May 30, 2025

Tarajyot Polymers Limited: Ratings downgraded to [ICRA]BBB-(Stable)/[ICRA]A3 and rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Fund-based limits	11.00	13.00	[ICRA]BBB- (Stable); downgraded from [ICRA]BBB (Stable) and assigned for enhanced amount
Non-fund based facilities^	151.00	180.75	[ICRA]A3; downgraded from [ICRA]A3+ and assigned for enhanced amount
Short-term unallocated limits	2.75	-	-
Short term – Fund-based - Buyers facility		20.00	[ICRA]A3; assigned
Short term - Non-fund based facilities - Credit exposure limit/Forward cover		5.75	[ICRA]A3; assigned
Total	**164.75**	**219.50**	

**Instrument details are provided in Annexure I ^Rs. 5 crore interchangeable to fund-based limits*

Rationale

While arriving at the ratings, ICRA has taken a consolidated view of the operational and financial profiles of Tarajyot Polymers Limited (TPL) and PP Products Private Limited (PPPPL), referred to as the Group, considering the common promoters, and operational and financial synergies between the entities.

The ratings downgrade considers the moderation in the Group's leverage and coverage indicators owing to an increase in the working capital borrowings. At a consolidated level, the interest coverage ratio moderated to 1.3 times in FY2024 and 1.2 times in FY2025, declining from 2.5 times in FY2023. Additionally, with an increase in outstanding liabilities (creditors), the adjusted[1] TOL/TNW increased to 2.7 times in FY2024 and 3.6 times in FY2025, compared to 2.2 times in FY2023. The ratings are also constrained by TPL's low profitability due to the trading nature of its business and the exposure of its margins to fluctuations in raw material prices, intense competition, volatility in foreign exchange (forex) rates and regulatory risks arising from import duties and anti-dumping duties (ADDs) on polymers.

The ratings, however, favourably factor in the extensive experience of the Shyam Group in the polymer trading industry, with a strong presence in the southern markets, and the established relationship of the Group with customers and global suppliers. In FY2025, on a provisional basis, the consolidated revenue grew by a healthy ~15% year-on-year (YoY) on account of an increase in volumes; however, the realisations had softened. ICRA also notes the management's stated intent to infuse funds in the form of unsecured loans, as and when required to meet the working capital requirements. Further, the ratings factor in the favourable long-term outlook for polymer imports amid a domestic supply-demand mismatch.

The Stable outlook on the rating reflects ICRA's opinion that the Group will continue to benefit from the extensive experience of the Shyam Group of companies in polymer trading with an established relationship with customers and global suppliers.

[1] *Adjusted for encumbered cash*

Key rating drivers and their description

Credit strengths

Extensive experience of promoter group in polymer trading industry - TPL, incorporated in 1990, is a part of the Shyam Group with over three decades of extensive experience in polymer trading. The Group has footprints in diverse businesses, such as polymer processing and non-banking financing activities. TPL also benefits from operational linkages and financial support in the form of unsecured loans from other Group entities.

Established relationship with customers and global suppliers - The Group enjoys established relationships with international suppliers such as Exxon Mobile, Saudi Basic Industries Corporation, Basell Asia Pacific Limited, Oman Polypropolyne LLC, Dow Chemicals Limited, etc. Its customers are mainly polymer traders and processors, with some of them providing repeat orders. The Group attracts customers by providing a favourable credit period of 60-90 days; while its imports are mainly LC-backed with a usance period of 90 to 150 days.

Favourable long-term demand for polymers; import dependence likely to continue –The long-term domestic demand outlook remains favourable and is likely to be sustained by an increased demand from end-user industries such as automobiles, FMCG, packaging and pharmaceuticals. While higher domestic supply has increased the competitive pressure, it still lags behind demand and the import dependence is expected to continue.

Credit challenges

Low profitability levels and moderate debt indicators - The company's profitability was modest with its OPM and NPM in the range of 1.5%-2.5% and 0.4-0.5%, respectively, in the last few years due to the low value-added nature of the trading operations. The operating profits, at an absolute level, improved in FY2024 and FY2025 as the company availed cash discounts from the suppliers. At a consolidated level, the interest coverage ratio moderated to 1.3 times in FY2024 and 1.2 times in FY2025, declining from 2.5 times in FY2023. Additionally, with an increase in outstanding liabilities (creditors), the adjusted TOL/TNW increased to 2.7 times in FY2024 and 3.6 times in FY2025, compared to 2.2 times in FY2023.

Susceptible to volatility in crude prices, forex rates and changes in Government policies - TPL's revenue and margins are susceptible to fluctuations in polymer prices and exchange rates. However, the company hedges its receivables, and the hedging cost is captured in the final pricing, which partly mitigates the risk. Further, its performance is also susceptible to changes in Government policies, especially pertaining to the duty structure.

Limited pricing flexibility due to low entry barriers and intense competition - TPL faces intense competition from larger domestic manufacturers and organised/unorganised traders, with the industry characterised by low entry barriers, which limits the company's pricing flexibility.

Liquidity position: Adequate

The liquidity is expected to remain adequate on the back of the availability of unutilised fund-based limits, minimal capex plans due to an asset-light business model and no term loan debt obligations. Further, the recent enhancement of the working capital limits and infusion of unsecured loans from promoters, as and when required, would support the liquidity, going forward.

Rating sensitivities

Positive factors - ICRA could upgrade the ratings if the companies exhibit an improvement in the debt metrics while maintaining the profitability and liquidity position.

Negative factors - ICRA could downgrade the ratings if the companies demonstrate a sustained decline in scale, operating profitability or weakening of the debt metrics and liquidity position.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has considered a consolidated view of TPL and group entity, PP Products Private Limited, given the common promoters, and the operational and financial synergies between them

About the company

TPL, incorporated in 1990, is a part of the Shyam Group of companies and operates out of Bengaluru. It has three branches in Bengaluru, Tuticorin (Tamil Nadu) and Mumbai. TPL is involved in the import and domestic trading of various polymers, including poly vinyl chloride (PVC), low-density polyethylene (LDPE), high-density polyethylene (HDPE), linear low-density polyethylene (LLDPE) fillers, polyethylene terephthalate (PET), etc. It imports polymer granules from various global majors.

The Shyam Group has footprints in diverse businesses - such as polymer processing and trading, and non-banking financing activities—and traces its roots to the business set up in 1986 by Mr. Ram Awtar Ramsisaria in Kolkata. The Group shifted its operational base to Bengaluru during the 1980s and started trading in plastic granules through different entities. Since then, the Group has expanded its operations by several folds, and at present has multiple trading, manufacturing and investment companies.

Key financial indicators (audited)

Consolidated (TPL+PPPPL)	FY2024	FY2025*
Operating income	1,356.8	1,561.2
PAT	6.2	7.4
OPBDIT/OI	2.6%	2.1%
PAT/OI	0.5%	0.5%
Total outside liabilities/Tangible net worth (times)	3.2	4.1
Total debt/OPBDIT (times)	0.8	1.5
Interest coverage (times)	1.3	1.2

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore ,PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

TPL Standalone	FY2024	FY2025*
Operating income	696.8	797.0
PAT	3.8	3.7
OPBDIT/OI	2.6%	1.9%
PAT/OI	0.6%	0.5%
Total outside liabilities/Tangible net worth (times)	2.3	4.1
Total debt/OPBDIT (times)	0.7	2.3
Interest coverage (times)	1.2	1.2

*Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore*

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current (FY2026)			Chronology of rating history for the past 3 years					
	FY2026			FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	30-May-25	Date	Rating	Date	Rating	Date	Rating
Long term - Cash credit - Fund based	Long term	13	[ICRA]BBB- (Stable)	-	-	26-Feb-24	[ICRA]BBB (Stable)	18-Aug-22	[ICRA]BBB (Stable) ISSUER NOT COOPERATING
				-	-	-	-	7-Nov-22	[ICRA]BBB (Stable)
				-	-	-	-	30-Mar-23	[ICRA]BBB (Stable)
Short term - Forward cover/Credit exposure limit – Non-fund based	Short term	5.75	[ICRA]A3	-	-	-	-	30-Mar-23	[ICRA]A3+
Short term - Buyers facility – Fund-based	Short term	20	[ICRA]A3	-	-	-	-	-	-
Short term – Letter of credit/SBLC – Non-fund based^	Short term	180.75	[ICRA]A3	-	-	26-Feb-24	[ICRA]A3+	18-Aug-22	[ICRA]A3+ ISSUER NOT COOPERATING
				-	-	-	-	7-Nov-22	[ICRA]A3+
				-	-	-	-	30-Mar-23	[ICRA]A3+
Short term – Unallocated - Unallocated	Short term	0	-	-	-	26-Feb-24	[ICRA]A3+	18-Aug-22	[ICRA]A3+ ISSUER NOT COOPERATING
				-	-	-	-	7-Nov-22	[ICRA]A3+
				-	-	-	-	30-Mar-23	[ICRA]A3+

^Rs. 5 crore interchangeable to fund-based limits

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash credit	Simple
Letter of credit/SBLC	Very Simple
Buyers facility	Simple
Forward cover/Credit exposure limit	Very Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here]

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Cash credit**	NA	NA	NA	13.00	[ICRA]BBB- (Stable)
NA	**Letter of credit/SBLC**	NA	NA	NA	180.75	[ICRA]A3
NA	**Buyers facility**	NA	NA	NA	20.00	[ICRA]A3
NA	**Forward cover/Credit exposure limit**	NA	NA	NA	5.75	[ICRA]A3

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]()

Annexure II: List of entities considered for consolidated analysis

Company name	TPL ownership	Consolidation approach
Tarajyot Polymers Limited	100.00% (Rated entity)	Full consolidation
PP Products Private Limited	Group entity	Full consolidation

Source: TPL annual report FY2023-FY2024

Note: ICRA has taken a consolidated view of TPL and PPPPL while assigning the ratings.

ANALYST CONTACTS

Girishkumar Kadam
+91 22 6114 3441
girishkumar@icraindia.com

Prashant Vasisht
+91 12 4454 5322
prashant.vasisht@icraindia.com

B Kushal Kumar
+91 40 6939 6408
kushal.kumar@icraindia.com

Pooja Tripathi
+91 40 6939 6412
pooja.tripathi@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

ABOUT ICRA LIMITED

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

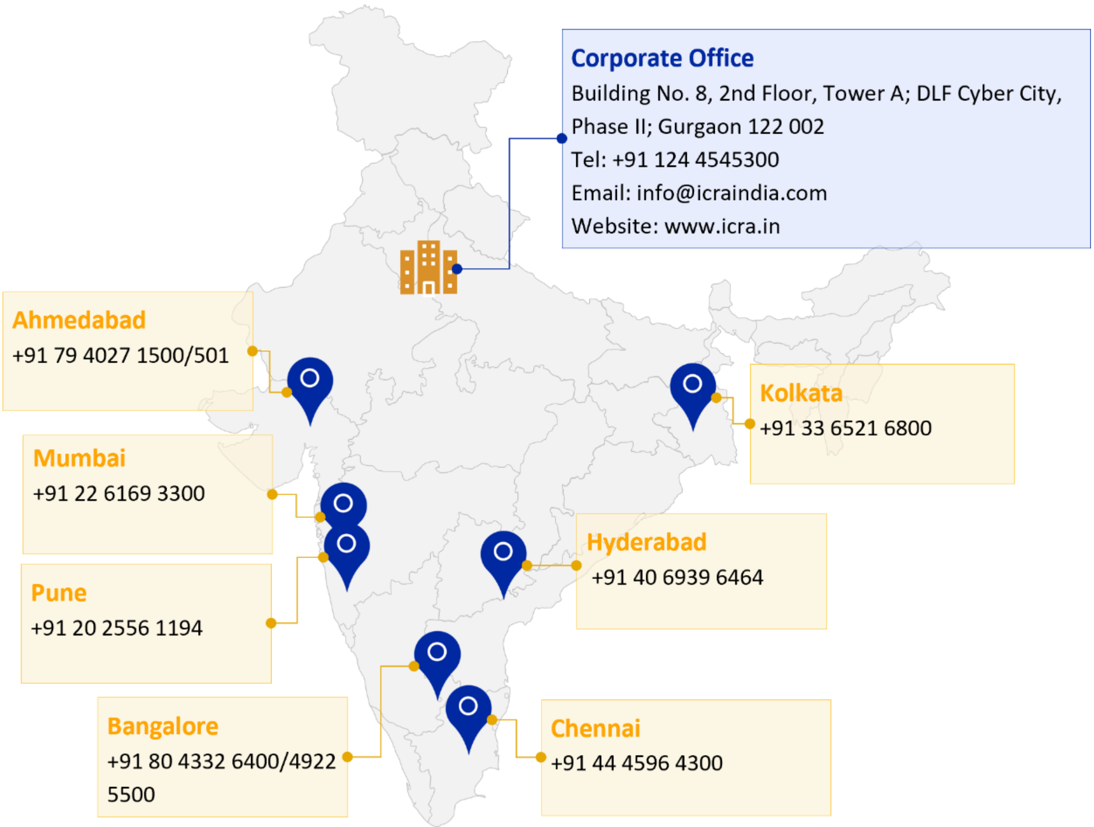
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.