

October 06, 2026

Ashapura Perfoclay Limited: Ratings reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long term – Fund based – Cash credit	30.00	30.00	[ICRA]BBB- (Stable); reaffirmed	RBI
Long term – Unallocated limits	68.00	68.00	[ICRA]BBB- (Stable); reaffirmed	RBI
Short term – Non-fund based – Others	2.00	2.00	[ICRA]A3; reaffirmed	RBI
Total	100.00	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 reaffirmed ratings of Ashapura Perfoclay Limited (APL) reflects the company's sustained growth in operating revenue, supported by higher realisations in exports and expansion into new overseas markets. The ratings also derive comfort from APL's established position as a leading manufacturer of bleaching earth, supported by stable availability of bentonite from Group entities. APL continues to maintain a comfortable financial risk profile characterised by a low reliance on bank debt and healthy debt protection metrics. Its presence across Southeast Asia, South America, Europe, West Asia and Japan provides geographical diversification and mitigates market concentration risks. The company also benefits from freight cost efficiencies arising from the proximity of its manufacturing facilities to bentonite mines and the ports of Kandla and Mundra. Savings from captive solar power generation have also supported healthy operating profitability.

The ratings, however, remain constrained by APL's limited financial flexibility owing to the stressed position of its JV partner, Ashapura Minechem Limited (AML), which continues to be classified as an NPA by its lenders. Further, AML's 50% stake in APL remains pledged in favour of ASQ Connect Limited, exposing APL to the risk of pledge invocation in case of non-compliance with the settlement terms. Although the company benefits from a partial natural hedge, it remains exposed to foreign exchange fluctuations as exports account for nearly 45-50% of annual revenues. The company is also susceptible to volatility in sulphuric acid prices, a key raw material in the manufacturing process. The increase in its prices has put pressure on the operating profit margin (OPM) in FY2026. Additionally, loans and advances extended to Group companies stood at Rs. 172.2 crore as on March 31, 2026, and their timely recovery remains a key monitorable from a liquidity and financial risk perspective.

The Stable outlook reflects the expectation that APL will continue to benefit from steady demand for bleaching earth from the edible oil industry and uninterrupted supply of bentonite from Group entities. The company is expected to maintain healthy cash accruals supported by stable operating margins. This should sustain its comfortable financial profile in the absence of any significant debt-funded capital expenditure plans.

Key rating drivers and their description

Credit strengths

Leading market position in the bleaching earth segment and clay catalyst – APL is a leading manufacturer of bleaching earth in India, used primarily in the purification and bleaching of edible oils, as well as a clay catalyst in the petrochemical and oil & gas industries for purifying benzene, toluene, and xylene streams. The company has an installed capacity of 1,92,000 metric

tonnes per annum (MTPA), with a capacity utilisation rate of around 75% in FY2025-2026. With strong demand from the edible oil sector, plant utilisation levels are expected to remain stable over the medium term.

Proximity to bentonite mines and seaports results in freight cost savings – APL's manufacturing facility is strategically located near bentonite mines, a key raw material for bleaching earth, which helps reduce transportation costs. Additionally, its proximity to the ports of Kandla and Mundra offers logistical advantages for export operations.

Comfortable capital structure and healthy coverage indicators – APL maintains a comfortable financial risk profile, supported by steady internal accruals, a strong capital structure, and healthy coverage metrics. At a consolidated level, the company posted revenue of Rs. 424.9 crore in FY2026 against Rs. 415.3 crore in FY2025, a growth of 2.3% YoY, led by higher realisation in the export market. However, OPM declined to 10.7% in FY2026 from 15.9% in FY2025 due to an increase in raw material prices, i.e., sulphuric acid. APL's low indebtedness has kept gearing below 1 times, and the total outside liabilities (TOL)/tangible net worth (TNW) was at 0.1 times as on March 31, 2026. The debt coverage indicators remain robust, with an interest cover of 18.8 times. In FY2026, APL extended unsecured loans amounting to Rs. 172.2 crore to its Group companies, earning interest on these advances. The timely receipt of these loans and advances remains a key monitorable.

Geographical diversity in sales – Geographical diversity in sales APL benefits from a geographically diversified revenue profile, with exports consistently contributing 45-50% of total sales over the last five years and accounting for around 50% of revenue in FY2026. The company has an established presence across multiple international markets, including Southeast Asian countries such as Malaysia, Bangladesh, Sri Lanka, Thailand, Vietnam and Indonesia, and West Asian markets, including the UAE, Oman and Saudi Arabia. It has also initiated supplies to Japan, thereby reducing dependence on any single geography and supporting business stability.

Credit challenges

Constrained financial flexibility – APL is a 50:50 joint venture between AML and CIF AVL Investment Holding Limited. The weak financial profile of AML, which continues to be classified as a non-performing asset (NPA) by its lenders, remains a key concern and limits APL's financial flexibility. A sustained improvement in AML's financial health, leading to an improvement in APL's financial flexibility, will be a key rating monitorable. Additionally, AML's 50% stake in APL is pledged to its operational creditor, ASQ Connect Limited, exposing APL to the risk of share pledge invocation in case of non-compliance with the settlement terms.

Exposure to fluctuations in raw material price – APL remains exposed to fluctuations in the prices of key raw materials, particularly sulphuric acid, which is externally procured and used in the manufacture of bleaching earth, while bentonite is sourced from group entities. The sharp increase in sulphuric acid prices during FY2026 exerted pressure on profitability, with the company's OPM declining to 10.7% in FY2026 from 15.9% in FY2025. Sustained volatility in sulphuric acid prices could continue to impact the company's cost structure and earnings profile.

Exposure to forex risks – With exports contributing 45-50% of annual revenues, APL remains exposed to fluctuations in foreign exchange rates in the absence of a formal hedging policy. However, the company has not reported any material forex losses in the recent past, partly supported by a natural hedge through imports to some extent.

Liquidity position: Adequate

APL's liquidity position is adequate, supported by healthy cash flow generation and sizeable unutilised bank lines. The company had free cash and bank balances of around Rs. 16 crore as on March 31, 2026, while debt repayment obligations remain modest. Further, the company has a sanctioned working capital limit of Rs. 30 crore, which remained largely unutilised during the 12 months ending in June 2026, providing adequate cushion. The liquidity profile is further supported by the absence of any major debt-funded capex plans in the near term. However, any sizeable dividend payouts to AML or substantial fund outflows towards Group entities might weaken the liquidity position and remain key rating monitorable.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is any material improvement in the financial flexibility of the JV owner, i.e., AML, as evidenced by the company's sustained ability to raise funds from banks/financial institutions. Moreover, sustained

growth in APL's revenues and profitability, leading to an improvement in the overall financial profile and/or liquidity position with limited reliance on creditor funding, would also be a positive factor.

Negative factors – Pressure on the ratings could arise from any large dividend payout to AML to part-fund its settlement obligations. Invocation of the pledged shares by ASQ would also be a negative factor. The ratings could be downgraded in case of any unfavourable change in the regulatory framework, any large debt-funded capex/substantial weakening in cash flows of APL adversely impacting its credit metrics and liquidity position, or any large cash outflows to related parties.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered the consolidated financials of APL. Refer to the Annexure II for the list of entities considered for consolidation.

About the company

APL was established in 2001 as a 50:50 JV between AML and Volclay International Corporation (VIC). However, in 2014, VIC sold its entire stake to CIF AVL Investment Holding Limited, a Mauritius-based private equity firm. APL manufactures bleaching earth, which finds application in the purification/bleaching of edible oil and as a clay catalyst used in the petrochemical and oil and gas sectors for the purification of benzene, toluene and xylene streams. Its manufacturing facility is in Bhuj, Gujarat, and has an installed capacity of 1,92,000 MTPA. AVPL, a wholly owned subsidiary of APL, is also based in Bhuj, Gujarat. It manufactures attapulgate-based bleaching earth, which finds application in the purification/bleaching of soft oils such as palm oil, cotton seed oil and sunflower oil, among others.

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	415.3	424.9
PAT	45.7	38.8
OPBDIT/OI	15.9%	10.7%
PAT/OI	11.0%	9.1%
Total outside liabilities/Tangible net worth (times)	0.1	0.1
Total debt/OPBDIT (times)	0.1	0.1
Interest coverage (times)	28.7	18.8

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

Instruments	Current (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Oct 06, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund based – Cash credit	Long term	30.00	[ICRA]BBB- (Stable)	Aug 27, 2025	[ICRA]BBB- (Stable)	May 14, 2024	[ICRA]BBB- (Stable)	-	-
Unallocated limits	Long term	68.00	[ICRA]BBB- (Stable)	Aug 27, 2025	[ICRA]BBB- (Stable)	May 14, 2024	[ICRA]BBB- (Stable)	-	-
Non-Fund Based- Others	Short term	2.00	[ICRA]A3	Aug 27, 2025	[ICRA]A3	May 14, 2024	[ICRA]A3	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Long term – Fund based – Cash credit	Simple
Long term – Unallocated limits	NA
Short term – Non-fund based – 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	Financial Sector Regulator [#]
NA	Long term – Fund based – Cash credit	NA	NA	NA	30.00	[ICRA]BBB- (Stable)	RBI
NA	Long term – Unallocated limits	NA	NA	NA	68.00	[ICRA]BBB- (Stable)	RBI
NA	Short term – Non-fund based – Others	NA	NA	NA	2.00	[ICRA]A3	RBI

Source: Company

[#]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.

Annexure II: List of entities considered for consolidated analysis

Company name	Ownership	Consolidation approach
Ashapura Perfoclay Limited	Rated Entity	Full consolidation
APL Valueclay Private Limited	Subsidiary	Full consolidation

Source: Company

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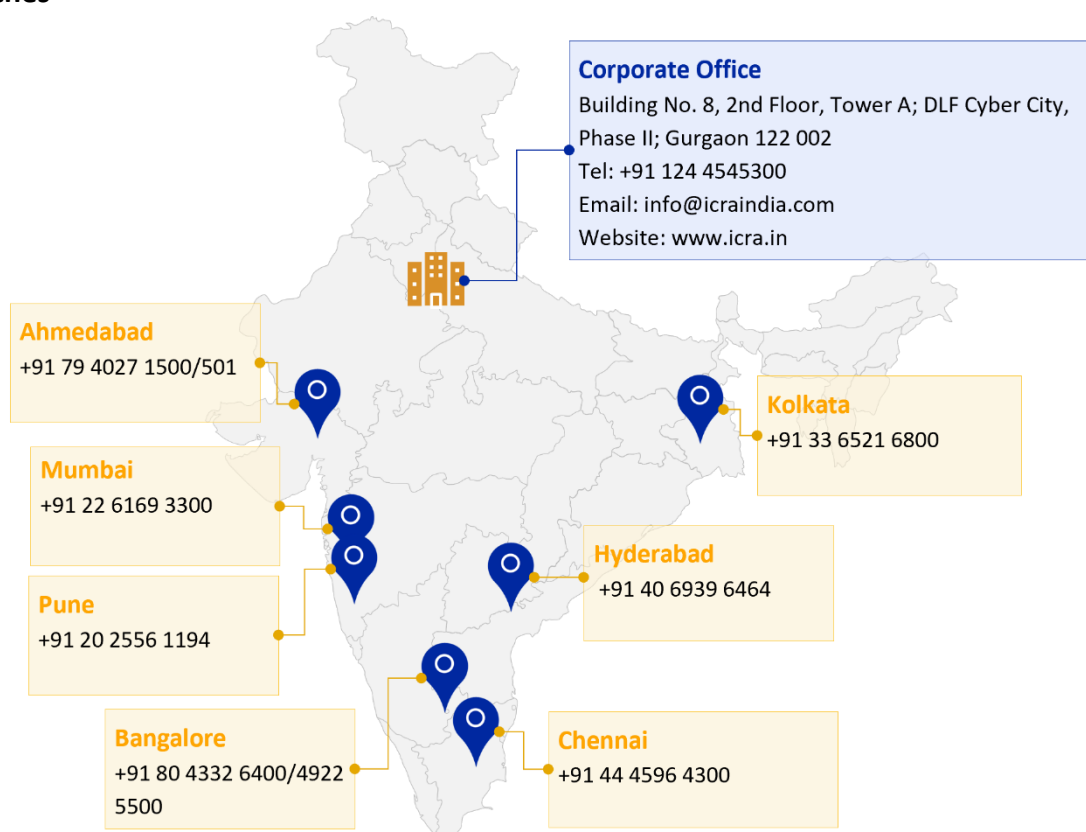
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