Aeroflex Neu Limited

June 30, 2026

Facilities/Instruments	Amount (₹ crore)	Rating[1]	Rating Action
Long Term Bank Facilities	3.55	CARE BB+; Stable	Assigned
Long Term / Short Term Bank Facilities	16.40	CARE BB+; Stable / CARE A4+	Assigned
Short Term Bank Facilities	7.20	CARE A4+	Assigned

Details of instruments/facilities in Annexure-1.

The list of facilities / instruments falling under the purview of various financial sector regulators (FSRs), along with the names of respective FSRs has been disclosed under Annexure-7.

Rationale and key rating drivers

Ratings assigned to the bank facilities of Aeroflex Neu Limited (ANL) remain constrained by its fluctuating and moderate profitability, moderate scale of operations and stretched liquidity. Ratings also remain constrained by the company's presence in a highly competitive and fragmented poly-woven sacks industry, as well as its exposure to raw material price volatility and foreign currency fluctuation risk.

However, ratings derive strength from comfortable capital structure supported by robust net worth base along with moderate debt protection metrics, experienced promoters, and a diversified customer profile.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Increase in scale of operations as marked by Total Operating Income (TOI) above ₹200 crore with profit before interest, lease rentals, depreciation and taxation (PBILDT) margin above 7% on sustained basis
- Improvement in Return on Capital Employed (ROCE) above 8%.

Negative factors

- Deterioration in profitability with PBILDT margin below 3%
- Large-sized debt funded capex, resulting in deterioration in capital structure with overall gearing of over 1.50x.

Analytical approach:

CARE Ratings Limited (CareEdge Ratings) has considered the consolidated financials comprising ANL (Standalone) and its subsidiary Fibcorp Polyweave Private Limited (FPL). ANL has also extended the unconditional and irrevocable corporate guarantee to bank facilities availed by FPL. Details of subsidiary consolidated is listed under Annexure-6.

Outlook: Stable

CareEdge Ratings believes that ANL will continue to benefit from its experienced promoters and well-established operational track record in packaging industry.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations and profitability albeit diversified revenue base

Scale of operations, marked by TOI, remained moderate at ₹132.68 crore in FY26 and ₹131.19 crore in FY25. ANL derives a significant share of its revenue, ~70%, from exports, with a geographically diversified presence across Italy, Portugal, Spain, France, and USA. Revenue base remains diversified with the top five customers contributing 29% of TOI in FY26, compared to 38% in FY25.

Profitability of the company, as marked by PBILDT margin, remained fluctuating and moderate at 5.67% in FY26, improving from 4.91% in FY25 (5.48% in FY24). The marginal improvement was primarily driven by a reduction in freight expenses consequent

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

to lower exports in FY26. Consequently, the PAT margin improved to 1.32% (₹1.75 crore) in FY26, from a thin margin of 0.18% (₹0.23 crore) in FY25.

Moderate debt coverage indicators
The debt coverage indicators remained moderate, as reflected in an interest coverage ratio of 2.52x in FY26 against 1.78x in FY25, the improvement is primarily due to increase in operating profits during the year. Further, the total debt to gross cash accruals (TD/GCA) although improved, remained moderate at 4.10x in FY26 from 9.72x in FY25, supported by an increase in cash accruals.

Margins vulnerable to raw material price volatility and forex exchange fluctuations
ANL's major raw material is the PP granule, which is derived from crude oil. Price of PP granule is volatile in nature since it depends on movement of crude oil prices. Average purchase price of PP granules for ANL had been volatile in the range of ₹90 per kg to ₹150 per kg in past six months. FPL (subsidiary of ANL) procures directly PP woven fabric; however, fabric prices are also linked to granule prices, leading to profit margins vulnerable to raw material price volatility.
Export sales contribute ~70% of total sales in ANL which exposes them to forex fluctuation risk, however, entity also benefit from a natural hedge by movement of raw material price in tandem with USD.

Presence in a highly competitive and fragmented poly-woven sacks industry
ANL operates in a highly fragmented and competitive poly-woven sacks and fabric industry, with the presence of numerous players across both organised and unorganised segments. The industry is characterised by low entry barriers, owing to the easy availability of standardised machinery and technology, along with supportive government policies, which have led to the entry of new players and intensified competition. However, diversified customer base provides some mitigation against competitive pressures.

Key strengths
Experienced promoters
The overall operations of ANL are overseen by Mr. Asad Daud and Mr. Hakim Tidiwala, who bring significant industry experience of over 15 years and around 30 years, respectively, in the packaging sector. The promoters are further supported by a qualified and experienced second-line management team with strong domain expertise, aiding in the efficient execution of the company's operations.

Established track record of operations
ANL has an established operational track record of over three decades in the manufacturing of packaging products. The company operates through two manufacturing units located in Udaipur, Rajasthan, with a total installed capacity of around 7,920 MTPA, comprising 3,960 MTPA of PP woven sacks at the Madri unit and 3,960 MTPA of FIBC at the Modi unit.

Comfortable capital structure
ANL's capital structure remains comfortable, as reflected in an overall gearing of 0.24x as on March 31, 2026, improving from 0.34x as on March 31, 2025, supported by a robust tangible net worth of ₹102.11 crore as on March 31, 2026. The improvement in gearing is primarily driven by the issuance of 72 lakh share warrants at ₹90 per share in July 2025, against which ANL has received ₹16.20 crore (25% of the issue size) in FY26.

Liquidity: Stretched
The liquidity of the company remained stretched, as indicated by an elongated operating cycle and modest cash flow from operations during FY26. The average utilisation of working capital limits remained at around 70-80% over the twelve months ended May 2026. The operating cycle remained elongated at 137 days in FY26 (FY25: 140 days), primarily driven by high inventory holding of around 100 days and a collection period of about 60 days.
Cash flow from operations remained modest at ₹2.35 crore in FY26 (PY: ₹3.65 crore), largely due to funds being tied up in inventories and receivables. The entity maintains cash and bank balances of ₹1.79 crore as on March 31, 2026. However, gross cash accruals of ₹5.89 crore in FY26 remains adequate to meet the debt repayment obligations of ~₹2.50 crore arising in FY27. Additionally, ANL received ₹16.20 crore towards share warrants in FY26, which has been largely parked in fixed deposits and is earmarked for the proposed diversification into the real estate segment, details of which are yet to be finalised.

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]
[Consolidation & Combined Approach]
[Manufacturing Companies]
[Financial Ratios – Non financial Sector]
[Short Term Instruments]

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Industrials	Capital Goods	Industrial Products	Plastic Products - Industrial

Udaipur-based Aeroflex Neu Limited (ANL), formerly known as Sah Polymers Limited, was incorporated on April 20, 1992, as a closely held company. Promoted by Mr. Hakim Sadiq Ali Tidiwala and Mr. Asad Daud, the company was later listed on the BSE and NSE main boards in January 2023.
ANL is engaged in the manufacturing of flexible packaging products, primarily polypropylene (PP) and high-density polyethylene (HDPE)-based solutions, including FIBC (jumbo bags), woven sacks, and fabrics. Its product portfolio ranges from 10 kg to 2,000 kg packaging solutions, catering to both domestic and international markets across industries such as cement, textiles, chemicals, agro commodities, minerals, and building materials.
ANL operates from its manufacturing facilities located at Udaipur, Rajasthan, with an overall consolidated installed capacity of around 7,920 MTPA, including 3,960 MTPA of PP woven sacks at its Madri unit and 3,960 MTPA of FIBC at its Modi unit. ANL has a subsidiary, Fibcorp Polyweave Private Limited, which is engaged in the manufacturing of woven sacks and FIBC products from PP woven fabric.

Brief Financials (₹ crore)	ANL (Consolidated)		ANL (Standalone)	
	FY25 (A)	FY26 (A)	FY25 (A)	FY26 (A)
Total operating income	131.19	132.68	115.45	104.30
PBILDT*	6.44	7.52	5.62	6.15
PAT	0.23	1.75	0.17	1.17
Overall gearing (times)	0.34	0.24	0.31	0.17
Interest coverage (times)	1.78	2.52	1.72	2.70

A: Audited Note: 'the above results are latest financial results available'
*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		-	-	March-2028	3.55	CARE BB+; Stable
Fund-based - LT/ ST-Cash Credit		-	-	-	16.40	CARE BB+; Stable / CARE A4+
Non-fund-based - ST-Bank Guarantee		-	-	-	7.20	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 2026-2027	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
1	Fund-based - LT-Term Loan	LT	3.55	CARE BB+; Stable				
2	Fund-based - LT/ ST-Cash Credit	LT/ST	16.40	CARE BB+; Stable / CARE A4+				
3	Non-fund-based - ST-Bank Guarantee	ST	7.20	CARE A4+				

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-Cash Credit	Simple
3	Non-fund-based - ST-Bank Guarantee	Simple

Annexure-5: Lender details

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

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Fibcorp Polyweave Private Limited	Full	Subsidiary

Annexure-7: List of Facilities/Instruments and FSRs
As required by SEBI Circular dated February 10, 2026 to Credit Rating Agencies (CRAs), the list of activities or instruments falling under the purview of various FSRs, along with the names of respective FSRs, is being disclosed below:

Sr. No.	Facilities/Instruments Name	Regulator of the Instruments[2]
1.	Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities)	SEBI
2.	Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities)	MCA
3.	Listed PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	SEBI
4.	Listed PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	SEBI
5.	Unlisted PTCs / Securitisation Notes (Originated by Entities Regulated by RBI) *	RBI
6.	Listed Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
7.	Unlisted Commercial Paper and NCDs with Original Maturity Less Than 1 Year	RBI
8.	Loan Facilities (Fund / Non-Fund Based) From Banks / NBFCs / NHB / FIs ^	RBI
9.	External Commercial Borrowings and Other Similar Borrowings	RBI
10.	Certificates of Deposit	RBI
11.	Fixed Deposits Raised by Banks, NBFCs, HFCs, FIs	RBI
12.	Fixed Deposits Raised by Corporates Other Than Banks, NBFCs, HFCs, FIs	MCA
13.	Inter Corporate Deposits / Loans Extended by Corporates	MCA
14.	Borrowing Programme ~	-
15.	Issuer Ratings #	-
16.	Credit Ratings for Capital Protection Oriented Schemes (By Mutal Funds and AIFs)	SEBI
17.	Credit Quality Ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18.	Listed Security Receipts	SEBI
19.	Unlisted Security Receipts	RBI
20.	Independent Credit Evaluation (ICE)	RBI
21.	Expected Loss Ratings (For Loan Facilities (Fund / Non-Fund Based) from Banks / NBFCs / NHB / FIs)	RBI
22.	Expected Loss Ratings (Listed / Proposed to be Listed Bonds / Debentures / Preference Shares (All Securities))	SEBI
23.	Expected Loss Ratings (Unlisted / Proposed to be Unlisted Bonds / Debentures / Preference Shares (All Securities))	MCA
24.	Unlisted PTCs / Securitisation Notes (Originated by Entities Not Regulated by RBI) *	Investor-side regulator such as IRDAI, PFRDA @

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In the rating notes subsequent to issuance(s), CARE Ratings Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

[2]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated February 10, 2026 and the investor side regulators have accordingly been included.

Note: For facilities / instruments falling under the purview of FSRs other than SEBI, the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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

Media Contact	**Analytical Contacts**
Mradul Mishra Director **CARE Ratings Limited** Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in **Relationship Contact** Pradeep Kumar V Senior Director **CARE Ratings Limited** Phone: 044-28501001 E-mail: pradeep.kumar@careedge.in	Kalpesh Ramanbhai Patel Director **CARE Ratings Limited** Phone: 079-40265611 E-mail: kalpesh.patel@careedge.in Sajni Shah Assistant Director **CARE Ratings Limited** Phone: 079-40265636 E-mail: Sajni.Shah@careedge.in Jalpa Rughani Lead Analyst **CARE Ratings Limited** E-mail: jalpa.rughani@careedge.in

About us:

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