

## Neelachal Ispat Nigam Limited

September 15, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term / Short Term Bank Facilities	2,000.00	CARE AA; Stable / CARE A1+	Reaffirmed

Details of instruments/facilities in Annexure-1.

### **Rationale and key rating drivers**

The reaffirmation of the ratings assigned to the bank facilities of Neelachal Ispat Nigam Limited (NINL) continues to factor the operational and management linkages, being a wholly owned subsidiary of Tata Steel Limited (rated 'CARE AA+; Stable/CARE A1+'). The rating further considers the optimum utilisations of the plant, shift towards value-added product with focus on TMT bar sales (instead of pig iron sales earlier) and absence of any external long-term debt as on June 30, 2025. The earlier operational challenges in the company have been gradually resolved over past 1-2 years resulting in the company recording healthy turnaround in profitability since FY25.

During FY25 (FY refers to the period from April 01 to March 31), the total sales volumes was 0.93 million tonnes, comprising 0.90 million tonnes (MT) of TMT bars and 0.03 MT of pig iron sales. The contribution of TMT bars has improved from 57% in FY23 (during the period of acquisition) to 64% in FY24 and entirely to 97% in FY25. The company has completed majority of its debottlenecking and upgradation/refurbishment activity in FY23 and FY24, which has resulted into improving operating efficiency for the company over the last two fiscals. This has also resulted in improvement in operating profits (PBILDT-Profit before interest lease, depreciation and taxes) of NINL which had earlier been modest at ₹79 crores for FY24 and have improved to around ₹1,050 crores for FY25.

Henceforth, going ahead the operating profits are expected to sustain with continued majority sales coming from TMT bars. While during Q1FY26, NINL has seen a YoY decline in net sales to ₹927 crores due to lower deliveries at 0.15 million tonnes due to maintenance shutdown activity. That being said, the PBILDT/tonne continued to remain healthy for Q1FY26, and the company management expects the volume deliveries to pick up during balance period of FY26.

The ratings further factors in the significant support extended by the parent in the form of both, equity and debt financing. TSL had invested ₹12,100 crore for acquiring the entity and completely paid off its external debt liability, and currently, there is nil external long-term debt outstanding in the company as on June 30, 2025. NINL continues to operate with marginal fund-based limits at the current capacity. As on March 31, 2025, total debt comprises only the Non-Convertible Redeemable Preference Shares (NCRPS), which are subscribed by the parent company.

NINL remains strategically important to TSL given the huge land bank availability for capacity expansion (with option to expand from existing 1.1 MTPA to 10 MTPA), captive iron ore mines and close proximity to existing facilities of TSL in Kalinganagar. Any major-debt funded for this will remain a key rating monitorable. However, CARE Ratings Limited (CareEdge Ratings) understands that the capex for NINL is expected to be done only in a phased manner post-commercialisation and stabilisation of the recently commissioned incremental 5 MTPA capacity of TSL at Kalinga Nagar.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careratings.com](http://www.careratings.com) and other CARE Ratings Limited's publications.

The ratings are, however, tempered by the presence of the company in the highly cyclical steel industry, the forex exposure and commodity pricing risk. Additionally, NINL plant lacks in terms of rolling capacity for manufacturing of TMT bars, with dependence on TSL or other third parties for conversion of billets into TMT bars.

### **Rating sensitivities: Factors likely to lead to rating actions**

#### **Positive factors- Factors likely to lead to positive rating action**

- Sustained improvement in the scale of operations and net debt (incl. NCRPS)/PBILDT below 2x.
- Improvement in the credit profile of TSL.

#### **Negative factors- Factors likely to lead to negative rating action**

- Deterioration in the credit profile and/or weakening of linkages with TSL.
- Any unforeseen debt-funded capex undertaken by the company, significantly impacting its existing capital structure.

### **Analytical approach:**

Standalone, however strong operational and financial linkages with the parent- Tata Steel Limited is considered while arriving at the rating for NINL. Resultantly, CareEdge Ratings has applied its parent notching framework.

### **Outlook: Stable**

Post takeover, the company has been continuously operating at its rated capacity with most of the operational challenges being gradually resolved. The stable outlook also reflects the expectation of continued operational and financial support and the inclusion in TATA Steel group, providing the company with strong financial flexibility.

### **Detailed description of key rating drivers:**

#### **Key strengths**

##### **Experienced management of Tata Steel**

Tata Steel Long products (ceased and merged with Tata Steel in October 2023) acquired NINL in July 2022 at a consideration of ₹12,100 crore. TATA Steel Limited is one of the leading players in the iron and steel industry (more than 10 decades) with a total capacity of 35.3 MTPA (million tonnes per annum) as on March 31, 2025, globally. TSL directly holds 100% stake in NINL as on date. TSL has done similar turnaround with some of the acquired companies including Bhushan Steel Limited and Usha Martin Limited.

##### **Strategic importance of NINL to TSL**

The plant is located adjacent to TATA Steel Kalinga Nagar steel complex, which has recently been expanded from 3 MTPA to 8 MTPA. NINL to enable the growth aspirations of TSL in the long products due to availability of huge land bank area of 2500 acres, proximity to existing operations of TSL at Kalinga Nagar and captively held iron ore reserves of more than 90 tonnes held under NINL. Further, Senior Management of Tata Steel ((i) Mr. T.V Narendran – CEO & MD (ii) Mr. Koushik Chatterjee – (ED & CFO) are part of NINL board of directors. TSL has full management control over NINL.

#### **Improvement in standalone performance of NINL.**

NINL has resumed operations from July 2022 and has been ramping up all the operations which had been stalled under the previous management. The plant capacity utilisation has been close to its rated capacity for FY24 and FY25. Resultantly, NINL recorded sales volumes of 1.01 MT of which 65% deliveries comprise TMT bars, the rest being pig iron during FY24. For FY25, the company has entirely focused on TMT bars delivering 0.93MT of which 0.90MT was TMT bars. While there have been operational issues in the allied infrastructure which until FY24, the same have been resolved and the company's operating profit

has normalised to healthy levels delivering net cash flow from operations of ₹1,292 crores during FY25. Going ahead as well, we expect the PBILDT/tonne to sustain at the existing healthy levels owing to 100% captive mines for iron ore (having no bid premium). However, PBILDT/tonne would be slightly lower than the benchmarks due to lack of rebar mill at NINL required for the rolling of billets into TMT. NINL is converting its Billets into Rebars in collaboration with Tata Steel Planning and Steel Processing Centres team. Also, in synergy with the marketing/sales team of Tata Steel rebars are being introduced under the Tata Tiscon brand in the market.

### **No external debt obligation**

As per the terms at the time of acquisition, the company has honoured all the external obligations of the company, and as on March 31, 2025, it does not have any external debt. In addition, the new promoters have infused funds to support the operations. Only working capital limits exist which are hardly utilised (avg. utilisation for trailing 12 months ended July 2025 at 1.5%). Cash & liquid investments stood at Rs.998 crores as on June 30, 2025. For FY25, the tangible net worth has continued to be negative after considering NCRPS as debt in our analysis due to historically accumulated losses under the earlier management.

### **Key weaknesses**

#### **Cyclical nature of the steel industry**

The steel industry is sensitive to the shifting business cycles, including changes in the general economy, interest rates, and seasonal changes in the demand and supply conditions in the market. Apart from the demand-side fluctuations, the highly capital-intensive nature of steel projects along with the inordinate delays in the completion hinders the responsiveness of the supply side to demand movements. Furthermore, the producers of steel products are essentially price-takers in the market, which directly expose their cash flows and profitability to the volatility of the steel industry.

#### **Commodity price fluctuation and forex risks**

Commodities are essential inputs to the manufacturing of steel. These commodities have global supply chains, and their prices get significantly impacted by various factors such as geo-political landscape, supply-demand imbalance, weather patterns, policy interventions by governments in key sourcing or consuming countries (especially China), increasing financialization of commodities markets, etc. The changing prices of coal and iron are generally reflected through adjustments in the steel prices, which help in managing long-term price trends. The parent- TSL on behalf of NINL enters into long-term contracts with raw material vendors for the bulk of its requirements instead of depending entirely on the spot market. Owing to the high dependence on imports for its coking coal requirement, the company remains exposed to forex risks, however, the company has entered into forward contract to hedge the forex risks.

#### **Liquidity: Adequate**

The liquidity position of the company is adequate, with cash and liquid investments of ₹998 crores as on June 30, 2025 (including mutual funds). In addition, the company has sanctioned working capital limits of ₹1,010.00 crore (of which ₹500.00 crores is towards fund-based) which are hardly utilised. This provides sufficient cushion in terms of additional fund requirement if any. The company has no term debt obligations, and any planned capex will be done primarily by the funding support of TSL and internal accruals.

#### **Assumptions/Covenants** Not applicable

#### **Applicable criteria**

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[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

Neelachal Ispat Nigam Limited (NINL) was an associate company of MMTC Limited (rated CARE D; INC) was incorporated in 1982 to set-up an Integrated Steel Plant (ISP) to undertake the manufacturing and sale of pig iron. TATA Steel Limited through its subsidiary TATA Steel Long Products (TSLP) emerged as the preferred bidder the Letter of Intent (LoI) and the sale of stake by MMTC in NINL was completed as on July 4, 2022, and the management control of the company was taken over by TSLP. Tata Steel Long products ceased and merged with Tata Steel in October 2023, resulting in Tata Steel becoming the direct parent of NINL.

Brief Financials (₹ crore)	FY2024 (A)	FY2025 (A)	Q1FY26 (UA)
Total operating income	5,505	5,701	927
PBILDT	79	1,050	220
PAT	(639)	329	23
Overall gearing (times)	-1.94	-2.42	n.a.
Interest coverage (times)	0.14	1.67	1.25

A: Audited UA: Unaudited; Note: these are latest available financial results, n.a.- not available

**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
Fund-based/Non-fund-based-LT/ST		-	-	-	1010.00	CARE AA; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	990.00	CARE AA; Stable / 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 2025-2026	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
1	Debentures-Non Convertible Debentures	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
3	Non-fund-based - ST-BG/LC	ST	-	-	-	-	1)CARE D (RWP); ISSUER NOT COOPERATING * (22-Jun-23) 2)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
4	Fund-based - LT-Cash Credit	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
5	Bonds	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
6	Term Loan-Long Term	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
7	Non-fund-based - ST-BG/LC	ST	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	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
8	Fund-based - LT-Term Loan	LT	-	-	-	-	1)Withdrawn (22-Jun-23)	1)CARE D (RWP); ISSUER NOT COOPERATING * (27-Dec-22)
9	Fund-based/Non-fund-based-LT/ST	LT/ST	1010.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (04-Oct-24)	1)CARE AA; Stable / CARE A1+ (21-Aug-23)	-
10	Fund-based/Non-fund-based-LT/ST	LT/ST	990.00	CARE AA; Stable / CARE A1+	-	1)CARE AA; Stable / CARE A1+ (04-Oct-24)	1)CARE AA; Stable / CARE A1+ (21-Aug-23)	-

\*Issuer did not cooperate; based on best available information.

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	Fund-based/Non-fund-based-LT/ST	Simple

#### Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

**Note on complexity levels of rated instruments:** CareEdge 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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