Jindal Stainless Limited

March 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long-term bank facilities	5,500.00	CARE AA; Stable	Reaffirmed
Short-term bank facilities	11,400.00	CARE A1+	Reaffirmed
Non-convertible debentures	287.50 (Reduced from 475.00)	CARE AA; Stable	Reaffirmed
Non-convertible debentures	1,000.00	CARE AA; Stable	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to existing bank facilities/instruments and assignment of new rating to the ₹1,000 crore non-convertible debenture (proposed NCD) of Jindal Stainless Limited (JSL) factors in continued resilient performance as demonstrated by its consistently improving sales volumes and sustained profit before interest, lease rentals, depreciation, and taxation (PBILDT) above ₹20,000 per tonne in the last three fiscals (FY22-FY24; FY refers to April 01 to March 31). The reaffirmation factors sustained improvement in the company's financial risk profile, emanating from deleveraging undertaken by the company over the past few years, resulting in healthy debt coverage metrics.

The rating strength is further derived comfort from JSL's well-established position in the stainless steel (SS) industry and strength derived from being the largest SS producer in the domestic market, its diversified product portfolio (across various series and grades of stainless steel) with production facilities across multiple key strategic geographies. JSL's strategic focus towards increasing its share in value-added products, combined with its flexibility to shift between domestic and export markets, has enabled it to effectively withstand adverse industry cycles. The collaborative agreement of JSL with New Yaking Pte Limited to acquire 49% stake in Nickel Pig Iron (NPI) smelter facility in Indonesia, reflects consistent efforts of the management to enable a strong operational integration. This facility has already commenced operation in Q2FY25 (prior to scheduled commissioning in April 2025). This project involved a cost of ~₹1,200-1,300 crore (US$ 157 million). CARE Ratings expects significant synergistic benefit from this collaborative facility, with an annual nickel pig iron (NPI) capacity of 2 lakh metric tonne comprising 14% Nickel content.

The company is setting up SMS facility in Indonesia via a 49% collaborative joint venture agreement (as JSL acquired 100% stake in Sulawesi Nickel Processing Industries Holdings Pte. Limited). This facility will bring in additional 1.2 million tonnes per annum (mtpa) steel melting capacity for JSL at a cost of ~₹715 crore. JSL has also acquired 100% stake in Chromeni Steels Limited (formerly known as Chromeni Steels Private Limited) for ₹1,618 crore which supports the company in terms of additional cold rolling facility, while bringing in surplus land bank to support further expansion plans, catering to the market demand of cold rolling products, as well as diversifying its geographical presence in western India market. This increased capacity of its cold-rolling facility will allow JSL to remain in line with the long-term vision of increasing the proportion of cold rolled products in its product mix. CARE Ratings also takes note of ₹5,700 crore capex (inclusive of expenditure for acquisition of remaining 46% stake for ₹278 crore in Chromeni Steels Limited) announcement made by the management. Despite of increase in consolidated debt due to prominent acquisitions as well as working capital demand, we expect to witness improvement leverage ratios from FY26 onwards on account repayments being supported by additional earnings from these acquisitions and expansions itself.

However, the ratings remain partially offset by the volatile nature of raw material prices (primarily nickel and chrome), domestic demand for stainless steel being offset by dumping from cheaper Chinese imports (via Vietnam and other ASEAN FTA route), geo-political trade wars, forex fluctuations and the cyclical nature of the SS industry. Ensuring stringent control over existing capex activity, meeting completion timelines and without cost overrun will continue to remain a key monitorable for CARE Ratings.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Envisaged growth in JSL's sales volumes and PBILDT per tonne above ₹20,000 (consolidated) on a sustained basis
- Improvement in overall gearing to below 0.50x.
- Total debt (including acceptances)/PBILDT below 2.00x on a sustained basis.

[1]Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Negative factors

- Significant decline in the group's sales volumes and PBILDT per tonne below ₹15,000 (consolidated) on a sustained basis.
- Any unforeseen large debt-funded capex/ acquisition deteriorating the group's overall gearing beyond unity.
- Total debt (including acceptances)/PBILDT above 3.0.

Analytical approach: Consolidated
CARE Ratings has considered the consolidated approach on account of significant operational and financial linkages of JSL with its subsidiaries. The list of entities whose financials have been considered in JSL's consolidated financials is listed under Annexure 6.

Outlook: Stable
The stable outlook is on the grounds of dominant market position of JSL in the stainless-steel industry, which coupled with favourable demand scenario in the domestic market and ramping-up of the added capacity shall enable it to sustain healthy business and financial risk profile over the medium-to-long-term period.

Detailed description of key rating drivers:

Key strengths

Optimising operational performance while sustained profitability
The company holds a track record of signifying strong operational performance over the years. The sales volume of the company improved from 1.76 MTPA in FY23 to 2.17 MTPA in FY24, which is ~23% increase. In 9MFY25, the reported sales volume remained at 1.73 MT, which was almost 8% increase on y-o-y basis, however the total income from operations remained in moderation due to decline in realisations across the industry. In the last four years, the sales volume grew at a compound annual growth rate (CAGR)of ~9.00% (inclusive of inter party sale to Jindal Stainless Hisar Limited until FY22) and CAGR of ~18.00% (exclusive of inter party sale to Jindal Stainless (Hisar) Limited until FY22). While holding trend of increasing volumes, the company also witnessed significant improvement in its PBILDT per tonne of volume sold. The PBILDT remained above ₹20,000 per tonne in the last three years, despite witnessing volatile market dynamics and raw material price fluctuations.

Dominant market position in domestic as well as international market
JSL is the largest domestic manufacturer of stainless steel and also one of the dominant players in the international market. It's prominent product type includes stainless steel in 200, 300 and 400 grade and duplex stainless-steel products. The prominent products range includes stainless steel slabs, blooms, coils, plates, sheets, precision strips, wire rods, rebars, blade steel, and coin blanks. The company is the world's largest producer of chrome manganese steel. According to the management, the total domestic consumptions of ~4.39 MTPA for stainless steel in FY24, JSL alone accounted for almost ~50% of the demand during the year. JSL operates 16 stainless steel manufacturing and processing facilities across India, Spain, and Indonesia. Their extensive network spans 15 countries globally. In India, they have established ten sales offices and six service centres to better serve their customers. The primary manufacturing facilities in India are located in Jajpur, Odisha, and Hisar, Haryana.

Favourable demand outlook for stainless steel industry
The consumption demand for stainless steel in the domestic market itself has increased from 3.5 million tonnes in FY20 to 3.9 million tonnes in FY23 and ~4.39 million tonnes in FY24, which is further expected to grow at a CAGR of ~8-10% over the next three years. As per global average, the stainless-steel consumption stands at ~6kg, which is as low as 2.8kg in India, leaving a high untapped potential for players such as JSL to expand and create a product awareness further. Significant growth is observed in sectors such as automotive and railways, with initiatives such as the Vande Bharat programme and the PM Gati Shakti project boosting demand. Emerging sectors like ethanol blending, renewable energy, and process industries also contribute to rising demand.

JSL's management is consistently evaluating and anticipating the oncoming demand for SS and simultaneously taking up its expansion plans for the same. The recent ongoing expansion in Indonesia will bring in additional 1.2 MTPA of melting capacity for the company, resultant the new consolidated capacity for JSL will be above 4.2 MTPA which is expected to ensure seamless supply for the rising demand for next few years. This facility is expected to be commissioned in FY27. The company is also expanding its downstream facilities (organically and inorganically) and is further diversifying into more products stream. Acquisitions such as Chromeni Steels Limited, also bring strategic advantage to the company. This acquisition will also provide an option to JSL for brownfield expansion (if required).

The industry faces challenges from heavily subsidised imports from Chinese and Indonesian, necessitating intervention of the Central government. The Indian SS industry is well-equipped to meet domestic demand and facilitate substitution for most of the import demand for products categories such as stainless steel.

Backward integration of nickel supply through NPI facility in Indonesia

In March 2023, JSL entered a collaborative agreement with New Yaking Pte Limited for a 49% stake in their Nickel Pig Iron (NPI) smelter facility in Indonesia for a consideration of US$157 million. JSL collaborated with the company in constructing and operating the facility. This facility is commissioned in Q2FY25 and is operating at ~65% utilisation already. Nickel supply and price is constantly subject to market, logistical and geopolitical constraints, thereby embedding volatility in the cost of procuring raw material. This agreement will allow seamless supply of nickel, resulting in improved raw material security and maintaining consistent margins given volatility witnessed in global prices of nickel while factoring in India's deficiency for nickel deposits. The company is also in process up a SMS facility in Indonesia at a cost of ~₹700 crore. The facility is planned to be commissioned by FY27 with an annual melting capacity of 1.2 million tonne per annum.

Healthy debt profile of the company

JSL holds a healthy debt profile with a total debt amounting to ₹6,788 crore (exclusive of letter of credit (LC) acceptances amounting to ₹3,522). As on March 31, 2024, the overall gearing stood at 0.72x only. The company envisage a long-term plan of ensuring net debt to PBILDT of below 1.5x, which stands at 1.74x inclusive of LC acceptances and 1.01x exclusive of LC acceptances. Going forward, CARE Ratings expects improvement in overall, given majority capex against the guidance of ₹5,700 crore has been already deployed and no near term capex is being envisaged by the company. Increase in term loan in FY24 and 9MFY25, was on account of back-to-back acquisitions made by the company. However, profitability from these entities and support of JSLs operation, will suffice repayment of additional debt burden.

Key weaknesses

Exposure to raw material price volatility and forex fluctuation risks

The company's primary raw materials include SS scrap, nickel and ferrochrome ore, prices of which remain volatile, considering these are commodity products. Nickel prices have continued to remain volatile, and adverse movement in raw material prices may adversely impact the group's margins due to time lag between procurement and passing it on to customers.

Through collaboration with New Yaking Pte Limited for a 49% JV in their Nickel Pig Iron (NPI) smelter facility in Indonesia, which will provide output of 14% Ni content, JSL aims to minimise its external dependency, reduce the risk associated with price volatility of nickel given its high scarcity domestically. CARE Ratings notes that India being net importer of nickel, the group remains exposed to the foreign exchange risk, which is partly mitigated by hedging on imports and exports; and the group remains exposed to the extent of its unhedged exposure. SS scrap prices are also determined by global demand-supply dynamics, as well as the discounts on nickel negotiated between scrap suppliers and SS mills across different geographies.

Cyclicality remains inherent in stainless steel industry

The SS industry moves closely with business cycles, including growth in economy and seasonal changes in demand-supply situations in the end-user segments. Apart from the domestic market, the demand-supply situations in global markets, especially in large commodity-producing and consuming countries, such as China, has a significant bearing on the seaborne trade of SS and volumes and margins of global industry players. Susceptibility to competition from imports and smaller domestic players especially in the 200-grade series has led to a decline in capacity utilisation in the segment. However, for manufacturers like JSL, the pervasive presence across the value chain and a higher share of value-added products provides better protection against cyclicality and related fluctuations in prices of commoditised stainless-steel products. The Indian stainless steel industry faces pressure from increased Chinese imports via ASEAN, despite new BIS grades and proposed higher customs duties offering some relief.

Liquidity: Strong

The company's liquidity position remains strong supported by healthy cash accruals of ₹2,617 crore till December 31, 2024, against a term debt repayment obligation of ₹124 crore in Q4FY25 and almost ₹803 crore in FY26. The liquidity profile is further supported by strong envisaged cash accruals for FY26 and FY27, which will be more than adequate to cover its oncoming scheduled repayment obligations. The company had cash and cash equivalents of ₹1,600 crore as on December 31, 2024. The average working capital utilisation (fund based) of JSL stood moderate at 43% for 12 months ending November 31, 2024 while 45% for the non-fund-based facilities ending November 31, 2024 leaving sufficient cushion with the entity for short term exigencies and mismatches. The management envisaged a capex of ~₹5700 crore in next three years.

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	1. Air and GHG Emission reduction by focussing on renewable energy, implementing emission management systems and committed to net zero carbon emissions by 2050. 2. Majority recycled material utilised, including steel scrap and water.
Social	1. Implemented safety measures to achieve "accident free steel". 2. Learning and development programs such as "Parivartan" and "Arohan" initiated.

Governance	1. Well-defined policies in place to ensure transparent operations. 2. Best practices of the industry incorporated.

Applicable criteria

Consolidation
Definition of Default
Liquidity Analysis of Non-financial sector entities
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 & mining	Ferrous metals	Iron & steel

JSL is a part of the Ratan Jindal Group and is the leading integrated SS producers in the country with steel melting capacity of 3.00 MTPA, as on December 31, 2024. The manufacturing facilities are located at Jajpur (Odisha) and Hisar (Haryana). The company also has a captive thermal power plant, captive ferrochrome facilities, captive chromite mine, stainless steel melting, rolling mill and downstream value-added facilities. It manufactures stainless steel slabs and hot-rolled/cold-rolled coils and sheets and is also engaged in the production of specialty SS, which are high value-added products, including precision strips and defence products.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9M FY25 (UA)
Total operating income	35,768	38,756	29,311
PBILDT	3,586	4,704	3,803
PAT	2084	2693	1,910
Overall gearing (times)	0.71	0.72	-
Interest coverage (times)	11.05	8.49	8.23

A: Audited UA: Unaudited; Note: these are latest available financial results

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Debentures-Non Convertible Debentures	Proposed	NA	NA	Proposed	1,000	CARE AA; Stable
Debentures-Non Convertible Debentures	INE220G07119	24-Feb-2022	7.73	24-May-2025	187.50	CARE AA; Stable
Debentures-Non Convertible Debentures	INE220G07127	28-Sep-2022	8.62	28-Sep-2026	99.00	CARE AA; Stable
Debentures-Non Convertible Debentures	Proposed	-	-	Proposed	1.00	CARE AA; Stable
Fund-based - LT-Term Loan		-	-	30-09-2032	4250.00	CARE AA; Stable
Fund-based - LT-Working Capital Limits		-	-	-	1250.00	CARE AA; Stable
Non-fund-based - ST-BG/LC		-	-	-	11400.00	CARE A1+

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Debentures-Non Convertible Debentures	LT	-	-	-	-	-	1)Withdrawn (24-Jun-21)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)CARE A (CW with Developing Implications) (01-Jul-21) 2)Withdrawn (01-Jul-21)
3	Non-fund-based - ST-BG/LC	ST	-	-	-	-	-	1)Withdrawn (01-Jul-21)

								2)CARE A1 (CW with Developing Implications) (01-Jul-21)
4	Fund-based - LT-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (01-Jul-21) 2)CARE A (CW with Developing Implications) (01-Jul-21)
5	Fund-based - LT-External Commercial Borrowings	LT	-	-	-	-	-	1)Withdrawn (24-Jun-21)
6	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (24-Jun-21)
7	Fund-based - LT-Term Loan	LT	4250.00	CARE AA; Stable	1)CARE AA; Stable (09-Oct-24) 2)CARE AA; Stable (05-Apr-24)	1)CARE AA; Stable (06-Oct-23)	1)CARE AA-; Stable (10-Oct-22)	1)CARE AA-; Stable (25-Mar-22)
8	Fund-based - LT-Working Capital Limits	LT	1250.00	CARE AA; Stable	1)CARE AA; Stable (09-Oct-24) 2)CARE AA; Stable (05-Apr-24)	1)CARE AA; Stable (06-Oct-23)	1)CARE AA-; Stable (10-Oct-22)	1)CARE AA-; Stable (25-Mar-22)
9	Non-fund-based - ST-BG/LC	ST	11400.00	CARE A1+	1)CARE A1+ (09-Oct-24) 2)CARE A1+ (05-Apr-24)	1)CARE A1+ (06-Oct-23)	1)CARE A1+ (10-Oct-22)	1)CARE A1+ (25-Mar-22)
10	Debentures-Non Convertible Debentures	LT	287.50	CARE AA; Stable	1)CARE AA; Stable (09-Oct-24) 2)CARE AA; Stable (05-Apr-24)	1)CARE AA; Stable (06-Oct-23)	1)CARE AA-; Stable (10-Oct-22)	-

10	Debentures-Non Convertible Debentures	LT	1,000.00	CARE AA; Stable	-	-	-	-

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: Complexity level of instruments rated

Sr. No.	Name of the Instrument	Complexity Level
1	Debentures-Non Convertible Debentures	Simple
2	Fund-based - LT-Term Loan	Simple
3	Fund-based - LT-Working Capital Limits	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here]

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	PT. Jindal Stainless Indonesia	Full	Strong operational financial linkages between entities
2	Jindal Stainless FZE	Full	
3	JSL Group Holding Pte. Limited	Full	
4	Iberjindal, S.L.	Full	
5	Jindal Stainless Park Limited	Full	
6	JSL Super Steel Limited (formerly known as Rathi Super Steel Limited) (Added from 16 November 2022)	Full	
7	Jindal Stainless Steelway Limited	Full	
8	Jindal Lifestyle Limited	Full	
9	JSL Logistics Limited	Full	
10	Green Delhi BQS Limited	Full	
11	Jindal Quanta Limited	Full	
12	Sungai Lestrari Investment Pte Ltd (From 17 April 2023)	Full	
13	Jindal United Steel Limited	Full	
14	Jindal Coke Limited	Proportionate	
15	PT Cosan Metal Industry	Proportionate	

16	Rabirun Vinimay Private Ltd	Full	
17	Renew Green (MHS One) Pvt. Ltd.	Proportionate	
18	Chromeni Steels Limited	Full	
19	Evergreat International Investment Pte. Ltd	Full	
20	Sulawesi Nickel Processing Industries Holding Pte. Ltd	Full	
21	PT Glory Metal Indonesia	Proportionate	

Note on complexity levels of rated instruments: CARE 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.

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About us:

Established in 1993, CARE Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the RBI. With an equitable position in the Indian capital market, CARE Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CARE Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CARE Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit.

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