JAYASWAL NECO INDUSTRIES LIMITED
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21st August, 2025

To

National Stock Exchange of India Limited	**BSE Limited**
Scrip Symbol: JAYNECOIND	**Scrip code: 522285**
Through: NEAPS	**Through**: BSE Listing Centre

Dear Sir/Madam,

Sub.: Disclosure under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Credit Rating - Long Term Issuer Rating and Outlook of the Company.

With reference to the above-mentioned subject matter, we wish to state that India Ratings and Research Private Limited has upgraded the Company's **Long-Term Issuer Rating by two notches**, from 'IND BBB- (Investment Grade Rating)' to **'IND BBB+** (Investment Grade Rating)'. The **outlook remains stable**. This was announced in its press release dated 21st August, 2025.

A copy of the Press Release is enclosed herewith for your reference.

We request you to take this on record.

Thanking you,

Yours faithfully,

For Jayaswal Neco Industries Limited

Ashish Srivastava
Digitally signed by Ashish Srivastava
Date: 2025.08.21 17:10:00 +05'30'

JAYASWAL NECO INDUSTRIES LIMITED NAGPUR

Ashish Srivastava
Company Secretary & Compliance Officer
Membership No. A20141

Encl: As above.

India Ratings Upgrades Jayaswal Neco Industries to ‘IND BBB+’; Outlook Stable

Aug 21, 2025 | Ferro & Silica Manganese

India Ratings and Research (Ind-Ra) has upgraded Jayaswal Neco Industries Limited’s (JNIL) Long-term Issuer Rating to ‘IND BBB+’ from ‘IND BBB-’. The Outlook is Stable. The detailed rating action is as follows:

Details of Instruments

Instrument Type	Date of Issuance	Coupon Rate	Maturity Date	Size of Issue (million)	Rating assigned along with Outlook/Watch	Rating Action
Issuer Rating	-	-	-	-	IND BBB+/Stable	Upgraded

Analytical Approach

Ind-Ra continues to take a standalone view of JNIL while reviewing the rating.

Detailed Rationale of the Rating Action

The upgrade reflects the sanction approval for refinancing JNIL's high-cost non-convertible debentures (NCDs) at a lower cost and better terms, resulting in a higher-than-Ind-Ra-expected improvement in the credit profile and enhanced financial flexibility in FY27. The rating reflects Ind-Ra’s expectation that JNIL will exercise the early repayment option and fully redeem the high-cost outstanding debentures on 14 December 2025, along with the final interest due. The rating also reflects a higher-than-Ind-Ra-expected debt reduction in FY25 and 1QFY26, due to the prepayment of principal and interest accrued but not due from April 2024-June 2025 using cash accruals, resulting in an improved credit profile.

The rating reflects Ind-Ra’s expectation of JNIL's improved operational and financial profile in FY26 due to increased capacity utilisation and higher sales volumes. This is driven by the timely completion and ramp-up of capex related to blast furnace (BF) maintenance and upgrades, along with the general repairs carried out in FY25. The rating continues to reflect JNIL's established operational track record along with its strong market position in the domestic alloy steel manufacturing industry. The rating considers the company’s integrated nature of operations including captive iron ore mines, captive power and a high proportion of value-added products. However, the rating is constrained by the company’s low financial flexibility, given the lack of banking credit relationships. JNIL's ability to successful tie-up funds from domestic lenders will be a key monitorable. Furthermore, the agency will continue to monitor the ongoing legal case regarding the coal block scam and any potential adverse rulings against the promoters.

List of Key Rating Drivers

Strengths

- Likely debt refinancing to support liquidity and financial flexibility
- Improved EBITDA margin post BF modernisation and capital repairs
- Higher-than-Ind-Ra-expected debt repayment resulting in improved credit metrics
- Strong business profile

Weaknesses

- Governance structure
- Inherent industry risks

Detailed Description of Key Rating Drivers

Likely Debt Refinancing to Support Liquidity and Financial Flexibility: In August 2025, JNIL received a sanction of INR23 billion of secured NCD/term loan from Tata Capital Limited (IND AAA/Stable) to refinance its existing high-cost NCDs. The rate of interest has been reduced to 12.5% per annum payable monthly from 17.5% per annum with principal repayable in 72 monthly instalments from the date of disbursement. The refinanced debt includes a cashflow waterfall structure including the availability of a debt service reserve account equivalent to two months principal and interest servicing. Moreover, the secured NCD/term loan has a call option (early repayment option) and put option (early redemption option). The call option can be exercised after 20 months, and the put option can be exercised after 24 months from the date of disbursement.

The debt refinancing will help JNIL in reducing financing costs and extending the debt tenor. Furthermore, 100% of the promoter's shareholding (55.2% as on 30 June 2024) will be pledged with new lenders, with 50% to be released post 50% of the repayment, enhancing financial flexibility. As per the provisions of the existing debenture trust deed, JNIL can exercise its right of early repayment of the debentures 24 months after the deemed date of allotment, which falls on 14 December 2025 (proposed repayment date). The rating reflects Ind-Ra's expectation that JNIL will exercise the early repayment option and fully redeem the high-cost outstanding debentures, along with final interest due, on 14 December 2025. As of date, JNIL has been operating using its operating cash flows and has no banking credit relationships and working capital tie-ups. While JNIL has shown a track record to raise/refinance long-term debt at favourable terms, the ability to successfully tie-up funds from domestic lenders will be a key monitorable. This would improve the balance sheet liquidity while also improving the financial flexibility, thereby providing an incremental liquidity buffer.

Improved EBITDA Margin Post BF Modernisation and Capital Repairs: JNIL undertook a capex of INR1,905 million in FY24 and INR2,441 million in FY25 related to BF maintenance and upgrades along with general repairs (INR1,258.1 million related to BF and balance maintenance and general repair capex in FY25). Its plant was shut down during May-August 2024.The capex was towards the debottlenecking of its assets, improving output quality, and revamping BF to increase the output and efficiency. JNIL's operating profitability has been supported by higher capacity utilisation and economies of scale, resulting in a high fixed cost absorption. The EBITDA improved to INR3,146 million in 1QFY26 (FY25: INR9,397 million, FY24: INR10,268 million) with an EBITDA margin of 19.1% (15.7%, 17.3%). The EBITDA per tonne improved to INR6,663 in 1QFY26 from INR5,242 in FY25 and INR6,140 in FY24, supported by cost improvements led by a higher reduction in the input cost than the reduction in sales realisations. Ind-Ra expects JNIL to sustain EBITDA margins at 18%-20% over the medium term, supported by 100% use of captive iron ore mines, along with periodic price revisions by original equipment manufacturers, enabling the company a pass-through of raw material cost albeit with a time lag.

Higher-than-Ind-Ra-expected Debt Repayment Resulting in an Improved Credit Metrics: The ratings reflect a higher-than-expected debt reduction on account of a prepayment of principal of around INR4,094 million during April 2024-June 2025. The outstanding net debt reduced to INR24.8 billion at end-June 2025 from INR26.1 billion at end-March 2025 (end-March 2024: INR31.8 billion). The net adjusted leverage (including acceptances) reduced to 1.97x in 1QFY26 (FY25: 2.78x, FY24: 3.1x) and the interest cover increased to 2.63x (1.67x, 2.19x). Ind-Ra expects JNIL's credit profile to improve in FY26-FY27 on account of a sustained reduction in the net debt, a lower interest payout due to the refinancing of high-cost debt at lower rates, and sustained operating profitability. The debt service coverage ratio is likely to remain in the 1.5x-2x range over the medium term.

Strong Business Profile: JNIL is a special steel long product integrated player, operating a 1mtpa steel plant, which includes a blast furnace, two steel melt shops, two coke ovens, two sinter plants, 54.5MW power plants (meeting about 70% requirements), and three rolling mills. Moreover, the company meets 100% of its iron ore requirement from its two captive iron ore mines (ramp-up from December 2022) which are located in proximity to its steel plant, resulting in cost efficiency. JNIL's iron ore mining licenses are valid until 2052 (Metabodeli mine)/2055 (Chotedongar mine). The company has a cost advantage as its mines are on allocation basis, and hence, it does not need to pay any additional premium.

JNIL's end-product of the industry segment is alloy steel (long products), produced in different grades, shapes and sizes which is primarily used in the automotive segment along with engineering, industrial, defence and construction. Reputed automotive original equipment manufacturers have selected JNIL as an approved vendor and have longstanding relationships with it. JNIL has a diversified customer base with the top 10 customers constituting 30%-35% of the total revenue. The steel division contributed around 90% to the sales of FY25, while the castings division accounted for the balance. Almost all the sales are domestic in nature.

Governance Structure: JNIL's related-party transactions (RPTs) are conducted on an arms' length basis, primarily with economic rationale, and require prior approval from the audit committee and NCD lenders. Furthermore, JNIL has a concurrent cash flow monitoring process, and an agency has been appointed by NCD holders/trustee to conduct a prior separate due diligence for RPT contracts. All receivables and payables are routed through a trust and retention account. Ind-Ra will continue to monitor the ongoing legal case and any adverse ruling against the promoters regarding the coal block scam, which involves alleged irregularities in coal block allocations to private companies between 2006 and 2009.

Inherent Industry Risks: The rating considers the susceptibility of the operations and profitability to price volatility in sponge iron, pellets and coal (coking and thermal) along with the cyclicality in the steel industry. The company mitigates the volatility in input costs through operational captive iron ore mines. However, majority of its coal requirement is imported, thus exposing JNIL to coking coal price and foreign exchange fluctuations. However, considering the presence of value-added special steel products in its portfolio (around 70% of revenue), JNIL is less exposed to fluctuations in steel prices compared to other steel commodity product manufacturers. Also, the company hedges its foreign currency exposure by way of forward contracts (one to 12 months) only occasionally.

The rating is also constrained by the highly competitive and fragmented nature of the steel manufacturing industry.

Liquidity

Stretched: JNIL does not have banking credit relationships or working capital tie-ups as on date, impacting financial flexibility. However, its liquidity profile is supported by a cash and bank balance and liquid investment of around INR1,092 million as on 30 June 2025 (31 March 2025: INR1,760 million, 31 March 2024: INR1,295 million, 31 March 2023: INR2,725.1 million). INR202 million of cash balance as on 31 March 2025 (March 2024: INR401 million, March 2023: INR2,004.9 million) was kept as margin money for supplier letters of credit, as the company does not have any working capital limits. JNIL meets working capital requirements primarily through internal accruals, letters of credit acceptances (subject to volatile coking coal prices) and vendor financing. The company made around INR6,210 million of prepayment of principal and interest accrued but not due during April 2024-July 2025. It has debt obligations of around INR4,795 million and INR3,833 million in FY26 and FY27, respectively, which can be comfortably paid through internal accruals.

Rating Sensitivities

Positive: Maintaining the profitability and reducing the net adjusted debt (including acceptances) resulting in an improvement in the credit profile on a sustained basis, along with an improvement in the financial flexibility by way of timely sanction of working capital will be positive for the ratings.

Negative: Deterioration in the operational performance resulting in lower-than-Ind-Ra-expected profitability, leading to the net adjusted leverage (including acceptances) exceeding 3.0x on a sustained basis will lead to a negative rating action. Furthermore, any stretch in the working capital cycle resulting in a deteriorated liquidity position and reduced financial flexibility will lead to a negative rating action.

Any Other Information

Not applicable

About the Company

JNIL, incorporated in 1972, is the flagship company of the Neco Group of Industries promoted by Shri Basant Lall Shaw, Shri Arvind Jayaswal and Shri Ramesh Jayaswal. JNIL is listed on the BSE Limited and National Stock Exchange. The company began operations with foundry units in Nagpur, and subsequently it integrated backward by setting up a pig iron (with captive power) manufacturing unit at Siltara, Raipur, Chhattisgarh, in 1995. JNIL is primarily engaged in manufacturing alloy steels – wire rods, bars, bright bars along with steel billets, pig iron, sponge iron, pellets and iron & steel castings. The products manufactured by the company find applications in automotive and auto components, engineering, power, railways, and construction sectors in the domestic market.

JNIL operates a 0.75mtpa blast furnace, 0.20mtpa coke oven plant, 0.80mtpa sinter plant, 0.25mtpa sponge iron unit, 1.50mtpa pelletisation unit, 1.0mtpa steel melting shops and rolling mills, 54.5MW captive power plants and has two captive iron ore mines, all in Chhattisgarh. JNIL is also operating a 7.5MW power plant on a lease basis from a group company. It has got iron and steel castings operating capacity of 0.075mtpa, with its facilities located in Maharashtra and Chhattisgarh.

JNIL underwent financial stress during FY14-FY18 and was referred to the National Company Law Tribunal for the Corporate Insolvency and Resolution Process under Insolvency and Bankruptcy Code in 2018 by a consortium of banks led by the State Bank of India ('IND AAA'/Stable). However, JNIL was not admitted into IBC. Subsequently, the consortium bankers assigned their debt through the auction route to the trusts managed by Assets Care & Reconstruction Enterprise Limited (ACRE). On 23 August 2021, JNIL had entered into a restructuring support agreement with ACRE, acting in its capacity as the trustee of various trusts (ACRE Trusts), in relation to restructuring of all its outstanding debt owed to ACRE Trusts, in accordance with the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest (SARFAESI) Act. The debt restructuring is effective on 23 May 2022 from the cut-off date of 31 March 2020. JNIL exited debt restructuring by refinancing its outstanding debt using NCDs in December 2023.

Key Financial Indicators

Particulars (INR million)	**FY25**	**FY24**
Revenue	59,997	59,336
EBITDA	9,397	10,268
EBITDA (%)	15.7	17.3
Gross interest cover (x)	1.7	2.2
Net adjusted leverage (x)	2.8	3.1
Source: JNIL, Ind-Ra		

Status of Non-Cooperation with previous rating agency

Not applicable

Rating History

Instrument Type	**Current Rating/Outlook**			**Historical Rating/Outlook**
	Rating Type	**Rated Limits (million)**	**Current Rating**	**24 May 2024**
Long-Term Issuer Rating	Long-term	-	IND BBB+/Stable	IND BBB-/Stable

Complexity Level of the Instruments

Not applicable

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About India Ratings

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APPLICABLE CRITERIA AND POLICIES

Evaluating Corporate Governance

The Rating Process

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