

December 30, 2025

Berry Alloys Limited: Ratings upgraded to [ICRA]A+ (Stable)/[ICRA]A1

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long term - Term loan - Fund based	60.00	60.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Long term - Cash credit - Fund based**	170.00	170.00	[ICRA]A+ (Stable); upgraded from [ICRA]A (Stable)
Short term - Forward cover – Non-fund based	3.40	3.40	[ICRA]A1; upgraded from [ICRA]A2+
Short term - Letter of credit – Non-fund based^	340.00	340.00	[ICRA]A1; upgraded from [ICRA]A2+
Total	573.40	573.40	

*Instrument details are provided in Annexure I

**Interchangeable to WCDL; ^Interchangeable to bank guarantee

Rationale

While arriving at the ratings, ICRA has assessed the consolidated financial profile of Berry Alloys Limited (BAL) and its subsidiary, Gajanan Ferro Pvt Ltd (GFPL), factoring in the common management as well as financial linkages between the entities.

The rating upgrade considers a noticeable recovery in BAL's financial performance in H1 FY2026 and ICRA's expectation that the trend is likely to continue in the near to medium term. The improvement in the performance is supported by a favourable shift in the product mix towards value-added offerings, higher export share and improved cost efficiencies. The average realisation improved by ~4% in H1 FY2026, driven by stable ferro alloy prices in the current fiscal and a premium on value-added products. Consequently, the company reported operating margins of 9.8% in H1 FY2026, significantly higher than the 6.7% reported in full fiscal FY2025. For the full fiscal FY2026, BAL is expected to report consolidated revenues of ~Rs. 2,800 crore with operating margins of more than 9%, which is likely to support the net profits of the entity. The leverage and coverage metrics are also expected to remain healthy with projected consolidated TD/OPBDITA of 1.8-1.9 times and consolidated interest coverage of more than 6 times in the current fiscal, supported by better earnings visibility.

While upgrading the ratings, ICRA has also considered the advanced stage of project completion at the subsidiary entity – GFPL. The commercial operations are expected to commence over the next 3-6 months, well ahead of the originally envisaged timeline. 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.

The ratings continue to derive comfort from Berry Alloys Limited's established market position in the ferro alloy industry along with its established customer base, an extensive experience and the strong financial flexibility of the promoters. The ratings also factor in BAL's efficient operations, reflected in its high capacity utilisation and a significant increase in its scale of operations, supported by capacity addition in the recent years. ICRA notes the strategic location of the company's plant in proximity to the Vizag port, which keeps the landed costs of imported raw materials low and aids in the export of its products, rendering operational and cost benefits.

ICRA also notes that the leverage and coverage indicators were adversely impacted in FY2024, but they bounced back in the last fiscal. While the ongoing expansion project is likely to keep the leverage high in the near term, the expected commercial production in the next 3-6 months is likely to support the debt protection metrics from the next fiscal. ICRA notes that BAL has

certain capital expenditure plans in the medium term. However, nothing has been finalised yet. Going forward, any large debt-funded capex materially impacting the leverage position of the entity would remain a key rating monitorable.

The ratings are also constrained by the susceptibility of BAL's profitability to the cyclicity in the steel industry and exposure to fluctuations in raw material prices, power cost and finished goods realisations. The company also remains vulnerable to volatility in foreign exchange (forex) rates. However, the presence of both exports and imports provides a natural hedge to forex risks, to some extent.

The Stable outlook on the long-term rating reflects ICRA's expectation that BAL is likely to sustain its operational efficiency and its cash flow from operations would remain healthy, going forward, with an improvement in the operating margin. The company is unlikely to undertake any new highly leveraged capex; hence, its capital structure and debt coverage metrics are likely to remain comfortable and commensurate with the rating level.

Key rating drivers and their description

Credit strengths

Significant improvement in performance expected in FY2026, supporting the leverage and coverage metrics – BAL's operating performance has registered a marked recovery in H1 FY2026, driven by a favourable shift in product mix, higher export contribution and improved cost efficiency. The weighted average realisation increased to ~Rs. 84,000/MT in H1 FY2026 from ~Rs. 81,00/MT in FY2025, supported by higher sales of value-accretive products, which accounted for ~20% of the total sales during the period. Strong capacity utilisation and a higher export share of 53% further bolstered the earnings. Consequently, BAL reported an OPBDITA of ~Rs. 124 crore in H1 FY2026 compared to Rs. 138.5 crore for the entire FY2025. For the full fiscal FY2026, BAL is expected to report consolidated revenues of ~Rs. 2,800 crore with operating margins of more than 9%, which is likely to support the net profits of the entity. The leverage and coverage metrics are also expected to remain healthy with projected TD/OPBDITA of 1.8-1.9 times and interest coverage of more than 6 times in the current fiscal, supported by better earnings visibility.

Expected commissioning of facilities in GFPL in early FY2027 to significantly support cash flows – The ongoing large integrated expansion in GFPL has progressed well ahead of schedule, with the DRI and WHRB units now expected to commence operations by March 2026 and the ferro-alloy and CFBC units by June 2026, against the TEV-indicated commercial operation timeline of June 2027. This accelerated execution materially reduces the project implementation risk and brings forward the associated cost savings. Once operational, the 45-MW captive power block (33-MW WHRB and 12-MW CFBC) is expected to generate substantial power cost benefits. The availability of low-cost captive power is expected to augment the overall operating profitability and strengthen the consolidated cash flows from FY2027, supporting an improvement in the leverage and debt coverage indicators at the group level.

Extensive experience and strong financial flexibility of promoter Group – BAL continues to benefit from the promoters' extensive experience of over three decades in the ferro-alloy and steel value chain, which has supported the company's steady scaling-up of operations and ability to navigate sectoral cyclicity. The promoters, led by Mr. Vijay Gupta, have demonstrated strong operational expertise across the ferro-alloy manufacturing, process improvement and raw material sourcing – reflected in the company's position among the lowest-cost producers in the industry. The Group's established relationships with lenders and a demonstrated track record of supporting growth underscore its healthy financial flexibility.

Repeat business from established customers and significant expansion of scale, leading to a robust revenue growth – BAL enjoys longstanding relationships with reputed domestic and international steel producers, including large PSUs and private sector majors, which continue to drive repeat business and support the revenue visibility. Its export presence has strengthened further, with exports contributing ~53% of the sales in H1 FY2026 compared to ~41% in FY2025, aided by strong demand from markets such as Japan, Korea, the Middle East and Europe. On the operational front, the company has witnessed significant expansion of scale over the past few years, with the installed capacity rising to 2.16 lakh MT in FY2025 from 1.32 lakh MT in

FY2023 and the utilisation levels remaining consistently high (>100% in FY2025 and in H1 FY2026). This, along with the rising value-accretive low carbon products output and enhanced product-mix, has enabled BAL to sustain strong revenue momentum, with the consolidated operating income increasing to Rs. 2,435 crore in FY2025 from Rs. 2,055 crore in FY2024, and expected to grow further in FY2026 (~Rs. 2,800 crore). The diversified and stable customer base, combined with the increased scale efficiencies, continues to underpin BAL's robust topline performance.

Strategic location of plant and efficient operations, reflected in high capacity utilisation, positively impact cost structure -

BAL's plant is located in proximity to the Vizag port, leading to low cost of imported raw materials and competitive exports. The company's efficient operation, reflected in the optimum utilisation of the production capacities, also supports its cost structure and profitability.

Credit challenges

Susceptibility of profitability to volatility in raw material prices, realisation, and power cost benefits - Raw materials are among the major cost components for ferro-alloy producers like BAL and are important determinants of profitability. The main raw materials include manganese ore, coal and coke, which account for bulk of the raw material costs and have exhibited sharp volatility in the past. BAL's profit margins remain vulnerable to fluctuations in ferro alloy realisations and raw material prices, given the lack of backward integration. In FY2024, the moderation in realisation impacted the earnings to an extent. Ferro alloy manufacturing operations are highly energy-intensive. The company got support from electricity duty waiver by the Andhra Pradesh Government in the last fiscal. However, the electricity duty waiver is not available post March 2025 and the continuation of the same for the current fiscal would continue to be the key monitorable for the entity.

Cyclical nature of ferro-alloy industry with complete dependence on 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 impart 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.

Exposed to forex risks; presence of both export and import provides a natural hedge - The company's profitability remains exposed to forex fluctuation risks, given BAL's high reliance on imports and exports. The company is currently exporting to around 35 countries. However, the presence of both exports and imports provides a natural hedging to forex risks, to some extent.

Liquidity position: Adequate

BAL's liquidity position remain adequate. The improvement in profits is likely to accelerate the cash flow in the current fiscal. The company has additional cushion from the enhancement of working capital limits. The Group has an ongoing expansion project in GFPL, which is funded through unsecured loans from BAL as well as external term loans of Rs. 250 crore. However, the repayment is expected to remain moderate in the coming two fiscals, given the long term nature of the loans, supporting the overall liquidity position.

Rating sensitivities

Positive factors- ICRA may upgrade the ratings if BAL can strengthen its consolidated scale of operations and operating profitability, post the commissioning of new capacities, thereby improving its debt protection metrics and liquidity position. A specific credit metric for upgrade would be total debt/OPBITDA of less than 1.5 times on a sustained basis.

Negative factors- The ratings may be downgraded if there is a sustained decline in BAL’s profitability, impacting the credit metrics and liquidity position on a consolidated basis. A specific credit metrics for downgrade include TD/OPBDITA above 2.3 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Iron & Steel
Parent/Group support	Not applicable
Consolidation/Standalone	ICRA has consolidated the financials of GFPL, a subsidiary of BAL (holding 54.34% stake) along with BAL to arrive at the ratings

About the company

Berry Alloys Limited (BAL), incorporated in 2006 by Kolkata-based Mr. Vijay Gupta, manufactures ferro-alloys, primarily silico manganese. The manufacturing facilities are in Bobbili (Vizianagaram district), Andhra Pradesh, in proximity to the Vizag port. The company has an installed manufacturing capacity with submerged electrical arc furnace capacity of ~81 MVA with nine furnaces of 9 MVA each. The ferro alloys manufactured by BAL find usage in the steel sector. The company supplies its products in the export market as well as to reputed steel makers in the domestic market.

Till FY2024, BAL had a 18.48 % stake in GFPL. In February 2025, the entity acquired an additional stake of 36.86 % at a cost of Rs 2.55 crore, making the total stake of 54.34 %, making GFPL a subsidiary of the entity. The entire operation, cash flow and future projects are being managed by BAL. BAL and GFPL are expected to merge by Q1 of FY2027.

Key financial indicators (audited)

BAL Standalone	FY2024	FY2025	H1 FY2026*
Operating income	1689.3	2053.1	1270.7
PAT	31.4	80.3	109.5
OPBDIT/OI	3.9%	6.7%	9.8%
PAT/OI	1.9%	3.9%	8.6%
Total outside liabilities/Tangible net worth (times)	1.4	1.3	1.2
Total debt/OPBDIT (times)	3.4	1.6	0.9
Interest coverage (times)	2.3	4.3	8.7

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	Current (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Dec 30, 2025	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
Long term - Term loan - Fund based	Long term	60.0	[ICRA]A+ (Stable)	Apr 09, 2025	[ICRA]A (Stable)	-	-	Mar 25, 2024	[ICRA]A (Stable)	-	-
				Apr 17, 2025	[ICRA]A (Stable)						
Long term - Cash credit - Fund based	Long term	170.0	[ICRA]A+ (Stable)	Apr 09, 2025	[ICRA]A (Stable)	-	-	Mar 25, 2024	[ICRA]A (Stable)	Sep 26, 2022	[ICRA]A (Positive)
				Apr 17, 2025	[ICRA]A (Stable)					Mar 31, 2023	[ICRA]A (Stable)
Short term - Forward cover – Non-fund based	Short term	3.4	[ICRA]A1	Apr 09, 2025	[ICRA]A2+	-	-	Mar 25, 2024	[ICRA]A2+	Mar 31, 2023	[ICRA]A2+
				Apr 17, 2025	[ICRA]A2+						
Short term - Letter of credit - Non-fund based	Short term	340.0	[ICRA]A1	Apr 09, 2025	[ICRA]A2+	-	-	Mar 25, 2024	[ICRA]A2+	Sep 26, 2022	[ICRA]A2+
				Apr 17, 2025	[ICRA]A2+					Mar 31, 2023	[ICRA]A2+

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term - Term loan - Fund based	Simple
Long term - Cash credit - Fund based	Simple
Short term - Forward cover – Non-fund based	Simple
Short term - Letter of credit – Non-fund based	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	Jun 28, 2023	-	Dec 31, 2029	60.0	[ICRA]A+ (Stable)
NA	Cash credit*	-	-	-	170.0	[ICRA]A+ (Stable)
NA	Letter of credit^	-	-	-	340.0	[ICRA]A1
NA	Forward contract	-	-	-	3.4	[ICRA]A1

Source: Company; *Interchangeable to WCDL; ^Interchangeable to Bank Guarantee

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

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Gajanan Ferro Pvt Ltd	54.34%	Full consolidation

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Branches



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