# AEC Plast Private Limited

February 24, 2026

| Facilities/Instruments | Amount (₹ crore) | Rating[1] | Rating Action |
|---|---|---|---|
| Long Term Bank Facilities | 3.77 | CARE BB; Stable | Assigned |
| Long Term / Short Term Bank Facilities | 15.73 | CARE BB; Stable / CARE A4 | Assigned |

Details of instruments/facilities in Annexure-1.

## Rationale and key rating drivers

The ratings assigned to the bank facilities of AEC Plast Private Limited (APPL) are constrained by the company's early-stage operations and modest scale of operations, susceptibility of operating margins to volatility in raw material prices, and intense competition in the plastic recycling industry.

The ratings, however, derive comfort from demonstrated promoter support, favourable demand prospects for recycled PET products, and improvement in the capital structure supported by equity/quasi-equity infusion, which has also led to improvement in debt coverage indicators.

## Rating sensitivities: Factors likely to lead to rating actions

**Positive factors**

- Sustained volume led growth in revenues above ₹100 crore while maintaining profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 8% on a sustained basis.
- Improvement in liquidity driven by positive cash flow from operations and buffer in working capital utilisation limits on a sustained basis.

**Negative factors**

- Significant decline in total operating income (TOI) below ₹60 crore or deterioration in PBILDT margin on a sustained basis.
- Substantial build-up of inventory and receivables leading to a stretched working capital cycle.
- Deterioration in overall gearing above 2x or total debt/PBILDT above 6x on a sustained basis.

## Analytical approach: Standalone

## Outlook: Stable

The Stable outlook reflects CARE Ratings Limited (CareEdge Ratings)' expectations that the company will continue to benefit from the experience of its promoters.

## Detailed description of key rating drivers:

## Key weaknesses

**Early-stage operations and modest scale of operations**

AEC Plast Private Limited (APPL) commenced commercial operations in FY23 and remains in the stabilisation phase. Although the company has achieved a rapid scale-up post commissioning, the limited operating track record restricts assessment of performance across business cycles, especially in a market-driven PET recycling segment. Further, the company's scale of operations remains modest, with total operating income of ₹86 crore in FY25, which constrains financial flexibility and limits its ability to absorb volatility in volumes, pricing, or working capital requirements.

**Profitability margins susceptible to volatility in raw material price**

The company's profitability remains susceptible to volatility in raw material prices, particularly waste PET bottles, which are influenced by demand–supply dynamics in the recycling and packaging markets. While changes in input prices are generally passed on to customers over time, the pass-through is not always immediate, leading to fluctuations in operating margins, especially given the commodity-like nature of the PET recycling business.

**Intense competition and limited pricing power**

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

The plastic recycling industry is highly competitive and fragmented, characterised by the presence of numerous organised and unorganised players and low entry barriers, particularly at the PET flake processing level. This results in price-based competition and limits pricing power, thereby exposing operating margins to pressure, especially during periods of raw material volatility or demand moderation.

## Key strengths

**Extensive experience with demonstrated financial support**

AEC Plast Private Limited (APPL) is promoted by the Vijaywargi family. The promoters are supported by an experienced management team and have provided financial support to the company, which has aided stabilisation and scale-up of operations in the initial years. During FY25, the promoters infused equity/quasi-equity of ₹13 crore, strengthening the capital structure and supporting deleveraging. The demonstrated promoter support provides comfort to the extent of managerial oversight and financial flexibility.

**Improved capital structure and adequate debt coverage metrics**

The company's capital structure improved significantly in FY25, supported by strengthening of net worth through promoter infusion of ₹13 crore in the form of equity/quasi-equity, resulting in reduction in leverage indicators. Overall gearing moderated to 0.81x (PY: 5.79x) and TOL/TNW of 1.13x (PY: 7.67x). against a tangible net worth of ₹19.44 crore as on March 31, 2025.
Debt coverage indicators also remained at adequate levels, with total debt to PBILDT at 2.99x (PY: 7.51x) and PBILDT interest coverage at 3.12x in FY25 (PY: 1.45x), supported by improvement in operating profitability. While the leverage profile has strengthened, sustainability of the improved metrics remains dependent on stable operating performance and cash flow generation.

**Favourable prospects of the industry**

The PET packaging industry continues to benefit from sustained demand from the beverage, FMCG, and pharmaceutical sectors. Further, increasing regulatory focus on plastic waste management and sustainability, including higher usage of recycled content, is expected to support demand for recycled PET products over the medium term. These factors provide a favourable demand environment for PET recyclers, although the industry remains competitive and price sensitive.

**Liquidity**: Stretched

APPL's liquidity position remains stretched, as marked by high working capital utilisation, negligible free cash and bank balance and tightly matched cash accruals against fixed repayment obligation. Maximum average working capital utilisation stood at 98% for the last 12 months ended Dec-25. Company's free cash and bank balance stood negligible as on Mar 31, 2025. Further, company's repayment obligations are around Rs. 1.49 crore p.a. in next three years. As on Mar 31, 2025, its current ratio stood at 0.94x.

**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 |
|---|---|---|---|
| Consumer Discretionary | Consumer Durables | Consumer Durables | Plastic Products - Consumer |

AEC Plast Private Limited (APPL), incorporated in 2020 by the Vijaywargi family, is engaged in plastic recycling, primarily processing post-consumer PET bottles into PET wash flakes. The company operates in the intermediate segment of the PET recycling value chain and supplies PET flakes to textile, packaging, and other downstream plastic processing industries. APPL operates a manufacturing facility at Nagpur, Maharashtra, with an installed capacity of 18,000 MTPA as on March 31, 2025.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (A) | 10MFY26 (UA) |
|---|---|---|---|
| Total operating income | 88.27 | 85.99 | 53.13 |
| PBILDT* | 3.61 | 5.28 | NA |
| Profit after tax (PAT) | 1.64 | 1.75 | NA |
| Overall gearing (x) | 5.79 | 0.81 | NA |
| Interest coverage (x) | 1.45 | 3.12 | NA |

A: Audited UA: Unaudited NA: Not available; 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 (DD-MM-YYYY) | Coupon Rate (%) | Maturity Date (DD-MM-YYYY) | Size of the Issue (₹ crore) | Rating Assigned and Rating Outlook |
|---|---|---|---|---|---|---|
| Fund-based - LT-Term Loan | | - | - | 15-12-2027 | 3.77 | CARE BB; Stable |
| Fund-based - LT/ ST-Working Capital Limits | | - | - | - | 15.73 | CARE BB; Stable / CARE A4 |

## 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 | Fund-based - LT/ ST-Working Capital Limits | LT/ST | 15.73 | CARE BB; Stable / CARE A4 | | | | |
| 2 | Fund-based - LT-Term Loan | LT | 3.77 | CARE BB; Stable | | | | |

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-Working Capital Limits | Simple |

**Annexure-5: Lender details**

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|---|
| To view lender-wise details of bank facilities please click here |

**Annexure-6: List of entities consolidated:** Not applicable

**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.

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