

August 29, 2025

## Aether Alloys LLP: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term/Short-term Unallocated	25.00	6.00	[ICRA]BB- (Stable)/ [ICRA]A4; reaffirmed
Long-term Cash credit	0.00	19.00	[ICRA]BB- (Stable); reaffirmed
Long-term Term Loan	80.00	80.00	[ICRA]BB- (Stable); reaffirmed
<b>Total</b>	<b>105.00</b>	<b>105.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of the ratings of Aether Alloys LLP (AALLP) factors in the experience of its management in the ferro alloy business and its proximity to raw material sources. The ratings also derive comfort from the low power tariffs in Arunachal Pradesh, which is likely to positively impact the entity's cost competitiveness, given the power-intensive industry.

ICRA notes that the entity is eligible for various fiscal incentives under the Arunachal Pradesh State Industrial and Investment Policy, 2020, which is expected to support its profitability. Among the various subsidies which the entity is eligible for, the most notable one is the power subsidy of Re. 1 per unit consumed from the date of commercial production for a period of five years without any capping and not exceeding 100% of the total investment in plant and machinery. The power tariffs are already low in Arunachal Pradesh; hence, the power subsidy per unit will further lower the entity's cost of production significantly, giving it sizeable cost advantage compared to its peers in other states.

The commissioning of the project was cumulatively postponed by 24 months, to December 2024 from the initial DCCO of January 2023, due to multiple factors, including delays in the receipt of machinery initially and thereafter delay in the installation of power infrastructure by the Department of Power, Government of Arunachal Pradesh, in the industrial zone where AALLP's plant is located. In FY2025, Aether Alloys commenced the commercial operations of its ferro silicon plant from December 10, 2024 with an annual capacity of 15500 metric tonnes per annum (MTPA). ICRA notes that Aether alloy's operational performance in terms of profitability in FY2025 was lower than earlier envisaged owing to delay in commissioning of its facilities led by the delay due to Power Grid not augmenting the power line and charging the nearest sub-station which will be used by the Department of Power, Government of Arunachal Pradesh to transmit power to the unit. However, the entire project was completed in December 2024 and the entity started generating revenue though recorded OPBDITA loss in FY2025, thereby adversely impacting the leverage and debt coverage indicators. Further, the credit metrics are likely to remain moderate in the near term atleast. Consequently, the stabilisation of the plant in line with the stated operating parameters would remain a key rating monitorable.

Any large debt-funded capital expenditure or investments, impacting the debt protection metrics and liquidity will be credit negative and would remain the key rating monitorable. ICRA also notes that the term debt repayment would commence from FY2026 and therefore, any delays in project stabilisation could adversely affect profitability, which in turn may impact the ability to service debt through operational cash flows.

The ratings are also constrained by the risks emanating from the firm's status as a limited liability partnership firm (LLP), including the risk of capital withdrawal by the partners. However, the firm is subject to restrictions on capital withdrawal, which requires prior approval from the lender. Also, significant debt servicing obligations in the medium to long term are likely to keep the entity's cash flows under pressure. Further, the ratings are constrained by AALLP's exposure to the inherent cyclicity of the end user, the steel industry.

The Stable outlook on the [ICRA]BB- rating reflects ICRA's opinion that the entity would benefit from the experience of its key executives in the ferro alloy business and the low power tariffs in Arunachal Pradesh.

## Key rating drivers and their description

### Credit strengths

**Experience of management in ferro alloy** – The designated partners of the entity, Mr. Karan Sharma along with his father, Mr. Niraj Sharma (appointed as head of operations of AALLP), have previously been involved in the manufacturing of ferro alloys through other entities and hence AALLP should benefit from the experience of the key executives.

**Proximity to raw materials and low power tariff in Arunachal Pradesh to support cost competitiveness** – AALLP will have the locational advantage of being close to raw material sources as a major part of the inputs would be sourced from the North east India, leading to lower landed costs. Additionally, the lower power tariff in Arunachal Pradesh (AP) is likely to give AALLP an edge over its peers in other locations, given the power-intensive nature of the industry.

**Eligibility to receive fiscal incentives** – AALLP is entitled to various fiscal incentives under the Arunachal Pradesh State Industrial and Investment Policy, 2020, which would support its profitability, after the commencement of operations. Among the various subsidies which the entity is eligible for as per the policy, the most notable one is the power subsidy of Re. 1 per unit consumed from the date of commercial production for a period of five years without any capping and not exceeding 100% of the total investment in plant and machinery. The power tariffs in Arunachal Pradesh are already low. Hence, the power subsidy per unit will further lower the entity's cost of production significantly, leading to sizeable cost advantages compared to its peers in other states.

### Credit challenges

**Operating losses in FY2025 owing to project stabilisation**– The commissioning of the project was cumulatively postponed by 24 months, to December 2024 from the initial DCCO of January 2023, due to multiple factors, including delays in the receipt of machinery initially and thereafter delay in the installation of power infrastructure by the Department of Power, Government of Arunachal Pradesh, in the industrial zone where AALLP's plant is located. In FY2025, Aether Alloys commenced the commercial operations of its ferro silicon from December 10, 2024 with an annual capacity of 15500 metric tonnes per annum (MTPA). ICRA notes that aether alloy's operational performance in terms of profitability in FY2025 was lower than earlier envisaged owing to delay in commissioning of its facilities led by the delay due to Power Grid not augmenting the power line and charging the nearest sub-station which will be used by the Department of Power, Government of Arunachal Pradesh to transmit power to the unit and project stabilisation. However, the entire project was completed in December 2024 and the entity started generating revenue though recorded OPBDITA loss in FY2025, thereby adversely impacting the leverage and debt coverage indicators. Further, the credit metrics are likely to remain moderate in the near term atleast. Consequently, the stabilisation of the plant in line with the stated operating parameters would remain a key rating monitorable.

**Risks from entity's legal status as a limited liability partnership firm** – ICRA notes that AALLP is a limited liability partnership firm and any significant withdrawal of capital by the partners may adversely impact its net worth and liquidity position. However, the firm is subject to restrictions on capital withdrawal, which requires prior approval from the lender.

**Cyclical nature of ferro-alloy industry with complete dependence on steel sector** – Ferro alloys are primarily used in the manufacturing of steel. Therefore, AALLP will be exposed to the inherent cyclicity of the steel industry, which can lead to volatility in realisations and profitability.

**Significant debt servicing obligations in the medium-to-long term** – The entity will have significant debt servicing obligations in the medium to long term, which are likely to keep its cash flow under pressure.

## Liquidity position: Stretched

The liquidity of the firm is likely to remain stretched. Any delay in stabilisation of the plant in terms of generating healthy profits may adversely impact the overall financial risk profile of the entity as it has significant debt servicing obligations in the medium to long term.

## Rating sensitivities

**Positive factors** – Significant ramp-up of operations resulting in a significant improvement in earnings, debt-protection metrics and liquidity position of the entity.

**Negative factors** – Pressure on the ratings could arise if the firm is unable to ramp up the operations, resulting in sustained operating losses and weak debt coverage indicators.

## Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group Support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of AALLP.

## About the company

AALLP, established in 2017, has set up a ferro silicon manufacturing plant at Niglok, Arunachal Pradesh, with an installed annual capacity of 15,500 MT. The operations have commenced from December 10, 2024.

## Key financial indicators (audited)

AALLP (Standalone)	FY2023	FY2024	FY2025*
Operating income	0.00	0.00	23.09
PAT	-0.01	-0.01	-10.87
OPBDIT/OI	-	-	-34.43%
PAT/OI	-	-	-47.08%
Total outside liabilities/Tangible net worth (times)	1.1	1.1	2.2
Total debt/OPBDIT (times)	-3,955.0	-14,552.3	-15.0
Interest coverage (times)	-	-	-2.72

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Current (FY2026)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	FY2025		FY2024		FY2023		
			Aug 29, 2025	Date	Rating	Date	Rating	Date	Rating
Unallocated	Long-term/Short-term	6.00	[ICRA]BB- (Stable)/ [ICRA]A4	May-30-24	[ICRA]BB- (Stable)/ [ICRA]A4	-	-	Feb-09-23	[ICRA]BB- (Stable)/ [ICRA]A4
Cash credit	Long-term	19.00	[ICRA]BB- (Stable)	-	-	-	-	-	-
Term Loan	Long-term	80.00	[ICRA]BB- (Stable)	May-30-24	[ICRA]BB- (Stable)	-	-	Feb-09-23	[ICRA]BB- (Stable)

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term/Short-term Unallocated	NA
Long-term Cash credit	Simple
Long-term Term Loan	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	Apr 2022	NA	FY2033	80.00	[ICRA]BB- (Stable)
NA	Cash credit	NA	NA	NA	19.00	[ICRA]BB- (Stable)
NA	Unallocated limits	NA	NA	NA	6.00	[ICRA]BB- (Stable)/ [ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

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

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Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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### Branches



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