

Aksharchem (India) Limited

February 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	28.41	CARE A-; Negative	Reaffirmed
Long Term / Short Term Bank Facilities	80.00	CARE A-; Negative / CARE A2+	Reaffirmed
Short Term Bank Facilities	20.00	CARE A2+	Assigned
Short Term Bank Facilities	15.00	CARE A2+	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of ratings assigned to the bank facilities of Aksharchem (India) Limited (AIL) continue to derive strength from its experienced and resourceful promoters, long and established track record in the dye-intermediate and pigment industry with established presence in export markets, long standing relationship of over 30-year with reputed international clientele, favourable demand prospects for organised Indian dye and pigment manufacturers driven by stricter pollution control norms, and a comfortable capital structure.

However, the ratings remain constrained by AIL's moderate scale of operations in FY25 (refers to the period April 01 to March 31) and 9MFY26 (refers to the period April 01 to December 31), its limited product diversity compared to larger and more integrated players resulting in high volatility in operating performance, and delays in achieving adequate returns from its PPT silica project. The ratings are further constrained by AIL's susceptibility to raw material price volatility, foreign exchange fluctuations, competition from domestic manufacturers and Chinese suppliers, and project stabilisation risk associated with the expanded PPT silica capacity.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Significant increase in scale of operations and revenue diversification.
- PBILDT margin above 15% on a sustained basis by managing volatility associated with raw material prices and foreign exchange rates and improvement in its total debt (TD)/PBILDT to below 2x on a sustained basis.
- Improvement in return on capital employed (ROCE) above 15% on a sustained basis.

Negative factors

- PBILDT margin below 8% on a sustained basis.
- Deterioration in total debt to PBILDT beyond 3.5 times on a sustained basis.

Analytical approach: Standalone

Outlook: Negative

CARE Ratings Limited (CareEdge Ratings) has revised the company's outlook from Stable to Negative on the expectation that sustained weak performance could lead to lower than envisaged profitability and deterioration in debt coverage metrics.

The outlook may be revised to Stable if the company demonstrates a sustained improvement in operating profitability, supported by a healthy order book and successful break-even of operations in the silica segment.

Detailed description of key rating drivers:

Key strengths

Experienced and resourceful promoters

AIL is promoted by Paru M. Jaykrishna, who has over three decades of experience in the chemical industry, primarily in dye-intermediates and pigments. Paru Jaykrishna (Chairperson and Managing Director) and Munjal Jaykrishna (Joint Managing Director and Chief Executive Officer) have been instrumental in driving the company's business growth over the years. The promoters are supported by a team of experienced professionals.

Established export presence and long-standing relationship with its reputed customers

AIL exports its products to over 20 countries and has been one of the largest exporters of Vinyl Sulphone (VS) from India with around 25% share in total exports. The company manufactures high-quality, non-carcinogen grade VS, which has supported consistent demand from its established export customers for high-end applications. AIL also has long-standing relationships with reputed clients in the VS and Copper Phthalocyanine (CPC) green pigment businesses, who consider the company their preferred

¹Complete definition of ratings assigned are available at www.careratings.com and other CARE Ratings Limited's publications.

supplier. Its CPC green pigment division also holds Registration, Evaluation, Authorisation and Restriction of Chemicals (REACH) registration for exports up to 1,000 metric tonnes per annum (MTPA) to the European Union. Exports contributed around 46% of AIL's total sales in FY25 (50% in FY24). Export contribution declined from 70%–80% in earlier years to 46% in FY25 due to increased focus on domestic dye-intermediate sales amid demand slowdown in overseas markets and higher revenue from PPT silica, which is entirely sold in domestic market. However, the export share increased to around 55% in 9MFY26, supported by recovery in select geographies. PPT silica sales accounted for around 24% of total sales in FY25 (21% in FY24). Over the near term, the sales mix is expected to be influenced by trends in silica realisations and recovery in key export markets.

Comfortable capital structure albeit moderation in debt coverage indicators in 9MFY26

AIL's capital structure remained comfortable, marked by an overall gearing of 0.25x as on March 31, 2025 (0.20x as on March 31, 2024). Despite business-related volatility, AIL's leverage has remained comfortable for several years due to the management's conservative approach towards debt. The initial capex for the greenfield PPT silica manufacturing facility of around ₹100 crore was funded through qualified institutional placement (QIP) proceeds of ₹69 crore and internal accruals. In FY25, the company undertook a further 6,000 metric tonnes per annum (MTPA) expansion of its PPT silica capacity with a capex of around ₹38 crore, funded through a ₹10 crore term loan and the balance through internal accruals. It also raised a ₹17 crore term loan in H1FY26 for its solar power project. Despite these borrowings, overall gearing is expected to remain comfortable below 0.5x, supported by the company's conservative funding policy.

During FY25, the debt coverage indicators remained moderate, with interest coverage at 4.72x and total debt to profit before interest, lease, depreciation and tax (PBILDT) of 2.69x (0.40x and 34.56x, respectively in FY24). However, with moderation in operating profitability over the past 2 quarters i.e. Q2FY26 and Q3FY26, debt coverage indicators weakened with PBILDT interest coverage and total debt to PBILDT of 2.53x and 8.46x respectively in 9MFY26. However, continued weak debt coverage indicators due to subdued profitability or higher than envisaged debt shall be a key rating monitorable.

Key weaknesses

Moderate scale of operations and volatile profitability

During FY25, AIL reported year-on-year growth of 15% in its total operating income (TOI) to ₹346.77 crore as compared to ₹302.05 crore in FY24. The growth in scale of operations was driven by higher sales volumes and improved sales realisations across the product portfolio, supported by a revival in demand among major consumption industries like textiles, plastic and coating, along with easing inflation and softening input prices, which led to volume gains and margin improvements.

The PBILDT margin also improved by 668 basis points to 7.17% in FY25 (FY24: 0.50%) due to favourable product realisations and improved capacity utilisation on account of inventory restocking leading to better absorption of fixed costs. Consequently, the profit after tax (PAT) margin also improved to 1.68% from losses reported in FY24. The net cash accruals (NCA) also reported substantial improvement to ₹19.43 crore as compared to cash loss of Rs.2.18 crore in FY24.

As per 9MFY26 provisional financials, AIL reported total operating income (TOI) of ₹266.75 crore, a modest 4% year-on-year increase over 9MFY25, driven mainly by higher sales volumes. However, operating profitability declined sharply, with operating margin falling by 296 basis points y-o-y to 4.43% from 7.39% in 9MFY25. The margin compression was primarily due to weaker realisations in dye intermediates and pigments segment amid muted demand which was also impacted by imposition of a 50% tariff on Indian exports by the USA, which intensified pricing pressure. Profitability was further impacted by rise in price of key raw material and low overhead absorption from the new silica plant, which began operations in Q1FY26 but is expected to stabilise only by Q4FY26. As a result, AIL reported a net loss of ₹5.24 crore in 9MFY26 compared to a profit of ₹3.33 crore in 9MFY25. Gross cash accruals (GCA) also declined to ₹8.88 crore from ₹14.57 crore in the corresponding period last year.

Though there have been latest developments in favour of improvement in performance due to likely tariff reduction and stabilisation of raw material prices in last few months, however, the break-even in the silica segment is yet to be achieved. Considering the above factors, the overall the performance of AIL in next few quarters is a key rating monitorable.

Susceptibility of profitability to raw material price volatility and foreign exchange rates

AIL's main raw materials for vinyl sulphone (VS) include acetanilide, chlorosulphonic acid, ethylene oxide, thionyl chloride and naphthalene, while CPC green pigment requires CPC blue crude and aluminium chloride, and PPT silica uses sodium silicate. AIL procures majority of its raw materials from the domestic market, largely within Gujarat. Most of these inputs are crude-oil derivatives, and their prices fluctuate in line with international crude oil prices. As a result, AIL's profitability remains susceptible to raw-material price volatility, particularly because its operations are less integrated. Further, as AIL sources most raw materials domestically while exports account for about half of its total sales, its profitability is also exposed to foreign exchange rate movements. However, the company hedges its entire foreign currency exposure through forward contracts, which largely mitigates this risk. Given the absence of backward integration, CARE Ratings Limited (CareEdge Ratings) expects AIL's margins to remain exposed to raw-material price fluctuations and currency volatility in the near term.

Liquidity: Adequate

AIL's liquidity remained adequate with net cash accruals expected to comfortably meet its debt-repayment obligation of Rs.10 crore in FY27 and moderate utilisation of working-capital facilities. The utilisation of its fund-based working-capital limits increased in the current fiscal year to meet the higher working-capital requirements arising from the ramp-up of the additional silica capacity and utilization of accruals for capex. The utilisation of fund-based limits stood at around 85% during the 12 months ended January 31, 2026. AIL generated cash flow from operations of ₹33.89 crore in FY25 compared with negative cash flow in FY24. Its operating cycle remained comfortable at 68 days in FY25 (79 days in FY24).

Assumptions/Covenants: Not Applicable

Environment, social, and governance (ESG) risks: Not Applicable

Applicable criteria

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the company and industry**Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Commodities	Chemicals	Chemicals & Petrochemicals	Dyes And Pigments

Incorporated in 1989, AIL is promoted by Paru M Jaykrishna who is also the promoter of Asahi Songwon Colors Limited (ASCL). AIL was initially engaged only in manufacturing VS (a dye intermediate), which is used as a raw material for manufacturing reactive dyes that find application in the cotton textile industry. Later on, with effect from April 01, 2014, as per the scheme of arrangement approved by the Honourable High Court of Gujarat, the Green Pigment (CPC Green) division of ASCL was merged into AIL. Green pigment mainly finds application in manufacturing printing ink, plastic and paint. AIL ventured in manufacturing H-acid (a dye intermediate used as a raw material for manufacturing reactive dyes) from September 2018 and precipitated silica (which has major application in tyre manufacturing) from July 2021. As on December 31, 2025, AIL's installed manufacturing capacity comprised 7,800 MTPA for Vinyl Sulphone (VS), 2,400 MTPA for CPC green, 1,200 MTPA for H-acid and 18,000 MTPA for precipitated silica.

Brief financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	December 31, 2026 (UA)
Total operating income	302.05	346.27	266.75
PBILDT*	1.50	24.83	11.81
PAT	-18.68	4.77	-5.27
Overall gearing (times)	0.20	0.25	0.39
Interest coverage (times)	0.40	4.72	2.53

A: Audited UA: Unaudited; Note: these are latest available financial results

*PBILDT: Profit before interest, lease rentals, depreciation and tax

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Term Loan		-	-	April 01, 2032	28.41	CARE A-; Negative
Fund-based - LT/ ST-EPC/PSC		-	-	-	80.00	CARE A-; Negative / CARE A2+
Fund-based - ST-Vendor financing		-	-	-	20.00	CARE A2+
Non-fund-based - ST-BG/LC		-	-	-	15.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2025-2026	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023
1	Non-fund-based - ST-BG/LC	ST	15.00	CARE A2+	1)CARE A2+ (06-Feb-26) 2)CARE A2+ (01-Apr-25)	1)CARE A2+ (28-Aug-24) 2)CARE A2+ (RWD) (14-May-24) 3)CARE A2+ (05-Apr-24)	-	1)CARE A1 (20-Feb-23)
2	Fund-based - LT/ST-EPC/PSC	LT/ST	80.00	CARE A-; Negative / CARE A2+	1)CARE A-; Negative / CARE A2+ (06-Feb-26) 2)CARE A-; Stable / CARE A2+ (01-Apr-25)	1)CARE A-; Stable / CARE A2+ (28-Aug-24) 2)CARE A- / CARE A2+ (RWD) (14-May-24) 3)CARE A-; Stable / CARE A2+ (05-Apr-24)	-	1)CARE A; Stable / CARE A1 (20-Feb-23)
3	Fund-based - LT-Term Loan	LT	28.41	CARE A-; Negative	1)CARE A-; Negative (06-Feb-26) 2)CARE A-; Stable (01-Apr-25)	1)CARE A-; Stable (28-Aug-24) 2)CARE A- (RWD) (14-May-24) 3)CARE A-; Stable (05-Apr-24)	-	1)CARE A; Stable (20-Feb-23)
4	Fund-based - ST-Vendor financing	ST	20.00	CARE A2+				

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not Applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-EPC/PSC	Simple
3	Fund-based - ST-Vendor financing	Simple
4	Non-fund-based - ST-BG/LC	Simple

Annexure-5: Lender details

To view lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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