

April 09, 2026

## Big Bags International Pvt Ltd: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term Loan	90.00	80.00	[ICRA]A (Stable); reaffirmed
Long-term – Unallocated	10.00	20.00	[ICRA]A (Stable); reaffirmed
Short-term – Fund-based facilities	50.00	50.00	[ICRA]A1; reaffirmed
Short-term – Fund-based facilities – Sub-limit	(110.00)	(50.00)	[ICRA]A1; reaffirmed
Short-term – Non-fund based facilities - Sub-limit	(100.00)	(50.00)	[ICRA]A1; reaffirmed
<b>Total</b>	<b>150.00</b>	<b>150.00</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings consider Big Bags International Private Limited's (BBIPL) established presence in the flexible intermediate bulk container (FIBC) industry and a diversified end-user profile across food, agriculture, chemicals, pharmaceuticals, defence and construction segments. While the company's revenue has been volatile in the past five years, it has maintained stable margins, supported by the diversified product profile. BBIPL's revenue recorded a strong growth of 31% in FY2025, aided by sustained demand and capacity addition. It is estimated to clock a robust growth of 12-16% in FY2026, despite the challenges from elevated US tariffs (with the US being the company's top market) on Indian imports during Q2 and Q3 FY2026, driven by significant pre-buying in H1 FY2026 prior to elevated tariffs becoming applicable and continued demand from its established customer base. The company is undertaking capital expenditure (capex) to set up a new plant for biaxially oriented polypropylene (BoPP) bag manufacturing with installed capacity of 4200-4800 MTPA at an estimated cost of Rs. 100 crore, of which Rs. 75 crore has been incurred as on December 2025. The new capacity is expected to commence operations in H2 FY2027. Successful ramp-up of the new capacity is anticipated to drive revenue growth over the medium term, as the existing FIBC bag capacity is operating at high utilisation levels of around 88%. Despite the ongoing debt-funded capacity expansion, the company's debt metrics are expected to remain comfortable with projected Total Debt/ OPBITDA of less than 1.2 times and debt service coverage ratio (DSCR) of over 4 times for FY2027.

ICRA notes that escalating conflicts in West Asia could impact its revenue growth in the near term. Polypropylene granules are the key raw materials (RM) needed to manufacture FIBC bags. The company sources its RM from domestic oil refiners with imports limited to 15–20%. Adequate RM availability remains a key risk as liquefied petroleum gas (LPG) production is being prioritised (over polymer manufacturing) amidst the West Asia conflict, which impacted crude oil and LPG supply chains. While the company's 1.5 to 2-month RM inventory holding provides comfort over the near term, prolonged challenges in RM availability could disrupt production. Management has stated that it has identified suppliers in Asia and Southeast Asia to address these challenges. There could be temporary disruptions to sales on account of logistical challenges owing to disrupted shipping routes. The company's ability to navigate these challenges remains a monitorable. The ratings also consider BBIPL's moderate scale, working capital-intensive operations, and exposure of profitability to volatility in polypropylene prices (the key RM) and foreign exchange movements, as it derives most of its revenues from exports. However, ICRA notes that company has been able to pass on RM price increases to its customers in the past.

The Stable outlook reflects ICRA's expectation that BBIPL will maintain healthy margins, and its earnings growth will be aided by the commissioning of new capacity and healthy demand from its customers, which would support the company in retaining comfortable debt metrics.

## Key rating drivers and their description

### Credit strengths

**Extensive experience in FIBC industry and a diversified revenue base** - The company's promoters have significant experience in the FIBC industry and enjoy strong relationships with customers across various industries such as pharmaceutical, raw foods, processed foods, construction, chemicals and defence industries. BBIPL sells its products through distributors/dealers. However, the diversified end-user industry base insulates it from the risk of slowdown in any industry.

**Comfortable debt protection metrics** - The company has a comfortable financial profile, characterised by low debt levels, healthy net worth and robust debt protection metrics with a gearing of 0.3 times, interest coverage of around 30 times and DSCR of 5.8 times in 9M FY2026. BBIPL is undertaking capex of around Rs. 100 crore towards set-up of a new plant for manufacturing BoPP bags with a capacity of 4200-4800 MTPA. It incurred capex of around Rs. 75 crore towards the project in FY2025 and 9M FY2026, and the remaining capex is expected to be incurred in Q4 FY2026 and H1 FY2027. The capex is being funded through term loans (around 75%) and internal accruals. Despite the debt-funded capex plans, the company's debt protection metrics are anticipated to continue to be comfortable, supported by its healthy earnings profile, going forward.

**Capacity additions to drive growth in scale and earnings** - The company is setting up a BoPP/ shopping bag manufacturing facility with a planned capacity of 4,200-4,800 MTPA, which is expected to commence commercial production from Q2 FY 2027. Successful ramp-up of the new capacity is anticipated to drive the revenue growth over the medium term, while the headroom in volume growth from its existing FIBC bags capacity is muted, given the current high utilisation levels (around 88%).

### Credit challenges

**Moderate scale of operations in the highly fragmented and competitive industry; working capital-intensive nature of operations** - The company's scale of operations is moderate, as indicated by profit after tax (PAT) of Rs. 42-43 crore in 9M FY2026 and net worth of Rs. 237-238 crore as on December 31, 2025. BBIPL recorded a healthy annualised revenue growth of 12% to around Rs. 405 crore in 11M FY2026, driven by strong volume growth and uptick in realisations, despite a correction in input costs, on the back of better product mix. The company is also expected to clock significant double-digit revenue growth in FY2027 as well, led by sustained demand for its FIBC bags and anticipated commencement of BoPP plant by October 2026. Despite the robust revenue growth in the last two years and expected healthy growth in FY2027, BBIPL's scale of operations is likely to be moderate in the near term. The company's operations are working capital-intensive, characterised by debtor days of around two months and inventory holding of nearly two months however, liquidity remains strong as the working capital requirements are largely funded from internal cash flows.

**Vulnerability of profitability to fluctuations in RM prices and foreign currency exchange rate; West Asia conflict poses RM availability risks and logistics challenges** - Polypropylene granules are the key RM needed to manufacture FIBC bags. Hence, the company's profitability remains exposed to fluctuations in its prices, which in turn depends on the price of crude oil. It enters into cost-plus margin contracts with its customers, mitigating the impact of fluctuating RM costs to an extent. BBIPL is exposed to fluctuations in foreign currency exchange rates because of the high proportion of export sales in its revenue mix. However, foreign currency-denominated loans act as a natural hedge and the company hedges its receivables partially, mitigating the risk to an extent. BBIPL sources its RM from domestic oil refiners with imports limited to 15-20%. Adequate RM availability remains a key risk as LPG production is being prioritised (over polymer manufacturing) amidst West Asia conflict, which impacted crude oil and LPG supply chains. While the company's 1.5 to 2-month RM inventory holding provides comfort over the near term, prolonged challenges in RM availability could disrupt production. Management has stated that it has

identified suppliers in Asia and Southeast Asia to address these challenges. Sales could be impacted by logistical challenges owing to disrupted shipping routes. The company's ability to navigate these challenges remains a monitorable.

**Customer concentration risk with top 5 customers contributing to around 90% of sales; however, end customer base is diversified** - The top five customers contributed around 90% to the company's export revenues in FY2025 and 9M FY2026. However, BBIPL has an established relationship with customers spanning over two decades, which provides stability to its top-line. The company's direct customers are distributors that sell to various end customers, which include players in raw foods, processed foods, agriculture, pharmaceutical, defence, chemicals and construction industries.

### Liquidity position: Strong

BBIPL's liquidity is strong, with expected retained cash flow of Rs. 50-55 crore in the next 12 months and free cash and bank balance of around Rs. 14.1 crore and buffer in the working capital facilities of around Rs. 45.0 crore as on December 31, 2025. Against these sources of funds, the company has capex plans of Rs. 35-40 crore in the next 12 months, to be funded through an undrawn term loan of around Rs. 20 crore and internal accruals, and debt repayment obligations of Rs. 10-12 crore.

### Rating sensitivities

**Positive factors** – ICRA could upgrade BBIPL ratings if the company demonstrates a significant improvement in its scale while sustaining healthy earnings and debt protection metrics.

**Negative factors** – Pressure on BBIPL ratings could arise upon any sharp contraction in earnings or any large debt-funded capex, which impacts its debt indicators. Specific credit metrics which could result in ratings downgrade include Total Debt/OPBITDA > 2.0 times on a sustained basis. A stretched working capital cycle or sizeable payouts to shareholders affecting the company's liquidity position could also impact the ratings.

### Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

### About the company

BBIPL, incorporated in 2000, has its headquarters in Mangalore (India). It manufactures FIBC bags with a production capacity of 21,300 MTPA. It exports to over 20 countries across five continents. The company's infrastructural facilities include extrusion, circular looms, Sulzer fabric looms, lamination plants, lifting belts, fabric cutting facilities, four-colour printing, PE liner and bag finishing. It has implemented a hazard analysis critical control point at its clean room facility.

### Key financial indicators (audited)

BBIPL (standalone)	FY2024	FY2025	9M FY2026*
Operating income (OI)	303.9	398.5	336.4
PAT	29.6	48.0	42.2
OPBDIT/OI	16.1%	18.9%	19.7%
PAT/OI	9.7%	12.0%	12.6%
Total outside liabilities/Tangible net worth (times)	0.3	0.5	0.4

BBIPL (standalone)	FY2024	FY2025	9M FY2026*
Total debt/OPBDIT (times)	0.8	0.9	0.7
Interest coverage (times)	27.1	29.8	30.1

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

**Status of non-cooperation with previous CRA: Not applicable**

**Any other information: None**

## Rating history for past three years

Current (FY2027)			Chronology of rating history for the past 3 years						
Instrument	Type	Amount rated (Rs. crore)	April 09, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
Fund-based – Term loan	Long term	80.00	[ICRA]A (Stable)	September 16, 2025	[ICRA]A (Stable)	April 03, 2024	[ICRA]A (Stable)	-	-
						March 18, 2025	[ICRA]A (Stable)	-	-
Others – Fund-based	Short term	50.00	[ICRA]A1	September 16, 2025	[ICRA]A1	April 03, 2024	[ICRA]A1	-	-
Others – Interchangeable	Short term	(50.00)	[ICRA]A1	September 16, 2025	[ICRA]A1	March 18, 2025	[ICRA]A1	-	-
						April 03, 2024	[ICRA]A1	-	-
Others – Interchangeable	Short term	(50.00)	[ICRA]A1	September 16, 2025	[ICRA]A1	March 18, 2025	[ICRA]A1	-	-
						April 03, 2024	[ICRA]A1	-	-
Unallocated	Long term	20.00	[ICRA]A (Stable)	September 16, 2025	[ICRA]A (Stable)	March 18, 2025	[ICRA]A1	-	-
						April 03, 2024	[ICRA]A (Stable)	-	-
Others – Interchangeable	Long term	0.00	-	September 16, 2025	-	March 18, 2025	[ICRA]A (Stable)	-	-
						April 03, 2024	[ICRA]A (Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term – Fund-based – Term loan	Simple
Long-term – Unallocated	Not Applicable
Short-term – Fund-based facilities	Simple
Short-term – Fund-based facilities – Sub-limit	Simple
Short-term – Non-fund based facilities – Sub-limit	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	Term loan 1	FY2021	-	FY2026	5.00	[ICRA]A (Stable)
NA	Term loan 2	FY2025	-	FY2030	75.00	[ICRA]A (Stable)
NA	Unallocated – Long term	-	-	-	20.00	[ICRA]A (Stable)
NA	Export credit – PCFC/EPC	-	-	-	30.00	[ICRA]A1
NA	PCL/PCFC	-	-	-	20.00	[ICRA]A1
NA	Interchangeable limits	-	-	-	(30.00)	[ICRA]A1
NA	Interchangeable limits	-	-	-	(20.00)	[ICRA]A1
NA	Interchangeable limits	-	-	-	(30.00)	[ICRA]A1
NA	Interchangeable limits	-	-	-	(20.00)	[ICRA]A1

Source: Company

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

**Annexure II: List of entities considered for consolidated analysis – Not applicable**

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