

GIL/GKP/2025-26  
September 10, 2025

**BSE Limited**  
Floor 25, P J Towers,  
Dalal Street,  
Mumbai- 400 001. INDIA.  
Scrip Code: 532726

**National Stock Exchange of India Limited**  
"EXCHANGE PLAZA",  
Bandra – Kurla Complex,  
Bandra (East), Mumbai- 400 051. INDIA.  
Symbol: GALLANTT

Sir/Madam,

**SUB: INDIA RATINGS AND RESEARCH (IND-RA) HAS ASSIGNED LONG-TERM ISSUER RATING AT 'IND-AA-'/STABLE/IND A1+**

We hereby inform that India Ratings and Research; a Fitch Group Company has upgraded Company's Long-Term Issuer Rating at 'IND AA-' Stable and re-affirmed Short-Term Issuer Rating at 'IND A1+'. The instrument-wise rating actions are as follows:

Instrument Type	Size of Facilities	Rating/Rating Watch	Rating Action
Fund-based limits	Rs. 300 Crores	IND AA-/Stable/ IND A1+	Upgraded
Non-fund-based limits	Rs. 400 Crores	IND A1+	Re-affirmed
Long Term Loans (proposed)	Rs. 150 Crores	IND AA-/ Stable	Upgraded

A copy of Press Release is enclosed herewith.

Kindly take the above on your record.

Thanking you,

Yours faithfully,  
**GALLANTT ISPAT LIMITED**

Nitesh Kumar  
(COMPANY SECRETARY)  
M. No. F7496

Encl: As above

**GALLANTT ISPAT LIMITED**

CIN: L27109UP2005PLC195660

Registered Office & Gorakhpur Unit: Gorakhpur Industrial Development Authority (GIDA),  
Sahjanwa, Gorakhpur - 273209, Uttar Pradesh

Tele-fax: 0551 3515500, E-mail: csgml@gallantt.com, Website: www.gallantt.com

Gujarat Unit: Survey No. 175/1, Near Toll Gate, Samakhyali, Bhachau, Distt. Kutch - 370150, Gujarat

## India Ratings Upgrades Gallantt Ispat's Bank Loan Facilities to 'IND AA-' /Stable

Sep 09, 2025 | Iron & Steel

India Ratings and Research (Ind-Ra) has upgraded Gallantt Ispat Limited's (GIL) bank loan facilities' rating to 'IND AA-' from 'IND A+'. The Outlook is Stable. The instrument-wise 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
Bank loan facilities	-	-	-	INR8,500	IND AA-/Stable/IND A1+	Long-term rating upgraded; short-term rating affirmed

### Analytical Approach

Ind-Ra continues to assess the standalone profile of the company to arrive at the ratings.

### Detailed Rationale of the Rating Action

The upgrade reflects the improvement in the EBITDA per tonne (excluding subsidy) in FY25 and 1QFY26, led by the successful ramp-up of operations post capacity enhancement, and better-than-Ind-Ra-estimated operational and financial performance in FY25, which is likely to sustain over the medium term. The rating action also factors in enhanced visibility of further improvement in the EBITDA per tonne (excluding subsidy) in FY26 due to cost efficiencies, improved subsidy realisation from FY25, providing additional liquidity buffer, and entirely self-funded capex over the next three years, which would result in continued healthy credit metrics. GIL also received - three new captive virgin iron ore mines over FY25-1QFY26, which shall commence operations over the next three-to-four years and shall offer higher backward integration. However, the rating is constrained by the inherent cyclicality of the industry.

### List of Key Rating Drivers

#### Strengths

- Improved credit metrics
- Steady revenue growth; improved EBITDA per tonne
- Entirely self-funded capex
- Improving backward integration
- Business profile strengths
- Subsidy receipts to boost liquidity



## Weaknesses

- Pending realisation of claims
- Exposure to input price volatility
- Inherent industry risks

## Detailed Description of Key Rating Drivers

**Improved Credit Metrics:** GIL's credit metrics remained healthy in FY25 and 1QFY26, supported by an increase in the absolute EBITDA, low external debt, and consequently, low interest obligations. The net adjusted leverage (adjusted net debt including corporate guarantee/EBITDA) was 0.49x in 1QFY26 (FY25: 0.29x; FY24:1.12; FY23: 1.70x), while the gross interest coverage (EBITDA/gross interest) was 43.73x (31.58x; 15.89x; 13.37x). GIL avails long-term debt by way of interest-free loans from the state government, but it has not availed any term loans from banks. GIL has also extended a corporate guarantee of INR825 million towards a term loan availed by a group entity, though it has no operational or strategic linkages with the latter. This corporate guarantee is likely to be released in FY27 as the loan is likely to be repaid by FYE26. With the ongoing capex funded entirely via internal accruals, the agency does not expect an increase in the gross debt levels. Ind-Ra expects the adjusted net leverage to remain below 1.5x over FY26-FY27, considering the absence of any term debt drawdown, strong annual cash generation, a likely improvement in the capacity utilisation of enhanced/new facilities, installation of solar power plant, and progressive long-term debt repayment. In addition, the agency expects the interest coverage to remain above 10.0x in FY26 and beyond.

**Steady Revenue Growth; Improved EBITDA Per Tonne:** Despite lower blended realisations, GIL's revenue increased slightly to INR42,972million in FY25 (FY24: INR42,271 million; FY23: INR40,567 million), supported by improved volume growth. Ind-Ra expects the revenue to grow further in FY26, backed by improved volumes post capacity expansion in May 2025. Furthermore, the overall EBITDA per tonne (t) with subsidy improved to INR10,515/t in 1QFY26 (FY25: INR7,550/t; FY24:INR5,352/t; FY23: INR4,781/t), on the back of improved gross margins on inventory gains, higher fixed cost absorption post the ramp-up of additional capacities for sponge iron and billet, further reduction in power cost supported by an increase in low-cost waste heat recovery boiler's (WHRB) share to 45% in 1QFY26 from 37% till FY25. The EBITDA/t excluding the subsidy was INR8,868 in 1QFY26 (FY25: INR5,583/t; FY24: 4,423/t; FY23: INR4,540/t). Furthermore, the EBITDA/t is likely to improve further in the medium term, supported by the full benefit of WHRB power generation, economies of scale with capacity enhancement, including a 60MW captive solar plant, by FYE27, and enhanced benefits of backward integration. Additionally, post the elimination of INR400/tonne cess on coal, the raw material cost is likely to reduce further, thus aiding the EBITDA of GIL, though the same may be partially passed on to the end consumers. Ind-Ra expects the EBITDA/t (without subsidy) to range between INR5,500/t-6,500/t over the medium term.

**Entirely Self-Funded Capex:** GIL is undertaking further expansion of pellets, billets and TMT capacities at the Gorakhpur unit, along with 60MW solar plant and incremental coal-based power plant, which is to be funded entirely by internal accruals. The capacities are likely to become operational by FYE27. The solar power capacity would lead to further power cost savings. The enhanced capacities post the previous capex commenced full-fledged operations from May 2025 and have been successfully ramped up. Furthermore, as confirmed by the management, Ind-Ra has not included any cash flow impact or additional capex over FY26-FY27 towards any real estate projects.

**Improving Backward Integration:** In June 2024, GIL had received a virgin iron ore mine in Rajasthan - Todupura (Karauli), which is likely to start over FY28-FY29 and shall support the iron ore requirement at the Kutch unit. The mine has estimated reserves of 85.42 million tonnes. Additionally, in June 2025, GIL was granted mining leases for two more iron ore blocks -Block B (Bharhari) and Block C (Near Sobna-Chakriya), which have estimated reserves



of 31.71 million tonnes and 18.88 million tonnes, respectively - by the government of Uttar Pradesh. These virgin open-cast mines will be developed to meet the Gorakhpur facility's raw material requirements and are likely to be operationalised by FY29-FY30. The total estimated investment for the three mines shall be around INR7,500 million over a period of three-to-four years. The capex for all three mines is likely to be funded largely through internal accruals. Such backward integration is likely to further reduce the raw material costs and ensure better cost control. However, the ability of the company to obtain the relevant approvals and operationalise the mine shall be closely monitored.

**Business Profile Strengths:** GIL operates two partially integrated TMT bar manufacturing facilities - in Kutch (Gujarat), and Gorakhpur (UP), with captive sponge iron and mild steel billets plants, resulting in better cost control and efficient operations. The captive power plants in both facilities meet the entire power requirement, ensuring uninterrupted supply. The proximity of the Kutch unit to the port (Kandla Port is around 68km away) provides a significant advantage in terms of importing coal and gives GIL easy access to the southern and eastern markets.

The Gorakhpur unit offers various cost advantages, and the unit also benefits from lower import dependency for raw materials, lesser competition from imports, owing to Uttar Pradesh (UP) being a land-locked region, partial coal linkages, own railway sidings and nearness to raw material sources compared to the Kutch unit. Furthermore, the two units operate in different geographical regions, which have different sensitivities to price movements. As the only integrated steel plant in northern India, Gorakhpur holds near-monopoly status in UP, offering pricing power. Additionally, the captive iron ore mines near the Gujarat unit and Gorakhpur unit, once operational, shall further enhance the company's backward integration.

**Subsidy Receipts to Boost Liquidity:** GIL's Gorakhpur unit, including ongoing capacity expansions, is eligible for subsidies under: i) Infrastructure and Industrial Investment Policy of Uttar Pradesh (IIIP), 2012 and ii) Industrial Investment and Employment Promotion Policy of Uttar Pradesh (II&EPP), 2017. The unit has been awarded the status of super mega project under II&EPP, whereby the company is eligible for partial reimbursement of the state goods and services tax paid for 10 years (FY23-FY32), subject to an annual ceiling of 20% of the capital investment reimbursed or actual tax deposited, whichever is lower, with an overall ceiling of 300% of the fixed capital investment. Furthermore, GIL's Kutch plant receives reimbursement under the Gujarat Industrial Policy 2015 - Scheme for Incentive to Industries, which is valid until FY31. In December 2024, GIL received partial cash reimbursement of INR149.9 million and INR659.6 million for the Kutch unit and Gorakhpur unit, respectively (FY24: INR161.7 million; FY23: nil). As per Ind-Ra, the realisation of subsidies over the medium term, likely to be around INR1,000 million for Gorakhpur unit and around INR180 million for Kutch unit, shall further boost GIL's liquidity profile.

**Pending Realisation of Claims:** As per Ind-Ra, GIL may not receive any major claim in FY26 for the investment made at the Gorakhpur unit under a scheme of Uttar Pradesh, 2006, due to a continued delay in the legal proceedings. This is despite the Allahabad High Court's order that directed the government agency responsible for claims to expedite the final settlement. The matter continues to remain sub-judice. Ind-Ra will continue to monitor the progress with respect to the various pending claims of about INR5.68 billion (excluding accrued interest); the receipt of the amount would significantly enhance GIL's liquidity position.

**Exposure to Input Price Volatility:** The Kutch unit procures products such as iron ore, coal, and scrap, which together comprises 80%-85% of the total cost, on spot prices and does not have raw material linkages by way of captive iron ore mines or coal linkages, exposing the EBITDA margins to fluctuations in raw material prices. The Gorakhpur unit, on the other hand, has 100% coal linkages and has lower dependency on imports, as it is located in a land-locked region. Moreover, it has its own railway sidings, thereby reducing the logistics costs. Furthermore, in FY25, 31% of Kutch unit's power requirement and 41% of Gorakhpur unit's power requirement (increased to 52% in



1QFY26) was met by waste-heat-based captive power. These factors are likely to protect the combined margins to a certain extent.

**Inherent Industry Risks:** The steel sector is characterised by highly cyclical demand, and volatility in input prices and product realisations. GIL procures inputs (iron ore and coal) partially domestically and balance via imports, thus exposing its margins to raw material price and foreign exchange fluctuations. Low backward integration leads to lower cost control, increasing the company's vulnerability to industry cycles. Considering the low value-added products in its portfolio, unlike other players in more value-added segments, GIL's susceptibility to fluctuations in steel prices is higher. Being a partially integrated long product player, the entity's product profile continues to be dominated by low value-added TMT bars (1QFY26: 81%; FY25: 83%; FY24: 82%; FY23: 86%). The commoditised nature of products exposes the entity to volatility in the prices of finished products and limits the company's ability to pass on an increase in raw material prices.

## Liquidity

**Adequate:** GIL has low principal repayment obligations (FY26: nil; FY27: INR60 million) as the long-term liabilities on the balance sheet are only in the form of interest-free loans. The average utilisation of the fund-based limits (INR3,000 million) was around 75.80% for the 12 months ended June 2025, providing adequate liquidity cushion. The free cash balance improved to INR2,575 million at FYE25 (FYE24: INR426 million; FYE23: INR2 million). The cash flow from operations increased to INR5635 million in FY25 (FY24: INR3,206 million; FY23: INR736 million; FY22: INR2,183 million), led by higher absolute EBITDA, and is likely to remain positive during FY26. The free cash flow remained positive at INR3,124 million in FY25 (FY24: INR1,212 million; FY23: negative INR1,538 million) and is likely to remain positive in FY26 on sustained high absolute EBITDA. The debt service coverage ratio is likely to remain above 20x over FY26-FY27.

With a major portion of the planned capex having been incurred and the benefits of the expanded capacities flowing in, Ind-Ra expects the entity to witness improved volumes, and thus, enhanced scale of operations over FY26-FY27. The agency expects the entity's liquidity position to remain adequate over FY26-FY27, considering the low repayment obligations, consistent positive cash flow from operations and moderate utilisation of the working capital limits. The timely realization of subsidies shall also support the company's liquidity. Any surplus liquidity extended as loan to related/unrelated corporates will be monitored closely (FY25: nil; FY24: INR42.4 million; FY23: INR 40.3 million).

## Rating Sensitivities

**Positive:** Improvement in the business profile and enhanced diversification, leading to a substantial improvement in the EBITDA per tonne (excluding subsidy) while maintaining healthy credit metrics on a sustained basis, could lead to a positive rating action.

**Negative:** A substantial decline in the scale of operations, profitability and/or any large debt-led capex, leading to the net adjusted leverage exceeding 1.50x, on a sustained basis, will lead to a negative rating action. Furthermore, any unrelated diversion of funds could also lead to a negative rating action.

## Any Other Information

Not Applicable

## About the Company



Incorporated in 2005, GIL is a partially integrated re-rolled products (TMT bars, 950,400tpa) manufacturer with an in-house pellet (792,000tpa), sponge iron (1,033,500tpa) and mild steel billets production (1,031,250tpa) with two facilities located at Kutch (Gujarat) and Gorakhpur (UP). The operations are backed by its over 95% captive power generation (147MW). GIL is promoted by Chandra Prakash Agrawal and is listed on the BSE Limited and the National Stock Exchange of India Limited.

## Key Financial Indicators

Particulars - Standalone	1QFY26 (Unaudited)	FY25	FY24
Net revenue (INR million)	11,278	42,927	42,271
EBITDA with subsidy (INR million)	2,468	6,944	4,482
EBITDA without subsidy (INR million)	2082	5135	3704
EBITDA margin without subsidy (%)	19.12	12.49	8.93
EBITDA interest coverage (x)	43.73	31.58	15.89
Net adjusted leverage (x; including corporate guarantee)	0.46*	0.29	1.12

Source: Company, Ind-Ra; (\*) on an annualised basis

## Status of Non-Cooperation with previous rating agency

Not applicable

## Rating History

Instrument Type	Rating Type	Rated Limits (million)	Current Ratings	Historical Rating/Outlook				
				10 June 2024	22 September 2023	13 March 2023	11 January 2023	22 April 2022
Issuer rating	Long-term	-	-	-	WD	IND A/Stable	IND A/Stable	IND A/Stable
Bank loan facilities	Long-term/Short-term	INR8,500	IND AA-/Stable/IND A1+	IND A+/Stable/IND A1+	-	IND A/Stable / IND A1	IND A/Stable / IND A1	IND A/Stable / IND A1

## Bank wise Facilities Details

The details are as reported by the issuer as on (09 Sep 2025)

#	Bank Name	Instrument Description	Rated Amount (INR million)	Rating
1	State Bank of India	Fund Based Working Capital Limit	3000	IND AA-/Stable/IND A1+
2	State Bank of India	Non-Fund Based Working Capital Limit	4000	IND A1+
3	NA	Proposed Term Loan	1500	IND AA-/Stable



## Complexity Level of the Instruments

Instrument Type	Complexity Indicator
Bank loan facilities	Low

For details on the complexity level of the instruments, please visit <https://www.indiaratings.co.in/complexity-indicators>.

## Contact

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## About India Ratings

India Ratings and Research (Ind-Ra) is India's most respected credit rating agency committed to providing India's credit markets accurate, timely and prospective credit opinions. Built on a foundation of independent thinking, rigorous analytics, and an open and balanced approach towards credit research, Ind-Ra has grown rapidly during the past decade, gaining significant market presence in India's fixed income market.

Ind-Ra currently maintains coverage of corporate issuers, financial institutions (including banks and insurance companies), finance companies, urban local bodies, and structured finance and project finance companies.

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## APPLICABLE CRITERIA AND POLICIES

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**Evaluating Corporate Governance**

**Corporate Rating Methodology**

**The Rating Process**

**Short-Term Ratings Criteria for Non-Financial Corporates**

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