



Press Release

Shree Tirupati Balajee Agro Trading Co. Ltd

March 25, 2025

Ratings

| Facilities | Amount (Rs. Crore) | Current Ratings | Previous Ratings | Rating Action | Complexity Indicator |
|---|---|--|---|--------------------|--|
| Long-Term Bank Facilities | 104.00 | IVR A-; Stable (IVR A Minus with Stable Outlook) | IVR BBB/Positive (IVR Triple B with Positive Outlook) | Rating Upgraded | Simple |
| Long-Term Bank Facilities (Term Loan & GECL) | - | - | IVR BBB/Positive (IVR Triple B with Positive Outlook) | Withdrawn | - |
| Total | 104.00 (INR One Hundred four crore only) | | | | |

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

For arriving at the rating, Infomerics Ratings has considered the consolidated financials of Shree Tirupati Balajee Agro Trading Company Limited (STBATCL) and its three subsidiaries, Shree Tirupati Balajee FIBC Limited (STBFL), Jagannath Plastics Private Limited (JPPL) and Honourable Packaging Private Limited (HPPL). All the three entities are engaged in similar line of business, run under a common management and have strong operational and financial linkages.

The upgrade in rating to the bank facilities of Shree Tirupati Balajee Agro Trading Company Limited (STBATCL) is driven by improvement in the business performance of the company marked by improvement in scale of operation and profitability in FY24 [FY refers to the period from April 1 to March 31] and in H1FY25 coupled with satisfactory capital structure backed by improvement in net worth with comfortable debt protection metrics. Moreover, the rating also considers steady reduction in term debts by the company through the utilisation of initial public offer (IPO) proceeds during FY25 which is going to strengthen the capital structure in the near term. Further, the rating continues to derive comfort from long operational track record of the company under experienced promoters and its diversified geographical presence. However, these rating strengths are constrained by susceptibility of



Press Release

its profitability to raw material price fluctuation and exposure to foreign currency fluctuation risk coupled with working capital-intensive nature of operation.

The stable outlook reflects expected stable business performance of the company in the near term underpinned by satisfactory demand outlook of its products backed by comfortable capital structure and experienced & resourceful promoters.

Infomerics Ratings has simultaneously withdrawn the long-term rating assigned to term loans and GECL facilities with immediate effect. The above action has been taken based on 'No Due Certificates' issued by the respective lenders and the withdrawal request received from the company. The rating is being withdrawn in accordance with Infomerics' Policy on Withdrawal of ratings.

Key Rating Sensitivities:

Upward factors

- Substantial and sustained growth in scale of operations with improvement in profitability and cash accrual on a sustained basis and consequent improvement in liquidity
- Sustenance of the capital structure and improvement in debt protection metrics marked by improvement in interest coverage to above 4x
- Improvement in the operating cycle with improvement in receivable period leading to improvement in liquidity

Downward Factors

- Decline in operating income and profitability leading to deterioration in gross cash accruals
- Any unplanned capex and or substantial increase in working capital borrowings leading to impairment in the capital structure with deterioration in overall gearing to more than 1x and moderation in interest coverage to below 3x
- Stretch in the working capital cycle driven by pile-up of inventory or stretched receivables

List of Key Rating Drivers with Detailed Description

Key Rating Strengths:

Long operational track record of operation under experienced promoters

STBATCPL was promoted in 2001 by one Mr. Binod Kumar Agarwal to manufacture woven sacks and FIBC bags. STBFL, subsidiary of STBATCL was incorporated in 2009 to



Press Release

manufacture FIBC bags. Both companies are part of the Indore-based Shree Tirupati Balajee Group. Shree Tirupati Balajee Group has a long strong presence for more than two decades in the flexible packaging industry. The promoter, Mr. Agarwal, also has vast business experience of more than two decades, which supports the business risk profile to a large extent.

Well diversified operation

Over the years of its presence, the company has successfully expanded its product reach to various industries like chemicals, salt, fertilizer, food, pharma, Agri-commodities, cement, and construction. Moreover, the company's revenue is well diversified with a healthy revenue mix of export and domestic sales. Further, it has established a strong and healthy relationship with reputed players in the market thereby ensuring repeated orders from them as a result of quality and reliable products offered to them.

Improvement in business performance marked by improvement in scale of operation and profitability

STBATCL's consolidated total operating income witnessed a y-o-y growth of ~14% in FY24 driven by a rise in sales from the domestic market. In the past, exports contributed to a high portion of the revenue mix. Due to recession in the EU countries, leading to lower export demand and a highly competitive market which led to lower realizations, the export sales have dipped in FY24, which was well compensated by the strong domestic market demand. The EBITDA margin improved from 10.17% in FY23 to 11.77% in FY24 driven by higher absorption of fixed overheads marked by rise in capacity utilisation coupled with slightly better sales realization. Notwithstanding the increase in finance cost owing to higher working capital utilization, driven by improved absolute EBITDA, PAT margin has improved to 6.53% in FY24 from 4.33% in FY23. Gross cash accruals have also improved from Rs.27.20 crore in FY23 to Rs.42.94 crore in FY24. STBATCL achieved a revenue of Rs.447.29 crore in 9MFY25 at an EBITDA margin and PAT margin of 11.07% and 5.62% respectively.

Improvement in capital structure with comfortable debt protection metrics

The capital structure of STBATCL has remained moderate on the past three account closing dates. Backed by steady accretion of profit to reserve coupled with fresh issue of bonus share through private placement amounting to ~Rs.59 crore in FY24, the net worth base has improved to Rs.210.02 crore. The overall gearing has improved and stood at 1.17x as on March 31, 2024, as against 1.61x as on March 31, 2023. Backed by the rise in absolute



Press Release

EBITDA and gross cash accruals in FY24, both Total Debt to EBITDA and Total Debt to GCA have improved to 3.84x and 5.71 years respectively as on March 31, 2024, against 4.65x and 8.25 years as on March 31, 2023.

Further, post listing of shares of the STBATCL in September 2024, the tangible net worth of the company has further improved to Rs.338.64 crore as on September 30, 2024. Moreover, driven by prepayment of outstanding term loans of the company along with its subsidiaries amounting to ~Rs.41 crore till September through IPO proceeds, the overall gearing and TOL/TNW have improved, and both stood below unity at 0.64x and 0.80x respectively as on September 30, 2024.

Key Rating Weaknesses:

Susceptible to raw material price and exposure to foreign currency fluctuation risk

The profit margins of the company are volatile in nature due to fluctuation in the price of the key input, polymer granules which derive crude oil. Exports, which are denominated in foreign currency mainly US dollar, accounted for a sizeable portion of the company's sales in FY24. As on December 31, 2024, the unhedged forex exposure of STBATCL and STBFL stood at Rs 9.44 crore and Rs.23.80 crore respectively. Hence, any significant movement in the exchange rates could lead to volatility in the EBITDA margin. However, the company has been partially mitigating the risk involved in forex transactions through hedging.

Working capital intensive nature of operation

The operations of the company remained working capital intensive marked by its high working capital requirements. Further, the operating cycle of the company remained elongated mainly due to its long average inventory holding period owing to the very nature of the business mainly to avail the cost advantages from bulk buying and to ensure the availability and mitigate the price fluctuation of Polypropylene granules which are the key raw material needed to manufacture FIBC bags.

Analytical Approach: Consolidated

For arriving at the rating, Infomerics has considered the consolidated financials of Shree Tirupati Balajee Agro Trading Company Limited (STBATCL) along with its subsidiaries Shree Tirupati Balajee FIBC Limited (STBFL), Jagannath Plastics Private Limited (JPPL) and Honourable Packaging Private Limited (HPPL) as these entities are engaged in similar line of business, run under a common management, and have strong operational, financial



Press Release

linkages and cash flow fungibility. **The lists of companies considered for consolidation are given in Annexure 4.**

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition and Post-Default Curing Period](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria on Complexity](#)

[Criteria of Consolidation of Companies](#)

[Policy on Withdrawal](#)

Liquidity: Adequate

The company has already made prepayment of the most of the outstanding term loans of its own and of its subsidiaries by utilizing the IPO proceeds. With an unincumbered cash balance of Rs.18.41 crore as on January 31, 2025, no major planned capex in near future along with its expected healthy gross cash accruals of ~Rs.46-57 crore during FY25-FY27, the liquidity profile of the company (consolidated) is expected to remain adequate. Moreover, along with its satisfactory current ratio of 1.59x as on March 31, 2024 (consolidated), company also has comfortable gearing headroom on the back of its satisfactory capital structure. However, the liquidity position of the company is restricted due to its working capital-intensive nature of operation mainly due to its elongated average inventory period.

About the Company

Shree Tirupati Balajee Agro Trading Co. Private Ltd. (STBATCPL) was incorporated in 2001 by Mr. Binod Agarwal which got changed to Shree Tirupati Balajee Agro Trading Company Limited on November 20, 2023. The company had gone for IPO and got listed on both BSE and NSE as on September 12, 2024. STBATCL is a part of Shree Tirupati Balajee group which is engaged in manufacturing of FIBC bags for food, pharmaceutical, mineral, and mining, construction, and agricultural produce packaging. Shree Tirupati Balajee Agro Trading Co. Ltd.'s manufacturing facility is at Pithampur, Indore, Madhya Pradesh, having a capacity of 28,000 metric tonnes per annum (MTPA) of FIBC bags.

Financials of Shree Tirupati Balajee Agro Trading Company Limited: Consolidated

(Rs. crore)



Press Release

| For the year ended* / As On | 31-03-2023 | 31-03-2024 | 31-12-2024 |
|-----------------------------|----------------|----------------|------------------|
| | Audited | Audited | Unaudited |
| Total Operating Income | 475.77 | 541.49 | 441.75 |
| EBITDA | 48.37 | 63.74 | 48.90 |
| PAT | 20.71 | 36.07 | 25.13 |
| Total Debt | 225.15 | 244.98 | - |
| Tangible Net worth | 140.21 | 210.02 | - |
| EBITDA Margin (%) | 10.17 | 11.77 | 11.07 |
| PAT Margin (%) | 4.33 | 6.53 | 5.62 |
| Overall Gearing Ratio (x) | 1.61 | 1.17 | - |
| Interest Coverage | 2.71 | 3.08 | 3.03 |

**Classification as per Infomerics' standards*

Financials of Shree Tirupati Balajee Agro Trading Company Limited: Standalone

(Rs.crore)

| For the year ended* / As On | 31-03-2023 | 31-03-2024 |
|-----------------------------|----------------|----------------|
| | Audited | Audited |
| Total Operating Income | 346.33 | 358.84 |
| EBITDA | 26.93 | 32.33 |
| PAT | 8.83 | 17.23 |
| Total Debt | 143.45 | 141.65 |
| Tangible Net worth | 73.42 | 123.80 |
| EBITDA Margin (%) | 7.78 | 9.01 |
| PAT Margin (%) | 2.54 | 4.72 |
| Overall Gearing Ratio (x) | 2.51 | 1.32 |
| Interest Coverage | 2.27 | 2.70 |

**Classification as per Infomerics' standards*

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

| Sr. No. | Name of Instrument/Facilities | Current Rating (Year 2024-25) | | | Rating History for the past 3 years | | |
|---------|-------------------------------|-------------------------------|------------------------------|----------------|---|---|---|
| | | Type | Amount outstanding (Rs. Cr.) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| | | | | | Feb 23, 2024 | Dec 13, 2022 | - |
| 1. | Cash Credit/Packing Credit | LT | 104.00 | IVR A-/ Stable | IVR BBB/ Positive | IVR BBB/ Stable | - |



Press Release

| Sr. No. | Name of Instrument/ Facilities | Current Rating (Year 2024-25) | | | Rating History for the past 3 years | | |
|---------|-----------------------------------|-------------------------------|---------------------------------|-----------|--|--|--|
| | | Type | Amount outstanding (Rs. Cr.) | Rating | Date(s) & Rating(s) assigned in 2023-24 | Date(s) & Rating(s) assigned in 2022-23 | Date(s) & Rating(s) assigned in 2021-22 |
| 2. | Term Loan | LT | - | Withdrawn | IVR BBB/ Positive | IVR BBB/ Stable | - |
| 3. | GECL | LT | - | Withdrawn | IVR BBB/ Positive | IVR BBB/ Stable | - |

Analytical Contacts:

Name: Avik Podder

Tel: (033) 46022266

Email: apodder@infomerics.com

About Infomerics:

Infomerics Valuation and Rating Limited [Formerly Infomerics Valuation and Rating Private Limited] (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI). Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by indepth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks. Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations. Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Press Release

facilities/instruments are rated by us have paid a credit rating fee, based on the amount and type of bank facilities/instruments. In case of partnership/proprietary concerns/Association of Persons (AOPs), the rating assigned by Infomerics is based on the capital deployed by the partners/proprietor/ AOPs and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor/ AOPs in addition to the financial performance and other relevant factors.

Annexure 1: Instrument/Facility Details

| Name of Facility | Date of Issuance | Coupon Rate/ IRR | Maturity Date | Size of Facility (Rs. Cr) | Rating Assigned/ Outlook |
|----------------------------|------------------|------------------|---------------|---------------------------|--------------------------|
| Cash Credit/Packing Credit | - | - | - | 104.00 | IVR A-/ Stable |

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-ShreeTirupati-mar25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/combined analysis:

| Name of the Company | Consolidation Approach |
|---|------------------------|
| Shree Tirupati Balajee Agro Trading Company Limited | Full Consolidation |
| Shree Tirupati Balajee FIBC Limited | Full Consolidation |
| Jagannath Plastics Private Limited | Full Consolidation |
| Honourable Packaging Private Limited | Full Consolidation |

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com