

December 31, 2025

## Gajanan Ferro Pvt Ltd: Ratings upgraded to [ICRA]A- (Stable)/[ICRA]A2+ and assigned for enhanced amount

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Fund based - Term loan	9.75	259.75	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable) and assigned for enhanced amount
Long term - Fund based - Cash credit	71.00	71.00	[ICRA]A- (Stable); upgraded from [ICRA]BBB+ (Stable)
Short term - Non-fund based - Bank guarantee	35.00	35.00	[ICRA]A2+; upgraded from [ICRA]A2
<b>Total</b>	<b>115.75</b>	<b>365.75</b>	

\*Instrument details are provided in Annexure I

### Rationale

The rating upgrade of Gajanan Ferro Pvt Ltd (GFPL) factors in an improvement in the credit profile of the parent entity - Berry Alloys Limited (BAL, rated at [ICRA]A+(Stable)/A1+) – following a sharp recovery in the latter’s performance in FY2026 with a favourable shift in the product mix towards value-added offerings, higher export share and improved cost efficiencies. While the financial performance of GFPL remained subdued in FY2025, it improved in H1 FY2026 with an operating margin of ~7% in H1 FY2026 compared to 4.5% reported in FY2025. For the full fiscal, the revenue is expected to remain around Rs. 385-390 crore and the operating margin at ~7%.

The rating action also considers the continuous financial support from BAL for the ongoing expansion project. The expansion project is at an advanced stage of completion with commercial operations expected to commence over the next 3-6 months – well ahead of the originally envisaged timelines. The early commissioning mitigates the project execution risks and is expected to contribute positively to the consolidated earnings FY2027 onwards. With the commencement of operations, the leverage and coverage metrics are likely to witness a gradual improvement over the medium term.

GFPL continues to benefit from its established position as a dedicated supplier to reputed PSUs, providing strong counterparty assurance, although this also results in elevated receivables and high working-capital intensity. However, the company remains exposed to raw material price volatility and the cyclical nature of the ferro-alloy industry, which is closely linked to steel sector trends. The company also remains vulnerable to foreign exchange (forex) rate volatility, though the presence of both exports and imports provides a natural hedge to forex risks to some extent. However, the anticipated benefits from power cost saving post commissioning of the integrated facilities, together with the financial flexibility derived from being part of the BAL Group, are expected to mitigate these risks and support the improved credit profile.

The Stable outlook on the long-term rating reflects ICRA’s opinion that GFPL is likely to witness a sustained revenue growth, aided by stable realisations and optimum utilisation of production capacities. Its debt coverage indicators and liquidity are likely to remain comfortable with healthy cash accruals and support from the BAL Group.

## Key rating drivers and their description

### Credit strengths

**Linkage with Berro Alloy Limited; operational and financial support from parent** - GFPL's credit profile benefits materially from its status as a subsidiary of Berry Alloys Limited (BAL), which holds a 54.34% stake. The association with a stronger parent enhances GFPL's financial flexibility and lender confidence. This is evident from BAL's willingness to extend timely support, including Rs. 207-crore unsecured loans as on date to fast track the ongoing expansion in GFPL. Such support is expected to continue, given the strategic importance of GFPL within the Group's long-term expansion plans. The linkage also strengthens GFPL's ability to secure raw materials, improve process efficiency and maintain healthy relationships with lenders, thereby supporting its growth prospects and liquidity position. Also, BAL and GFPL are expected to merge by Q1 of the next fiscal.

**Reputed clientele consisting of large PSUs** - GFPL benefits from an established and diversified customer base comprising reputed public sector undertakings (PSUs), including Rashtriya Ispat Nigam Limited (RINL) and the Steel Authority of India Limited (SAIL). The long-standing relationships with such large, financially strong institutions provide credibility to GFPL's operating profile and reduce the counterparty default risk. The company's enhanced production capability following its furnace capacity expansion has further strengthened its ability to secure bulk orders from these marquee clients. While the supply to PSUs entails extended credit periods, contributing to an elevated receivable cycle, the strong credit quality of these customers mitigates the risk associated with delayed collections. The continued presence of such anchor clients supports stable order flows, improves revenue visibility and adds resilience to GFPL's business profile, particularly during periods of pricing volatility in the ferro-alloy industry.

**Significant improvement in performance expected in FY2027, supporting the leverage and coverage metrics** - GFPL's performance is expected to witness a notable improvement FY2027 onwards, driven by the commissioning of its large backward-integration project, including the 1,000-TPD sponge iron unit, the 21-MVA ferro-alloy furnace, and the 33-MW WHRB and 12-MW CFBC-based captive power plants. The project is strategically designed to materially reduce the company's dependence on external power, which currently accounts for a substantial portion of the cost structure. With power expenses forming nearly 30% of production cost historically, the commissioning of the WHRB plant is likely to result in substantial cost savings and strengthen the operating profile. As a result, GFPL's profitability is expected to improve significantly once the facilities are commissioned and stabilise. The enhanced earnings profile from FY2027 will support better leverage metrics, which are currently stretched due to the debt-funded capex.

### Credit challenges

**Moderate leverage indicators in FY2026; expected to improve with commissioning of expansion project** – GFPL's leverage and coverage indicators remained moderate with TD/OPBDITA of 7.45 times as on March 31, 2025, and 10.951 times as on H1 FY2026. The same is primarily owing to term loans taken for the expansion project and the benefit is expected to accrue from the next fiscal. Once commissioned, the earnings from the project are expected to improve the leverage and coverage metrics from the next fiscal.

**Working capital-intensive nature of operations** - GFPL's operations remain working-capital-intensive, primarily driven by the elongated receivable cycle. The company supplies a significant portion of its ferro-alloy output to large public sector undertakings, which typically operate with extended payment timelines. While the strong credit quality of these clients mitigates counterparty risk, the high credit period offered results in substantial funds being locked up in receivables, exerting pressure on the company's cash flow position. In recent years, this has been reflected in the high working capital intensity, (NWC/OI ~19% in FY2025, ~15% in H1 FY2026), with receivables historically contributing the largest share of current assets.

**Susceptibility of profitability to volatility in raw material prices, realisation and power cost benefits** - GFPL's profitability continues to be vulnerable to fluctuations in the prices of key raw materials such as manganese ore, coke and coal, which collectively account for a significant share of the production cost. These inputs have historically exhibited sharp price volatility, exposing the company to margin pressure in periods of adverse price movements. In addition, ferro-alloy realisations themselves tend to fluctuate in line with the cyclical steel sector, further influencing the operating profitability. Given GFPL's currently non-integrated cost structure, its margins are particularly sensitive to these raw material and product price swings. Power cost, which constitutes nearly 30% of the overall production cost, also remains a critical determinant of profitability. The upcoming captive WHRB and CFBC power plants are expected to materially reduce energy costs after commissioning in FY2027.

**Cyclical nature of ferro-alloy industry with complete dependence on steel sector** - GFPL's business profile remains inherently exposed to the cyclical demand and pricing trends of the ferro-alloy industry, which is closely linked to the performance of the steel sector. Ferro alloys are primarily used to manufacture steel, wherein manganese plays the role of a desulphuriser and deoxidiser in the steelmaking process and imparts special properties such as increased resistance to abrasion, improved hardness, workability and tensile strength. Thus, the demand and realisations for ferroalloys are dependent on the steel industry, which is cyclical in nature, leading to high volatility in earnings.

### Liquidity position: Adequate

GFPL's liquidity is expected to remain adequate, supported by steady operating cash flows expected in FY2026. The capital expenditure for the expansion project is expected to be around Rs. 380 crore over FY2026 and FY2027. However, the same is being funded through a sanctioned term loan of Rs. 250 crore as well as unsecured loans from BAL, which provides support to the liquidity position. The repayment of the term loan is long term in nature, which provides sufficient cushion to ramp up the expansion project.

### Rating sensitivities

**Positive factors** – The ratings could be upgraded in case of a significant ramp up of the expansion project, resulting in healthy earnings, profitability and debt coverage metrics on a sustained basis. An improvement in the credit profile of the parent would also be a positive factor.

**Negative factors** - The ratings could be revised downwards if there are significant time and cost overruns in the expansion project, impacting the liquidity and debt coverage indicators of the entity. Any significant deterioration in the earnings along with a stretch in the working capital cycle can be the additional triggers for a downward rating revision. A specific trigger for downgrade would be a DSCR below 1.5 times on a sustained basis. A deterioration in the credit profile of the parent would also be a negative factor.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Iron &amp; Steel</a>
Parent/Group support	Parent entity: Berry Alloys Limited (BAL) The ratings factor in ICRA's expectation that BAL (rated [ICRA]A+ (Stable)/A1) would be willing to extend financial support to GFPL, if there is a need
Consolidation/Standalone	Standalone

## About the company

Gajanan Ferro Pvt. Ltd. was founded by Mr. Sachin Poddar in 2007. The company installed two 5-MVA furnaces at Dhalbumgarh in Jamshedpur for the production of silico manganese alloy. The erstwhile promoters were not able to generate any significant profits from the facility. However, the company has been able to turn around after an investment by Berry Alloys Limited (BAL) in May 2021 and is now generating healthy revenues and profits. The BAL Group picked up a 50% stake in the company (19% directly through BAL and 31% through group companies - Ragini Merchants Pvt. Ltd. and Disha Paints Pvt. Ltd.) in May 2021. In February 2025, the entity became a subsidiary of BAL, which holds a 54.34% stake. Additionally, Disha Paints Pvt Ltd. owns a 17.65% stake in the entity.

## Key financial indicators (audited)

	FY2024	FY2025	H1 FY2026*
<b>Operating income</b>	366.2	382.0	191.9
<b>PAT</b>	26.0	4.0	8.1
<b>OPBDIT/OI</b>	12.7%	4.5%	6.9%
<b>PAT/OI</b>	7.1%	1.0%	4.2%
<b>Total outside liabilities/Tangible net worth (times)</b>	1.31	1.66	3.47
<b>Total debt/OPBDIT (times)</b>	1.76	7.46	10.95
<b>Interest coverage (times)</b>	5.84	2.00	4.61

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

Instrument	Type	Current (FY2026)		Chronology of rating history for the past 3 years							
		Amount rated (Rs. crore)	Dec 31, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Term loan</b>	Long term	259.75	[ICRA]A-(Stable)	April 14, 2025	[ICRA]BBB + (Stable)	March 31, 2025	[ICRA]BB B+ (Stable)	Dec 28, 2023	[ICRA]B BB (Stable)	-	-
<b>Cash credit</b>	Long term	71.00	[ICRA]A-(Stable)	April 14, 2025	[ICRA]BBB + (Stable)	March 31, 2025	[ICRA]BB B+ (Stable)	Dec 28, 2023	[ICRA]B BB (Stable)	-	-
<b>Non-fund based - Bank guarantee</b>	Short term	35.00	[ICRA]A2 +	April 14, 2025	[ICRA]A2	March 31, 2025	[ICRA]A2	Dec 28, 2023	[ICRA]A 3+	-	-
<b>Unallocated limits</b>	Long term	0.00	-	-	-	March 31, 2025	[ICRA]BB B+ (Stable)	Dec 28, 2023	[ICRA]B BB (Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Fund based - Term loan	Simple
Long term - Fund based - Cash credit	Simple
Short term - Non-fund based - Bank guarantee	Simple

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
NA	Term loan-i	2023	NA	2029	9.75	[ICRA]A- (Stable)
NA	Term loan-ii	2025	NA	2035	90.00	[ICRA]A- (Stable)
NA	Term loan-iii	2025	NA	2035	85.00	[ICRA]A- (Stable)
NA	Term loan-iv	2025	NA	2035	75.00	[ICRA]A- (Stable)
NA	Cash credit	NA	NA	NA	71.00	[ICRA]A- (Stable)
NA	Bank guarantee	NA	NA	NA	35.00	[ICRA]A2+

Source: Company

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**Annexure II: List of entities considered for consolidated analysis – Not Applicable**

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