Press Release

SRI SALASAR BALAJI AGRO TECH PRIVATE LIMITED
June 18, 2025
Rating Reaffirmed

Product	Quantum (Rs. Cr)	Long Term Rating	Short Term Rating
Bank Loan Ratings	73.70	ACUITE BB+ | Stable | Reaffirmed	-
Bank Loan Ratings	120.00	-	ACUITE A4+ | Reaffirmed
Total Outstanding Quantum (Rs. Cr)	193.70	-	-
Total Withdrawn Quantum (Rs. Cr)	0.00	-	-

Rating Rationale

Acuité has reaffirmed its long-term rating of **'ACUITE BB+' (read as ACUITE Double B Plus**a)nd short term rating of **'ACUITE A4+' (read as ACUITE A Four Plus)**on the Rs. 193.70 crore bank facilities of the Sri Salasar Balaji Agro Tech Private Limited (SSBATPL). The outlook is **'Stable'.**

Rational for rating
The reaffirmation of the rating considers moderation in operating performance and average financial risk profile. The rating also factors in the experienced management and long operational track record of the group in cotton yarn industry. However, the rating remained constrained on account of working capital-intensive operations, stretched liquidity and vulnerability of margins to fluctuating raw material and yarn prices in a highly competitive industry.

About the Company

Sri Salasar Balaji Agro Tech Private Limited (SSBATPL), incorporated in 2003, is a Hyderabad-based company engaged in trading full pressed (FP) cotton bales and cotton yarn. The company is promoted by Mr. Dhiraj Kumar Khetan and his family members. Mr. Dhirajkumar Khetan, Mrs. Manju Khetan and Ms. Khetan Shreeya are the directors of the company.

About the Group

Sri Salasar Balaji Textiles Private Limited
Sri Salasar Balaji Textiles Private Limited (SSBTPL), incorporated in November 2017, is engaged in cotton yarn manufacturing. Promoted by Mr. Dhiraj Kumar Khetan, the company operates a plant in Adilabad, Telangana, with an installed capacity of 48,000 spindles. SSBTPL commenced commercial operations in July 2019.

Unsupported Rating

Not Applicable

Analytical Approach

Extent of Consolidation

• Full Consolidation

Rationale for Consolidation or Parent / Group / Govt. Support

Acuité has considered the consolidated financials of Sri Salasar Balaji Agro tech Private Limited (SSBATPL) and its wholly owned subsidiary, Sri Salasar Balaji Textiles Private Limited (SSBTPL), collectively referred to as the "Sri Salasar Balaji Group". The consolidation is based on strong operational, financial and managerial linkages.

Key Rating Drivers

Strengths

Extensive experience of promoters and long operational track record of operations

Sri Salasar Balaji Group, which has presence in the cotton textile industry for more than three decades. Mr. Dhiraj (Managing director) is actively engaged in managing the day-to-day operations of the company along with adequate support from other family members who also have been associated with the cotton Industry. The manufacturing facility of the company is strategically located in Mahabubnagar district, which is a hub for horticultural. Raw cotton being the major raw material is available abundantly in close proximity of the unit. Further, the promoters have long and established relationship with the farmers as well as traders which augurs well for the company. The promoters have established long relationships with various stakeholders across the value chain, aiding in repeat orders from key customers.
Acuité believes that Sri Salasar Balaji group will continue to benefit from the extensive experience of its promoters, and established relationships with clients will improve its business risk profile over the medium term.

Moderation in operating performance

The Group recorded operating income of Rs. 512.49 crore in FY2024 as against Rs. 553.76 crore in FY2023. Operating margin improved to 2.68 per cent in FY2024 from 0.82 per cent in FY2023, supported by stable raw material costs. SSBTPL's trading activities alongside manufacturing help safeguard revenue. However, PAT margins remained negative at 0.32 per cent in FY2024, compared to negative 0.60 per cent in FY2023, due to high interest and depreciation costs. For consolidated FY2025, EBITDA margins are estimated at approximately 3.85-3.90 per cent, driven by moderated raw material costs and better realizations in the cotton yarn segment, with PAT margins expected at approximately 0.15- 0.20 per cent. Acuite believes, the operating performance of the group would remain moderate on account of inherent cyclicality in the industry.

Weaknesses

Moderately Intensive Working Capital Operations

The group's working capital management is moderately intensive, reflected in Gross Current Asset (GCA) of 149 days in FY2024, up from 104 days in FY2023. Inventory days increased to 58 in FY2024 from 43 in FY2023, with the group typically maintaining an average inventory holding period of 40-45 days. Debtor days rose to 73 in FY2024 from 43 in FY2023. While the group generally operates on a 100 per cent cash basis, it occasionally extends a credit period of 15-20 days to customers. Creditor days stood at 40 in FY2024, compared to 22 in FY2023, with suppliers typically offering a credit period of 20-30 days. The average utilisation of working capital facilities stood at approximately 76.65 per cent for the six months ended March 2025. Acuite believes, the operation of the group would remain working capital intensive on account of nature of operations.

Average Financial Risk Profile

The group's financial risk profile remains average, characterized by modest net worth, high gearing, and moderate debt protection metrics. Tangible net worth stood at Rs. 40.81 crore as on 31 March 2024, compared to Rs. 42.45 crore as on 31 March 2023. Total debt amounted to Rs. 144.06 crore, comprising Rs. 30.36 crore of long-term debt, Rs. 9.80 crore of CPLTD, Rs. 1.76 crore of unsecured loans, and Rs. 102.14 crore of short-term debt as on 31 March 2024. Gearing remained high at 3.53 times as on 31 March 2024, against 3.52 times in the previous year. The Interest Coverage Ratio stood at 1.39 times for FY2024, compared to 1.43 times in FY2023, while the Debt Service Coverage Ratio (DSCR) stood at 0.90 times as on March 31, 2024 compared to 0.75 times as on March 31, 2023. Acuite believes, the financial risk profile would remain average on account of high debt obligations.

Susceptibility of profitability to volatility in raw material prices in a highly Competitive and Fragmented Industry

Cotton, a kharif crop sown in June and harvested by October, makes the ginning business seasonal, typically operating from October to March. Its availability is highly dependent on monsoon conditions, and fluctuations in production, government policies, and global output have historically caused sharp price volatility, impacting operating margins. The Salasar Group's operating margins have ranged between 2-4 per cent over FY2022–24. Inadequate rainfall can disrupt raw cotton supply, affecting operations. The cotton industry is highly competitive, with low entry barriers and intense pressure from both organised and unorganised players.
Acuité believes that the entire value chain ginners and spinners remains exposed to raw material price volatility,

which, along with the low value-added nature of the business, results in thin profit margins for the group.

Rating Sensitivities

- Improvement in scale of operations and profitability
- Deterioration of financial risk profile owing to debt funded capex
- Deterioration in working capital cycle
- Ability to generate adequate liquidity

Liquidity Position

Stretched

The group's liquidity position remains stretched, marked by inadequate net cash accruals against its debt repayment obligations. It has generated net cash accruals in the range of Rs. 5.36- 7.11 crore during FY23- FY24, against repayment obligations of Rs. 10.03- 11.81 crore in the same period. However, the group is expected to generate sufficient accruals of Rs. 9.80- 16.68 crore over the medium term, against maturing obligations of Rs. 9.80- 10.75 crore. Average utilisation of working capital limits stood at approximately 76.65 per cent for the six months ended March 2025. The group maintained unencumbered cash and bank balances of Rs. 0.07 crore as on 31 March 2024. The current ratio stood at 1.06 times as on 31 March 2024, compared to 1.11 times in the previous year.
Acuité believes that though cash accruals are stretched, managing the working capital efficient operations by the group will remain a key rating sensitivity factor.

Outlook: Stable

Other Factors affecting Rating

None

Key Financials

Particulars	Unit	FY 24 (Actual)	FY 23 (Actual)
Operating Income	Rs. Cr.	512.49	553.76
PAT	Rs. Cr.	(1.64)	(3.32)
PAT Margin	(%)	(0.32)	(0.60)
Total Debt/Tangible Net Worth	Times	3.53	3.52
PBDIT/Interest	Times	1.39	1.43

Status of non-cooperation with previous CRA (if applicable)

Not Applicable

Any Other Information

None

Applicable Criteria

- Application Of Financial Ratios And Adjustments: https://www.acuite.in/view-rating-criteria-53.htm
- Consolidation Of Companies: https://www.acuite.in/view-rating-criteria-60.htm
- Default Recognition: https://www.acuite.in/view-rating-criteria-52.htm
- Manufacturing Entities: https://www.acuite.in/view-rating-criteria-59.htm
- Trading Entities: https://www.acuite.in/view-rating-criteria-61.htm

Note on complexity levels of the rated instrument

In order to inform the investors about complexity of instruments, Acuité has categorized such instruments in three levels: Simple, Complex and Highly Complex. Acuite's categorisation of the instruments across the three categories is based on factors like variability of the returns to the investors, uncertainty in cash flow patterns, number of counterparties and general understanding of the instrument by the market. It has to be understood that complexity is different from credit risk and even an instrument categorized as 'Simple' can carry high levels of risk. For more details, please refer Rating Criteria "Complexity Level Of Financial Instruments" on www.acuite.in.

Rating History

Date	Name of Instruments/Facilities	Term	Amount (Rs. Cr)	Rating/Outlook
20 Mar 2024	Bills Discounting	Short Term	120.00	ACUITE A4+ (Assigned)
	Cash Credit	Long Term	60.00	ACUITE BB+ | Stable (Downgraded from ACUITE BBB- | Stable)
	Proposed Long Term Bank Facility	Long Term	8.00	ACUITE BB+ | Stable (Assigned)
	Proposed Long Term Bank Facility	Long Term	0.41	ACUITE BB+ | Stable (Assigned)
	Working Capital Term Loan	Long Term	1.72	ACUITE BB+ | Stable (Assigned)
	Working Capital Term Loan	Long Term	3.57	ACUITE BB+ | Stable (Assigned)
17 Mar 2023	Cash Credit	Long Term	30.00	ACUITE BBB- | Stable (Reaffirmed)
	Cash Credit	Long Term	30.00	ACUITE BBB- | Stable (Assigned)
24 Mar 2022	Cash Credit	Long Term	30.00	ACUITE BBB- | Stable (Assigned)

Annexure - Details of instruments rated

Lender's Name	ISIN	Facilities	Date Of Issuance	Coupon Rate	Maturity Date	Quantum (Rs. Cr.)	Complexity Level	Rating
Karur Vysya Bank	Not avl. / Not appl.	Bills Discounting	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	120.00	Simple	ACUITE A4+ | Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Cash Credit	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	32.00	Simple	ACUITE BB+ | Stable | Reaffirmed
Not Applicable	Not avl. / Not appl.	Proposed Long Term Bank Facility	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	3.40	Simple	ACUITE BB+ | Stable | Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Working Capital Demand Loan (WCDL)	Not avl. / Not appl.	Not avl. / Not appl.	Not avl. / Not appl.	36.00	Simple	ACUITE BB+ | Stable | Reaffirmed
Karur Vysya Bank	Not avl. / Not appl.	Working Capital Term Loan	Not avl. / Not appl.	Not avl. / Not appl.	05 Jan 2027	2.30	Simple	ACUITE BB+ | Stable | Reaffirmed

***Annexure 2 - List of Entities (applicable for Consolidation or Parent / Group / Govt. Support)**

Sr. No.	Name of the Companies
1.	Sri Salasar Balaji Agro Tech Private Limited (SSBATPL)
2.	Sri Salasar Balaji Textiles Private Limited (SSBTPL)

Contacts

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About Acuité Ratings & Research

Acuité is a full-service Credit Rating Agency registered with the Securities & Exchange Board of India (SEBI). The company received RBI Accreditation as an External Credit Assessment Institution (ECAI) for Bank Loan Ratings under BASEL-II norms in the year 2012. Acuité has assigned ratings to various securities, debt instruments and bank facilities of entities spread across the country and across a wide cross section of industries. It has its Registered and Head Office in Kanjurmarg, Mumbai.

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