



GML/KOL/2018-19
August 30, 2018

Bombay Stock Exchange Limited Floor 25, P J Towers, Dalal Street, Mumbai- 400 001. INDIA.	National Stock Exchange of India Limited "EXCHANGE PLAZA", Bandra – Kurla Complex, Bandra (East), Mumbai- 400 051. INDIA.
---	---

Sir/Madam,

SUB: INDIA RATINGS UPGRADED GALLANTT METAL CREDIT RATING – LONG TERM - 'IND A/STABLE ; SHORT TERM 'INDA1'

We hereby inform that India Ratings and Research, A Fitch Group Company has upgraded the Company a Long Term Issuer Rating of 'IND A/Stable'. The Outlook is stable.

Rating Actions on Credit Facilities are as under:

Instrument Type	Current Rating/Outlook		
	Rating Type	Rated Limits (Crores)	Rating
Issuer Rating	Long Term	-	IND A/Stable
Fund-based limits	Long-term/Short-term	INR 50.00	IND A/ Stable/IND A1
Non-fund based limits	Short-term	INR 125.00*	IND A1

*Amount of limits from State Bank of India is Rs. 128.80 Crores. Rated amount is Rs. 125.00 Crores.

A copy of Press Release is enclosed herewith.

Please acknowledge the receipt and oblige.

Thanking you,

Yours faithfully,

GALLANTT METAL LIMITED
GALLANTT METAL LIMITED


Company Secretary

Tarun Kumar Rathi
(COMPANY SECRETARY)

Encl: As above.

GALLANTT METAL LIMITED

OFFICE : WARD-10 BC, PLOT NO. 123, GROUND FLOOR, GANDHIDHAM, KUTCH, GUJRAT - 370 201, TEL. : 02836-395626 / 395636 FAX : 02836-235787
WORKS : NEAR TOLL GATE, VILAGE - SAMAKHYALI, TALUKA - BHACHAU, KUTCH - GUJRAT, TEL. : 91 98 795 60878, FAX : +91 2837 283690, e-mail : gml@gallantt.com

REGISTERED OFFICE : 1, CROOKED LANE, 2ND FLOOR, KOLKATA - 700 069

Telefax : 033-2231 2429, e-mail : gml@gallantt.com, Website : www.gallantt.com

Corporate Identification No. : L27100WB2005PLC101552

India Ratings Upgrades Gallantt Metal to 'IND A'/Stable

29

AUG 2018

By Barath Ramjee

India Ratings and Research (Ind-Ra) has upgraded Gallantt Metal Limited's (Gallantt) Long-Term Issuer Rating to 'IND A' from 'IND A-'. The Outlook is Stable. The instrument-wise rating actions are as follows:

Instrument Type	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of Issue (million)	Rating/Outlook	Rating Action
fund-based limits	-	-	-	INR500	IND A/Stable/IND A1	Upgraded
Non-fund-based limits	-	-	-	INR1,250	IND A1	Upgraded

KEY RATING DRIVERS

Improved Operational Performance due to Upswing in TMT Bars Industry: In line with the pick-up in the iron & steel industry, the thermo mechanically treated (TMT) bars industry too has seen a significant turnaround with revival in infrastructure and housing sectors in western India. Blended quantity sold increased to 0.24mmt in FY18 (FY17: 0.22mmt million), resulting in value sales improving 37% yoy. Blended EBITDA/tonne also improved to INR3,643/MT in FY18 (FY17: INR2,346/MT), resulting in

GALLANTT METAL LIMITED

[Signature]

Company Secretary

a rise in EBITDA margins to 10.2% (8.5%).

Large Capex Entirely Self-Funded: The company has over the last one year announced a large capex of INR2.25 billion to enhance its TMT capacity by 55% from 0.25mmt, which would make it a medium-sized player in the TMT industry. The entire project would be completed by December 2019 using internal accruals. The company has already spent around INR0.5 billion and has completed the civil works while ordering for part of the plant and machinery. Gallantt expects to generate INR1 billion of EBITDA in FY19 and FY20, which is likely to provide sufficient internal accruals to complete the project. This capex is likely to improve the company's scale of operations which is at a modest level with revenue of INR8,456 million (FY17: INR6,167 million).

Near Debt-free Nature of Operations: The company expects to remain debt free, subject to the drawal of working capital debt of INR0.5 billion as and when needed. The projected net debt/EBITDA is expected to remain subdued (below 0.5x) in the medium term as against 0.63x in FY18 (FY17: 1.41x; FY16: 0.95x). The coverage also is likely to remain comfortable in the medium term.

Unsecured Loans Extended to Unrelated Companies; But Adequate Liquidity: The company has as of March 2018 extended unsecured loans of INR700 million to unrelated companies as corporate deposits, because it had excess funds. Gallantt has indicated that this money is available on call and could be used by them as and when needed for the capex plans. Also, its fund-based working capital utilisation was at an average of 60% for the 12 months ended July 2018.

RATING SENSITIVITIES

Positive: A significant increase in the scale of operations along with the maintenance of the EBITDA margin and credit metrics on a sustained basis could lead to a positive rating action.

Negative: A sustained increase in net leverage above 1x would lead to a negative rating action.

COMPANY PROFILE

Incorporated in 2005, GML manufactures sponge iron, mild steel billets and re-rolled products (TMT bars). It also has a 33MW captive power plant. GML is promoted by Mr. Chandra Prakash Agrawal and is listed on the Bombay Stock Exchange and National Stock Exchange.

GALLANTT METAL LIMITED

Sahay

Company Secretary

FINANCIAL SUMMARY

Particulars	FY18	FY17
Revenue (INR million)	8,456	6,167
EBITDA (INR million)	865	526
Interest cost (INR million)	66	63
EBITDA margins (%)	10.2	8.5

Net leverage (x)	0.63	1.41
Gross interest coverage (x)	13.18	8.37
Source: Gallantt, Ind-Ra		

RATING HISTORY

Instrument Type	Current Rating / Outlook		Historical Rating / Outlook	
	Rating Type	Rated Limits (million)	Rating	10 July 2017
Issuer rating	Long-term	-	IND A/Stable	IND A-/Stable
Fund-based limits	Long-term/Short-term	INR500	IND A/Stable/IND A1	IND A-/Stable/IND A2+
Non-fund-based limits	Short-term	INR1,250	IND A1	IND A2+

COMPLEXITY LEVEL OF INSTRUMENTS

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

GALLANTT METAL LIMITED

[Signature]
Company Secretary

SOLICITATION DISCLOSURES

Additional information is available at www.indiaratings.co.in. The ratings above were solicited by, or on behalf of, the issuer, and therefore, India Ratings has been compensated for the provision of the ratings.

Ratings are not a recommendation or suggestion, directly or indirectly, to you or any other person, to buy, sell, make or hold any investment, loan or security or to undertake any investment strategy with respect to any investment, loan or security or any issuer.

ABOUT INDIA RATINGS AND RESEARCH

About India Ratings and Research: 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 and leasing companies, managed funds, urban local bodies and project finance companies.

Headquartered in Mumbai, Ind-Ra has seven branch offices located in Ahmedabad, Bengaluru, Chennai, Delhi, Hyderabad, Kolkata and Pune. Ind-Ra is recognised by the Securities and Exchange Board of India, the Reserve Bank of India and National Housing Bank.

India Ratings is a 100% owned subsidiary of the Fitch Group.

For more information, visit www.indiaratings.co.in.

DISCLAIMER

ALL CREDIT RATINGS ASSIGNED BY INDIA RATINGS ARE SUBJECT TO CERTAIN LIMITATIONS AND DISCLAIMERS. PLEASE READ THESE LIMITATIONS AND DISCLAIMERS BY FOLLOWING THIS LINK: [HTTPS://WWW.INDIARATINGS.CO.IN/RATING-DEFINITIONS](https://www.indiaratings.co.in/RATING-DEFINITIONS). IN ADDITION, RATING DEFINITIONS AND THE TERMS OF USE OF SUCH RATINGS ARE AVAILABLE ON THE AGENCY'S PUBLIC WEBSITE WWW.INDIARATINGS.CO.IN. PUBLISHED RATINGS, CRITERIA, AND METHODOLOGIES ARE AVAILABLE FROM THIS SITE AT ALL TIMES. INDIA RATINGS' CODE OF CONDUCT, CONFIDENTIALITY, CONFLICTS OF INTEREST, AFFILIATE FIREWALL, COMPLIANCE, AND OTHER RELEVANT POLICIES AND PROCEDURES ARE ALSO AVAILABLE FROM THE CODE OF CONDUCT SECTION OF THIS SITE.

Applicable Criteria

Corporate Rating Methodology.

Analyst Names

Primary Analyst

Barath Ramjee

Associate Director

India Ratings and Research Pvt Ltd Wockhardt Towers, 4th floor, West Wing Plot C-2, G Block. Bandra Kurla Complex Bandra (East),
Mumbai 400051

+91 22 40356168

GALLANTT METAL LIMITED



Company Secretary

Secondary Analyst

Rohit Sadaka

Associate Director

+91 33 40302503

Committee Chairperson

Abhishek Bhattacharya

Director and Co Head Corporates

+91 22 40001786

Media Relation

Namita Sharma

Manager – Corporate Communication

+91 22 40356121

GALLANTT METAL LIMITED

Sachin
Company Secretary