs. crore)	Aug 04, 2026	Date	Rating	Date	Rating	Date	Rating
Fund based - Term loan	Long term	15,727.00	[ICRA]AA+ (Stable)	Oct 10, 2025	[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)^	[ICRA]AA+ (Stable)	Oct 10, 2025	[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 10, 2025	[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 10, 2025	[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 10, 2025	[ICRA]AA (Stable)/ [ICRA]A1+	Oct 30, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+	Mar 28, 2024	[ICRA]AA- (Stable)/ [ICRA]A1+

^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	Simple
Long/Short term –Fund based – Working capital facilities	Simple
Long/Short term –Non-fund based facilities	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	Financial sector regulator#
NA	Term loan	Feb 2022	NA	FY2039	15,727.00	[ICRA]AA+ (Stable)	RBI
NA	Non-fund based (Capex LC)	NA	NA	NA	(10,000.00)^	[ICRA]AA+ (Stable)	RBI
NA	Fund based – Working capital facilities	NA	NA	NA	500.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	RBI
NA	Non-fund based facilities	NA	NA	NA	1,500.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	RBI
NA	Unallocated	NA	NA	NA	3,000.00	[ICRA]AA+ (Stable)/ [ICRA]A1+	RBI

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

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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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ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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