September 10, 2026

APL Corporation Private Limited: Ratings reaffirmed and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Short-term – Fund based – Working Capital	-	100.00	[ICRA]A2; reaffirmed and assigned for enhanced amount	RBI
Short-term – Non fund based – LC / SBLC	95.00	-	-	RBI
Short-term – Interchangeable – LC / SBLC	-	(95.00)	[ICRA]A2; assigned	RBI
Long-term – Fund based – CC	(30.00)	(30.00)	[ICRA]BBB+ (Stable); reaffirmed	RBI
Short-term – Fund based – WCDL	-	(75.00)	[ICRA]A2; assigned	RBI
Short-term – Non fund based – Treasury VAR	-	(5.00)	[ICRA]A2; assigned	RBI
Long term – Unallocated limits	4.00	-	-	RBI
Total	**99.00**	**100.00**		

**Instrument details are provided in Annexure I*

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments, which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

Rationale

The ratings on the bank lines of APL Corporation Private Limited (APL) consider its strong operational profile, characterised by a diversified earnings mix from trading, manufacturing and renewable energy, as well as established relationships with customers. APL is part of the Surat-based AG Group, which also houses Aglon Industries Private Limited (Aglon). The Group has an established track record in the man-made fibre yarn segment. APL's financial profile is comfortable, marked by a moderate scale of operations, with revenues of Rs. 1,529.8 crore in FY2026, healthy revenue growth of around 13% over the past four years (CAGR ending FY2026) and an adequate liquidity position. The earnings growth has been supported by an increasing revenue share from manufacturing operations, which currently represents around 15% of revenue, as well as considerable cost savings from investments in renewable energy (2.6 MW windmill and 4.5 MW ground mounted and 1.3 MW rooftop solar power plant).

The ratings also consider the company's ongoing large debt-funded expansion, wherein the entity is currently undertaking a capex of around Rs. 175 crore towards the addition of spinning capacities and investments in renewable energy (2.1 MW windmill and 5 MW solar power), which are expected to be operational in H2 FY2027. The entity's ability to complete the project in a timely manner without material cost or time delays will be a key monitorable. The overall project is being funded with a 75:25 debt-to-equity (DE) mix, of which a large proportion will be drawn in FY2027. Accordingly, the company's leverage metrics are expected to remain stretched until the project ramps up its operations. The ratings also consider the vulnerability of APL's profitability to adverse fluctuations in raw material prices and forex rates. APL also imports a significant portion of its raw materials from China. Hence, any material changes in the duty structure or tariffs could affect the company's profitability.

The Stable outlook on the long-term rating reflects ICRA's opinion that APL will record steady growth in its earnings, aided by healthy demand for its key products. Further, the outlook underlines ICRA's expectation that the entity's ongoing capex will be completed in a timely manner without any material cost or time overruns, enabling it to durably maintain debt protection metrics commensurate with the existing rating.

Key rating drivers and their description

Credit strengths

Extensive experience of promoters – APL is part of the Surat-based AG Group, wherein the promoters have an extensive track record of more than three decades in the textile industry, especially in trading operations. Mr. Pradeep Agarwal and Mr. Vinay Agarwal currently manage the entity's operations. Their established presence has helped the Group maintain healthy relationships with suppliers and customers. From FY2024 onwards, the entity has diversified into manufacturing VSF yarn at its plant in Surat.

Established relationships with customers – The AG Group has established relationships with its customers and suppliers, which have supported the entity in receiving repeat orders. Key customers of the entity include dealers and fabric manufacturers. The entity derives more than 65% of its revenues from sales of traded viscose yarn, 14% from manufacturing operations, 13% from sales of nylon yarn and the balance from sales of other products. Nylon yarn requirements are met through purchases from its Group entity, Aglon.

Moderate scale of operations – APL's financial profile is comfortable, marked by a moderate scale of operations, with revenues of Rs. 1,529.8 crore in FY2026, healthy revenue growth of around 13% over the past four years (CAGR ending FY2026) and an adequate liquidity position. The earnings growth has been supported by an increasing revenue share from manufacturing operations, which currently represents around 15% of revenue, and considerable cost savings from investments in renewable energy (2.6 MW windmill and 4.5 MW ground mounted and 1.3 MW rooftop solar power plant). Upon completion of its ongoing capex in the manufacturing segment, the company's scale of operations and earnings are likely to improve gradually.

Credit challenges

Large debt funded capacity expansion exposing the entity to project risk – The entity is currently undertaking a debt-funded capacity expansion of around Rs. 175 crore towards the addition of 32,000 spindles and investments in renewable energy (2.1 MW windmill and 5 MW solar power). Against the DCCO of April 2027, the management expects to complete the project by the end of Q3 FY2027. The entity's ability to complete the project in a timely manner without material cost or time delays will be a key monitorable. The overall project is being funded with a 75:25 DE mix, of which a large proportion will be drawn in FY2027. Accordingly, the company's leverage metrics are expected to remain stretched until the project ramps up its operations. The project would also be exposed to market risks upon commissioning, given the large capacity being added. However, the Group's established presence is likely to support the company in securing additional orders.

Vulnerability of profitability to adverse fluctuation in raw material prices and forex rates – Key raw materials used by the entity are viscose staple fibre (VSF) and other consumables. APL's margins are exposed to adverse movements in raw material prices, which, in turn, are vulnerable to crude price movements. With the recent sharp spike in crude prices owing to the West Asia conflict, the company's ability to pass on the increased costs to its customers remains critical. As APL is highly reliant on imports for its trading operations, with more than 60% of its yarn volumes being imported, its profitability remains exposed to fluctuations in forex rates.

Intensely competitive industry and high dependence on China for raw materials – The business environment remains competitive, given the industry structure. A large portion of the filament yarn industry is serviced by unorganised players, which cater to the small-scale requirements of clients across various industries, while the remaining portion is dominated by a few major players. This limits the company's pricing flexibility and exerts pressure on its profitability. However, APL's established client relationships mitigate this risk to some extent. As the company imports a significant portion of its raw materials from China, the procurement and availability of these materials remain monitorable.

Liquidity position: Adequate

The company's liquidity position is adequate, with expected cash generated from operations of around Rs. 35-40 crore in FY2027, cash and liquid investments of Rs. 5.4 crore and a healthy buffer in its working capital limits as on March 31, 2026. APL has overall working capital limits of Rs. 479 crore (including fund-based and non-fund-based limits) as of June 2026. Average working capital utilisation of the fund-based limits over the last 12 months stood at 16% of the sanctioned limits. These fund-based limits are interchangeable with non-fund-based limits, and non-fund-based utilisation as of June 2026 stood at Rs. 181.8 crore. The entity is incurring a capex of around Rs. 175 crore towards expansion, funded through 75% bank debt and the balance through promoter contribution and internal accruals. Against these sources of cash, it has repayment obligations of Rs. 19.6 crore in FY2027 and Rs. 25.3 crore in FY2028, which are expected to be serviced comfortably through accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a healthy and sustained increase in the company's scale of operations and profitability, together with an improvement in its liquidity profile and coverage indicators.

Negative factors – Pressure on the ratings may emerge, if there is sustained pressure on the company's operating performance or any material delays in project completion or cost overruns in the debt funded capex being undertaken.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Textiles - Spinning
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

APL Corporation Pvt. Ltd. (APL), incorporated in 2002, is a Surat-based textile yarn trading company promoted by the Agarwal Group (Mr. Lokpriya Agarwal (Father), Mr. Pradeep Agarwal (Son) and Mr. Vinay Agarwal (Son)). APL has been engaged in importing and trading textile yarns for more than three decades. From FY2024 onwards, the entity diversified into manufacturing VSF yarn and currently has a capacity of 29,000 spindles. The company deals in a diversified portfolio comprising nylon filament yarn, viscose filament yarn, polyester filament yarn and other specialty yarns, catering to the requirements of textile manufacturers. It is wholly owned by the Agarwal family.

At present, around 85% of APL's revenues are generated from trading operations and balance from manufacturing operations.

Key financial indicators (audited)

APL Corporation Private Limited (Standalone)	FY2025	FY2026*
Operating income (OI)	1,234.0	1,529.8
PAT	22.3	27.9
OPBDIT/OI	4.9%	4.5%
PAT/OI	1.8%	1.8%
Total outside liabilities/Tangible net worth (times)	2.2	2.3
Total debt/OPBDIT (times)	2.4	2.8
Interest coverage (times)	2.3	2.9

*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

Instruments	Current ratings (FY2027)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Sept 10, 2026	Date	Rating	FY2026		FY2025		FY2024	
						Date	Rating	Date	Rating	Date	Rating
Fund based – Working Capital	Short-term	100.00	[ICRA]A2	-	-	-	-	-	-	-	-
Non fund based – LC / SBLC	Short-term	-	-	Aug 27, 2026	[ICRA]A2	-	-	-	-	-	-
Interchangeable – LC / SBLC	Short-term	(95.00)	[ICRA]A2	-	-	-	-	-	-	-	-
Fund based – CC	Long-term	(30.00)	[ICRA]BBB+ (Stable)	Aug 27, 2026	[ICRA]BBB+ (Stable)	-	-	-	-	-	-
Fund based – WCDL	Short-term	(75.00)	[ICRA]A2	-	-	-	-	-	-	-	-
Non fund based – Treasury VAR	Short-term	(5.00)	[ICRA]A2	-	-	-	-	-	-	-	-
Unallocated limits	Long-term	-	-	Aug 27, 2026	[ICRA]BBB+ (Stable)	-	-	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Short-term – Fund based – Working Capital	Simple
Short-term – Interchangeable – LC / SBLC	Simple
Long-term – Fund based – CC	Simple
Short-term – Fund based – WCDL	Simple
Short-term – Non fund based – Treasury VAR	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	Financial Sector regulator#
NA	**Short-term – Fund based – Working Capital**	NA	NA	NA	100.00	[ICRA]A2	RBI

NA	**Short-term – Interchangeable – LC / SBLC**	NA	NA	NA	(95.00)	[ICRA]A2	RBI
NA	**Long-term – Fund based – CC**	NA	NA	NA	(30.00)	[ICRA]BBB+ (Stable)	RBI
NA	**Short-term – Fund based – WCDL**	NA	NA	NA	(75.00)	[ICRA]A2	RBI
NA	**Short-term – Non fund based – Treasury VAR**	NA	NA	NA	(5.00)	[ICRA]A2	RBI

Source: Company

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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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ABOUT ICRA LIMITED

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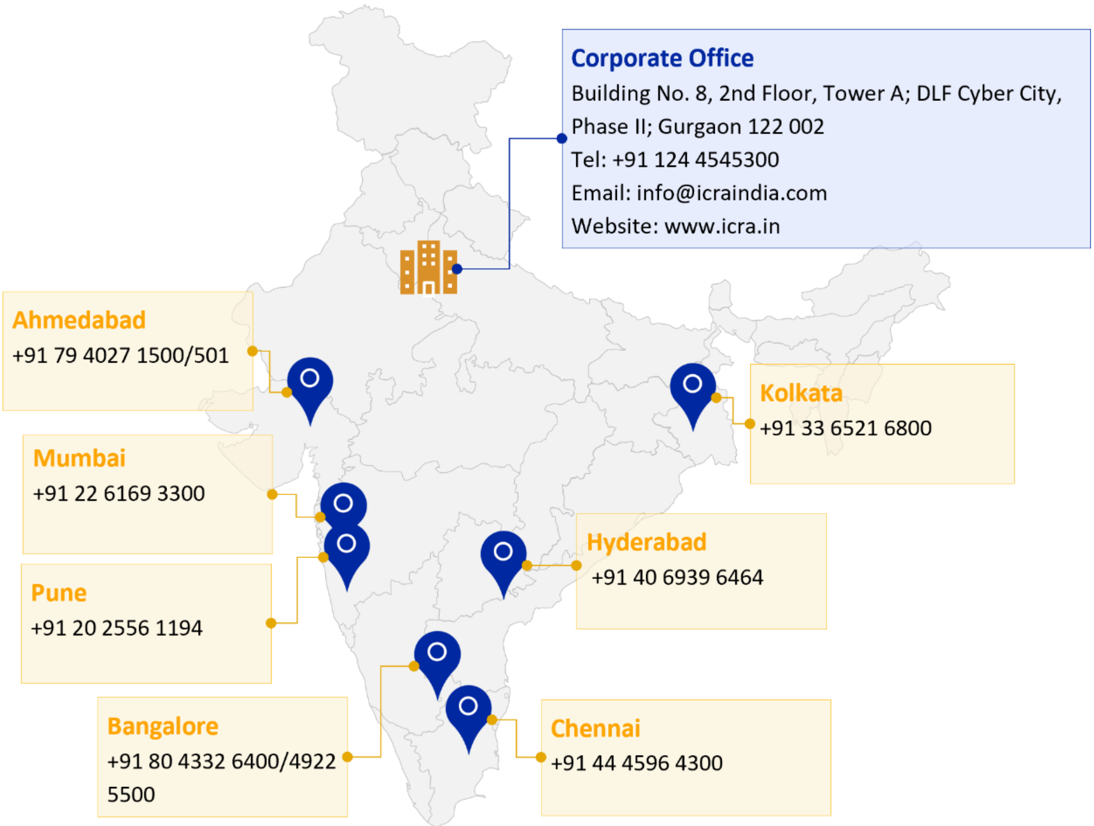

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