

Rating: Subscribe

Issue Offer

An Offer for Sale of 56,90,000 equity shares amounting to INR 472.3 Mn, and a Fresh Issue of 14,750,000 equity shares amounting to INR 1,224.3 Mn.

Issue Summary

Price Band INR	78-83
Face Value INR	10
Implied Market Cap INR mn.	6,770.4
Market Lot	180
Issue Opens on	Sep 5, 2024
Issue Close on	Sep 9, 2024
No. of share pre-issue	66,820,852
No. of share post issue	81,570,852
Listing	NSE, BSE

Issue Break-up %

QIB Portion	≤ 50
Retail Portion	≥ 35
NII Portion	≥ 15

Registrar

Link Intime India Private Ltd

Book Running Lead Managers

Pnb Investment Services Ltd and Unistone Capital Pvt Ltd

Shareholding Pattern

	Pre-Issue	Post-Issue
Promoters	88.38%	65.42%
Public & Others	11.62%	34.58%

Objects of the issue

- Repayment and/or prepayment, in part or full, of certain of the outstanding borrowings availed by the Company.
- Investment in the subsidiaries HPPL, STBFL and JPPL for Repayment and/or prepayment, in part or whole, of certain outstanding borrowings availed and investment in funding working capital requirement.
- Funding incremental working capital requirements of our Company.
- General corporate purposes.

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Rohan Baranwal

Shree Tirupati Balajee Agro Trading company specializes in manufacturing and selling flexible intermediate bulk containers (FIBC) and other packaging products, including woven sacks, fabrics, and tapes, for both domestic and international markets. FIBC accounts for 51.47% of the company's revenue from sales. With five manufacturing units operated through subsidiaries, the company focuses on product specialization to optimize production. The company is one of the few in India with a broad portfolio of FIBC products, providing end-to-end packaging solutions. FIBC accounts for 51.47% of its revenue. Company also invested in solar power plants contribute to cost-saving and sustainable production. With a diverse customer base across industries and geographies, the company benefits from a natural hedge against market fluctuations. In FY24, exports accounted for 49.04% of total sales, It also severed 346 B2B customers. Polymer is the primary raw material, 95% of raw materials are sourced domestically from a major petrochemical supplier. Company heavily relies on key suppliers, with the top 5% accounting for 79.9% of raw materials.

Investment Rationale

Diverse customer base and product offerings: The company has established strong relationships with its customers, increasing their repeat business, this will help company in future revenue predictability and client retention. It has developed and rolled out a broad range of products, including customized FIBCs, and offers a complete range of FIBC solutions for packaging various products. The company's portfolio includes industrial and consumer packaging solutions, lifestyle products, automotive components, healthcare products, and construction-related products, positioning itself as a one-stop solution for all customer needs. The top 5% of customers account for 32.23% of total sales, with a single customer contributing 9.74%. future revenue predictability and client retention.

Growing Demand for Cost-Effective and Lightweight FIBCs: The company's FIBCs is capable of holding between 500kg to 2000kg, making them ideal for storing and transporting products such as grains, seeds, salts, chemicals, and sand. The APAC region is experiencing a surge in demand across key sectors, including chemicals, pharmaceuticals, construction, metals, and mining, which are progressively transitioning to FIBCs due to their cost efficiency and enhanced handling convenience. These containers also reduce the overall weight of bulk packaging due to their negligible weight. Compared to corrugated paper packaging, FIBCs are getting more widely adopted in industries such as chemicals, pharmaceuticals, and food. Their low cost and lightweight design make them easy to mobilize with fork trucks, further contributing to their growing popularity.

Manufacturing and Operational Efficiency: The company owns and operates five manufacturing facilities strategically located in Indore, near major industrial zones, and Mumbai, benefiting from excellent connectivity to ports, airports, and highways. This strategic positioning enhances the company's ability to supply products on time and cost-effectively. The company's manufacturing units have an installed capacity of approximately 2,300 Mt/month, with nearly full utilization at 2,200 Mt/month, reflecting strong operational efficiency and growth potential. The company is focused on upgrading and modernizing its manufacturing facilities, infrastructure, machinery, equipment, and technology to offer a broader product range, reduce operating expenses, and improve productivity.

Global Diversification and Market Reach: The company is not dependent on one market and is diversified perfectly overseas and domestic. The company has its presence in over 38 countries and also supply pan India basis. Company exported 3.8 mn FIBC bags in FY23. India has 75% of market share in Europe and 72% in US it is attributable to growing focus on quality, excellent engineering capabilities, backward integration and ethical business practices. Company plans include ongoing investment into in-house technology capabilities to create tailored systems and processes for effective management control.

Valuation and View : The company is strengthening its presence in the FIBC sector by enhancing its manufacturing capabilities to meet rising demand, considering the global shift towards increased FIBC usage. With the growing traction for FIBCs in India, driven by increased industrial and agricultural production, the company foresees significant market opportunities. The company is also focusing on optimal capacity utilization. Company has seen substantial growth in domestic revenue, rising to INR 2,750 mn in FY24 from INR 1,705.5 mn in FY23, marking a 61% increase. At the upper price band of INR 83, the issue is priced at a P/E of 18.77x based on the FY24 EPS of INR 4.4. We have a "Subscribe" rating for the issue.

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Stock Rating Scale	Absolute Return
BUY	>20%
ACCUMULATE	12% to 20%
HOLD	5% to 12%
NEUTRAL	-5% to 5%
REDUCE	-5% to -12%
SELL	<-12%

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