

March 30, 2026

## Virgo Aluminum Limited: Ratings upgraded to [ICRA]A- (Stable)/[ICRA]A2+

### Summary of rating action

Instrument <sup>^</sup>	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long Term / Short Term – Fund-based – Cash Credit	217.00	217.00	[ICRA]A- (Stable)/[ICRA]A2+; Ratings upgraded from [ICRA]BBB+(Stable)/[ICRA]A2
Long-term – Fund-based – Term Loan	33.00	33.00	[ICRA]A- (Stable); Rating upgraded from [ICRA]BBB+ (Stable)
Short-term – Non-fund based – Interchangeable – Others	(26.00)*	(26.00)*	[ICRA]A2+; Rating upgraded from [ICRA]A2
<b>Total</b>	<b>250.00</b>	<b>250.00</b>	

<sup>^</sup>Instrument details are provided in Annexure I; \* Interchangeable with CC limit of HDFC Bank

### Rationale

The ratings upgrade of Virgo Aluminium Limited (VAL) factors in the improvement in VAL's financial performance in FY2025 and FY2026 and ICRA's expectation that the trend is likely to continue in the near term. VAL's revenue growth is estimated at ~29% in FY2026 owing to higher sales volume and better realisations. The sales volumes were supported by the ramp up and healthy capacity utilisation of the Ahmedabad plant. The operating profit margin (OPM) remained comfortable at ~5-5.5% in FY2025 and FY2026, resulting in healthy operating profits of the entity. The increasing share of OEM led business, introduction of additional product categories and consistent hedging practices also contribute to greater predictability of margins. Consequently, the debt coverage indicators have improved with interest coverage of >4 times estimated in FY2026. Going forward, the capacity utilisation is expected to remain healthy, which is likely to keep the margins and coverage metrics at comfortable levels.

The ratings also take into account the financial flexibility derived from the promoter group, with interest free unsecured loans of Rs. 135 crore outstanding as of December 2025, which supports the liquidity profile. The company continues to benefit from the operational track record of the Virgo Group in aluminium rolled products and related downstream segments. The promoter's long experience has enabled the company to establish healthy relationships with various reputed customers and suppliers, resulting in wide distribution network.

The ratings, however, remain constrained by the working-capital intensive operations, moderately leveraged capital structure, exposure to the cyclicity of the aluminium industry, and the company's dependence on imported raw material exposing it to geopolitical risks, global metal prices and forex fluctuations.

The Stable outlook reflects ICRA's expectation that VAL will maintain the improved scale of operations, continue to report steady margins supported by hedging coverage and OEM offtake, and retain liquidity support from the promoter group.

## Key rating drivers and their description

### Credit strengths

**Status as part of the Virgo group, having presence in laminates and aluminium business** – VAL benefits from being part of the Virgo Group, a well-established business house with a diversified presence in laminates, boards, ACP and aluminum products. The Group's long operating track record and strong brand support VAL's market position and distribution reach. The promoters have also demonstrated consistent financial support, reflected in sizeable interest-free unsecured loans of about Rs. 135 crore as of December 2025, a significant portion of which is subordinated to bank debt, enhancing financial flexibility.

**Improvement in revenue and profits with stabilisation of Ahmedabad plant** – The Ahmedabad plant has stabilised well, supporting a marked improvement in scale and earnings in FY2025. Sales volumes increased by 46% to 44,481 MT, resulting in a 45% growth in operating income to Rs. 1,097.6 crore, while margins remained stable at around 5.4%. Further VAL's revenue grew by ~29% estimated in FY2026 owing to higher sales volume and better realisations. The ramp-up of this unit, along with the transfer of the ACP and PVC laminates division from Virgo Laminates, has enabled better absorption of fixed costs and enhanced operating efficiencies. Continued healthy utilisation levels of 80–85% further support revenue visibility and profitability metrics.

**Established presence in aluminum industry** – VAL has an established operating track record of over three decades in the aluminium flat products segment. The company offers a diversified portfolio of coils, sheets, strips and value-added coated products, and has recently expanded into newer categories such as HSRP plates, roll-bond sheets, insulation sheets, finstock and blister foil. This product diversification enhances its positioning across multiple end-use applications.

**Wide distribution network** – The promoter's long experience has enabled the company to establish healthy relationships with various reputed customers and suppliers. It also derives comfort from the strong position of the Virgo brand.

### Credit challenges

**Working capital intensive operations** – VAL's operations continue to remain working capital-intensive as the company has to maintain high levels of inventory, both for raw materials and finished goods, given the volatility in aluminium prices and lead time associated with imported scrap. Although working capital intensity moderated to 27.5% in FY2025 from 34.8% in FY2024, requirements remain sizeable in relation to the scale of operations. This results in elevated dependency on working capital borrowings, as reflected in the increase in total debt to Rs. 329.9 crore as of March 2025 and around Rs. 366 crore in December 2025.

**Competitive domestic market and subdued export contribution** – The domestic aluminium flat products market remains competitive due to the presence of several organised and unorganised players, limiting pricing flexibility in certain categories, especially those with higher trader-led demand. Export contribution remains low below 5%, resulting in limited diversification across markets.

**Exposure to cyclicality in the aluminium industry and raw material price volatility** – VAL remains exposed to the inherent cyclicality of the aluminum industry and volatility in global aluminum prices, which influence raw material costs, particularly for imported scrap. Despite hedging practices and diversified sourcing providing some mitigation, the company's margins continue to remain sensitive to movements in international aluminum prices and global logistics conditions.

### Liquidity position: Adequate

VAL's liquidity position remains adequate, supported by consistent fund infusion from promoters in the form of unsecured, interest-free loans, which increased to Rs. 135 crore as of December 2025, thereby strengthening the company's financial flexibility. Liquidity is further aided by the availability of undrawn working-capital limits, with Rs. 50.5 crore remaining unutilised in Jan 2026, providing an additional cushion against short-term funding requirements. The company's repayment

obligations remain moderate, and with limited capex outlay planned for FY2026 alongside stable profitability expectations, VAL's liquidity is expected to remain adequate over the near term.

### Rating sensitivities

**Positive factors** – A significant increase in the scale of operations and profitability, leading to an improvement in the debt protection metrics and a healthy liquidity position on a sustained basis, could lead to an upgrade. Additionally, Interest coverage above 6.0 times, on a sustained basis, might also trigger an upgrade.

**Negative factors** – The ratings could be revised downwards in case of any adverse impact on the company's revenue/profitability, resulting in a deterioration of the debt protection metrics. A deterioration in the working capital intensity, weakening the liquidity profile, might also weigh on the ratings.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

## About the company

VAL, incorporated in 1989 as Alpha Reprographics Limited, got its present name in 2009. The company has two plants - one at Kala Amb in Himachal Pradesh and the other in Ahmedabad with a combined installed capacity of 53,280MTPA. It manufactures aluminum sheets and coils of sizes varying from 0.1 mm to 6 mm. The products manufactured by the company find application in various end-user industries such as power, automobiles, consumer durables, furniture and architecture application. The company uses a mix of aluminum ingots and aluminum scrap as raw material.

### Key financial indicators (Audited)

VAL	FY2024	FY2025
Operating income	755.3	1,097.6
PAT	3.4	17.8
OPBDIT/OI	5.3%	5.4%
PAT/OI	0.5%	1.6%
Total outside liabilities/Tangible net worth (times)	2.4	2.5
Total debt/OPBDIT (times)	6.89	5.58
Interest coverage (times)	3.0	3.7

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

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

**Any other information: None**

## Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 30, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Cash credit	Long term/ Short term	217.00	[ICRA]A- (Stable)/ [ICRA]A2+	Dec 31, 2024	[ICRA]BBB+ (Stable)/ [ICRA]A2	Sep 25, 2023	[ICRA]BBB+ (Stable)/ [ICRA]A2	-	-
				-	-	Aug 07, 2023	[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING	-	-
				-	-	Apr 28, 2023	[ICRA]BB+ (Stable)/ [ICRA]A4+; ISSUER NOT COOPERATING	-	-
Non-fund based – Interchangeable	Short term	(26.00)*	[ICRA]A2+	Dec 31, 2024	[ICRA]A2	-	-	-	-
Term loan	Long term	33.00	[ICRA]A- (Stable)	Dec 31, 2024	[ICRA]BBB+ (Stable)	Aug 07, 2023	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	-	-
				-	-	Apr 28, 2023	[ICRA]BB+ (Stable); ISSUER NOT COOPERATING	-	-
Bank guarantee	Short term	-	-	-	-	Aug 07, 2023	[ICRA]A4+; ISSUER NOT COOPERATING	-	-
				-	-	Apr 28, 2023	[ICRA]A4+; ISSUER NOT COOPERATING	-	-

\* Interchangeable with CC limit of HDFC Bank

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term/Short Term – Fund Based – Cash Credit	Simple
Long term – Fund based – Term Loan	Simple
Short term – Non-fund based – Interchangeable – Others	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	Cash Credit	NA	NA	NA	217.00	[ICRA]A- (Stable)/[ICRA]A2+
NA	Term Loan	FY2024	7-8%	FY2029	33.00	[ICRA]A- (Stable)
NA	Non-fund based – Interchangeable	NA	NA	NA	(26.00)*	[ICRA]A2+

Source: Company; \* Interchangeable with CC limit of HDFC Bank

[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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