



Press Release
DECCAN FERRO ALLOYS PRIVATE LIMITED
July 04, 2025
Rating Upgraded

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	35.00	ACUITE BBB+ Stable Upgraded	-
Bank Loan Ratings	60.00	-	ACUITE A2 Upgraded
Total Outstanding Quantum (Rs. Cr)	95.00	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has upgraded the long-term rating to 'ACUITE BBB+' (read as ACUITE triple B plus) from 'ACUITE BB+' (read as ACUITE double B plus) and short term to 'ACUITE A2' (read as ACUITE A two) from 'ACUITE A4+' (read as ACUITE A four plus) on the Rs.95.00 crore bank facilities of Deccan Ferro Alloys Private Limited (DFAPL). The outlook is 'Stable'.

Rationale for rating Upgrade

The rating upgrade considers the migration of DFAPL from 'Issuer Not Co-operating (INC)' status. The rating also factors in the improvement in the scale of operations and profitability margins of the group due to strategic acquisition of Chhattisgarh Steel and Power Limited (CSPL). Further, the rating also reflects the management's long track record in the industry and healthy financial profile characterized by below unity gearing and strong debt protection metrics. The rating also draws comfort from the adequate liquidity position of the group, aided by efficient working capital management and cushion available in the group's working capital limits. However, the ratings are constrained by susceptibility of profitability to volatility in raw material prices and presence in a highly fragmented and intensely competitive industry.

About the Company

Deccan Ferro Alloys Private Limited (DFAPL) was incorporated in 2000. The company is engaged in manufacturing of ferro chrome, ferro manganese and silico manganese. The company has a production facility in Visakhapatnam, Andhra Pradesh with an installed capacity of 39000 MT per annum. Directors of the company are Mr. Sivarama Raju Pericherla and Mr. Sirisha Ayinampudi.

About the Group

Chhattisgarh Steel and Power Limited (CSPL)

Chhattisgarh based, CSPL was incorporated in 2003. The company is primarily involved in manufacturing of ferro/silico-manganese products and is established in 150 acres of land in Champa, Chhattisgarh. The facility includes its own 30MW coal based captive power plant and 2x16.5 MVA Ferro Alloys furnaces. DFAPL initiated the acquisition process on September 1, 2023, which was completed on March 31, 2024. DPAPL initially acquired a 51.79% stake in CSPL, and in FY25, its holding has increased to 56.67%. Mr. Ramesh Singh Thakur, Ms. Lakshmi Lavanya Pannasa, Mr. Surendrapal Neware, Mr. Suresh Marpu, and Mr. Appalaraju Ayinampudi are directors of the company.

Vijaynagar Ispat and Alloys Private Limited (VIAPL)

Andhra Pradesh based, VIAPL was incorporated in 2021. VIAPL is a 100 percent subsidiary of DFAPL. Directors

of the company are Mr. Sivarama Raju Pericherla and Mr. Sirisha Ayinampudi. The company does not have any operations.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

- Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has consolidated the business and financial risk profiles of Deccan Ferro Alloys Private Limited (DFAPL), Chhattisgarh Steel and Power Limited (CSPL) and Vijaynagar Ispat and Alloys Private Limited (VIAPL). The consolidation is in the view of common promoters and management, intercompany holdings, operational linkages between the entities and a similar line of business. Collectively, these entities are referred to as the "Deccan Group".

Key Rating Drivers

Strengths

Experienced management

Promoters of the group are associated with the ferro alloys industry for over two decades. The group has a strong customer base which includes reputed steel players such as JSW Steel Limited, Arcelor Mittal Nippon Steel India Limited, Rashtriya Ispat Nigam Limited among others. The company has been associated with their key customers almost since inception. Acuite believes that the extensive experience of the promoter would continue to help in the business risk profile of the group going forward.

Improvement in operating performance

The group reported increase in the revenue that stood at Rs.500.20 Cr. in FY2025(prov.) as against Rs.326.15 Cr. in FY2024 and Rs. 509.54 Cr. in FY2023. The subdued revenue in FY2024 was due to temporary shutdown of unit from the period July to October 2023. The shutdown of furnaces was due to surge in power and fuels costs incurred for running the plants. This temporary shutdown was not specific only to DFAPL but had been undertaken by multiple factories in the state due to the steep price increase. The group reported significant improvement in EBITDA margin that stood at 8.67 percent in FY2025(Prov.) as against 4.24 percent in FY2024 due to decrease in raw material expenses. Subsequently, the net profitability of the group stood at 5.85 percent in FY2025(prov.) as against 1.56 percent in FY2024. The acquisition of CSPL has further enhanced the customer base, operational efficiency and profitability of the group. Acuite believes the group's ability to scale up its operations and maintain its profitability margins shall remain a key rating sensitivity.

Healthy financial risk profile

The financial risk profile of the group remained healthy marked by healthy net worth, below unity gearing and strong debt protection metrics. The net worth of the group stood at Rs.195.53 crore in FY25(prov.) as compared to Rs.168.96 crore in FY24. The gearing of the group improved and stood comfortable at 0.22 times as on March 31, 2025(Prov.) as against 0.35 times as on March 31, 2024. The total debt of the group decreased and stood at Rs. 43.66 Cr. as on March 31, 2025(Prov.) as against Rs.59.43 Cr. as on March 31, 2024. The total debt of Rs. 43.66 Cr. consists of Rs. 1.62 Cr. of long-term debt, Rs. 9.72 USL from directors/ promoters and Rs.32.32 Cr. of short-term debt. TOL/TNW stood at 0.73 times as on March 31, 2025(prov.) as against 0.90 times as on March 31, 2024. Interest coverage ratio (ICR) improved and stood at 8.33 times for FY2025(Prov.) as against 3.62 times for FY2024. Also, the debt service coverage ratio (DSCR) improved and stood at 7.30 times for FY2025(Prov.) as against 2.08 times for FY2024. Acuite believes that the financial risk profile of the group is likely to be sustained in near to medium term on the back of absence of major debt funded capex and healthy net worth.

Moderately efficient Working capital operations

The working capital cycle of the group is moderately efficient marked by decreasing GCA days that stood at 117 days in FY2025(Prov.) as against 171 days in FY2024. The debtor also improved and stood at 10 days in FY2025(prov.) as compared to 26 days in FY2024. The inventory days stood at 79 days in FY2025(Prov.) against 105 days in 2024. The creditor days stood at 83 days in FY2025(Prov.) as compared to 108 days in FY2024. Post-acquisition due to ease of availability of raw materials for CSPL and direct tie ups with coal fields mines, the reliance on creditor support has been reduced for the group. The group has low reliance on fund-based limit as reflected from its low utilization of working capital limits. The average bank limit utilisation for the six months ended March 2025 stood at 46.20 percent for fund-based facilities.

Weaknesses

Susceptibility of profitability to volatility in raw material prices

The group's profitability is highly susceptible to volatility in prices of the key raw material. Any sharp upward movement in the raw material prices and the inability of the group to pass on the increased cost of raw materials may result in dip in the operating margins. Acuite believes, the profit margins of the group likely to remain exposed to volatility in raw material prices.

Highly fragmented and intensely competitive industry

The ferro alloys industry is marked by the presence of a large number of organized and unorganized players owing to low entry barriers. The company faces intense competition from the presence of several mid to large sized players in this industry. The presence of a large number of players has a direct impact on pricing, restricts bargaining power having an adverse impact.

Rating Sensitivities

- Sustain improvement in revenues and profitability
- Changes in financial risk profile
- Deterioration in working capital cycle

Liquidity Position

Adequate

The Group's liquidity profile is adequate as reflected from its healthy net cash accruals of Rs.37.41 Cr. in FY25(Prov.) as against nominal debt repayment obligation of Rs. 0.30 Cr. during the same period. The average bank limit utilisation for the six months ended March 2025 stood at 46.20 percent for fund-based facilities. The current ratio stood modest at 1.35 times as on March 31, 2025(Prov.). The cash and cash balance of the group stood at Rs. 6.44 Cr. as on March 31, 2025(Prov.). Acuité believes that the liquidity of the group is likely to remain adequate over the medium term on account of adequate cash accrual over the medium term against repayment obligations.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 25 (Provisional)	FY 24 (Actual)
Operating Income	Rs. Cr.	500.20	326.15
PAT	Rs. Cr.	29.26	5.10
PAT Margin	(%)	5.85	1.56
Total Debt/Tangible Net Worth	Times	0.22	0.35
PBDIT/Interest	Times	8.33	3.62

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: <https://www.acuite.in/view-rating-criteria-53.htm>
- Consolidation Of Companies: <https://www.acuite.in/view-rating-criteria-60.htm>
- Default Recognition: <https://www.acuite.in/view-rating-criteria-52.htm>
- Manufacturing Entities: <https://www.acuite.in/view-rating-criteria-59.htm>

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuité's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
06 Jun 2025	Letter of Credit	Short Term	50.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Letter of Credit	Short Term	10.00	ACUITE A4+ (Downgraded & Issuer not co-operating* from ACUITE A2)
	Cash Credit	Long Term	10.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Cash Credit	Long Term	20.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
	Cash Credit	Long Term	5.00	ACUITE BB+ (Downgraded & Issuer not co-operating* from ACUITE BBB+ Stable)
14 Mar 2024	Letter of Credit	Short Term	10.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Letter of Credit	Short Term	50.00	ACUITE A2 (Downgraded from ACUITE A2+)
	Cash Credit	Long Term	5.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	10.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
	Cash Credit	Long Term	20.00	ACUITE BBB+ Stable (Downgraded from ACUITE A- Stable)
15 Dec 2022	Cash Credit	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Reaffirmed)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Reaffirmed)
	Proposed Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
25 Feb 2022	Cash Credit	Long Term	20.00	ACUITE A- Stable (Reaffirmed)
	Cash Credit	Long Term	10.00	ACUITE A- Stable (Assigned)
	Cash Credit	Long Term	5.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Reaffirmed)
	Letter of Credit	Short Term	10.00	ACUITE A2+ (Assigned)
07 Jan 2022	Cash Credit	Long Term	20.00	ACUITE A- Stable (Assigned)
	Letter of Credit	Short Term	40.00	ACUITE A2+ (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Axis Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	15.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BB+)
State Bank of India	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BB+)
HDFC Bank Ltd	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BB+)
Axis Bank	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A2 Upgraded (from ACUITE A4+)
State Bank of India	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	10.00	Simple	ACUITE A2 Upgraded (from ACUITE A4+)
HDFC Bank Ltd	Not avl. / Not appl.	Letter of Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	25.00	Simple	ACUITE A2 Upgraded (from ACUITE A4+)
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	5.00	Simple	ACUITE BBB+ Stable Upgraded (from ACUITE BB+)

*Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)

Sr. No.	Company Name
1	Deccan Ferro Alloys Private Limited (DFAPL)
2	Vijaynagar Ispat and Alloys Private Limited (VIAPL)
3	Chhattisgarh Steel and Power Limited (CSPL)

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About Acuité Ratings & Research

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