

Flexituff Ventures International Limited

October 03, 2022

Ratings

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	13.31	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Long Term / Short Term Bank Facilities	251.17	CARE D / CARE D; ISSUER NOT COOPERATING* (Single D / Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	199.02	CARE D; ISSUER NOT COOPERATING* (Single D ISSUER NOT COOPERATING*)	Rating moved to ISSUER NOT COOPERATING category
Total Bank Facilities	463.50 (₹ Four Hundred Sixty-Three Crore and Fifty Lakhs Only)		

Details of instruments/facilities in Annexure-1.

Detailed rationale and key rating drivers

Flexituff Ventures International Limited (FVIL) has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. In line with the extant SEBI guidelines, CARE Ratings Ltd.'s rating on Flexituff Ventures International Ltd.'s bank facilities will now be denoted as **CARE D/CARE D; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders, and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings assigned to the bank facility of FVIL continue to take into account ongoing delays in servicing of its debt obligations.

Detailed description of the key rating drivers

At the time of last rating on August 30, 2021, the following were the rating weaknesses (updated based on best available information i.e., financial results for year ended March 31, 2022, and quarter ended June 30, 2022, published on stock exchange and other submissions from client).

Key rating weaknesses

On-going delays and defaults in servicing of debt obligations:

There are on-going delays in servicing of debt obligations owing to poor liquidity position on the back of FVIL's weak financial performance marked by cash losses reported over the last three years ended in FY22 resulting in inadequate cash flows to meet its financial obligations.

Weak financial risk profile with continued losses albeit improvement in profitability in FY22 and Q1FY23

Post default in its repayment obligation for FCCB's in 2019 with subdued performance of geo textile segment, FVIL had faced liquidity issues and decline in scale of operation in FY20 leading to lower elevated cost structure with low-capacity utilization. It had reported losses at operating level in FY20, FY21. However, in FY22, FVIL's TOI increased by 23% and it had reported profits on operating level marked by PBILDT margin of 2.08% in FY22. Also, in Q1FY23, company reported TOI and PBILDT of Rs.250.37 crore and Rs.19.98 crore respectively. However, owing to high interest costs and depreciation

¹Complete definition of the ratings assigned are available at www.careedge.in and other CARE Ratings Ltd.'s publications

it had reported net loss of Rs.86.73 crore in FY22 and Rs.12.02 crore in Q1FY23. Net loss during FY22 resulted into further depletion of tangible net worth and consequently deterioration in capital structure marked by leveraged overall gearing of 29.32 times as on March 31, 2022.

Liquidity: Poor

The liquidity of FVIL remained poor during the last three years ended FY22 marked by ongoing delays in debt servicing coupled with consistence cash losses during same period. FVIL's fund-based working capital limits utilization remained full during last 12 months ended in July 2022. Furthermore, FVIL has continued to report cash loss (of Rs.41 crore) during FY22 as against large scheduled term debt repayment obligation of around Rs.280 crore during FY22 resulting into cash flow mismatch, and subsequently, delays and defaults in debt servicing. During FY22, the company had over-utilized its cash credit working capital facility by Rs.152.37 crore because of devolvement of letter of credit issued by banks.

Analytical approach: Consolidated. For analysis, CARE has considered consolidated financials of FVIL including its subsidiaries. The list of subsidiaries is placed at **Annexure 6**.

Applicable criteria

[Policy in respect of Non-cooperation by issuer](#)
[Policy on default recognition](#)
[Rating Methodology -Consolidation](#)
[Financial Ratios – Non financial Sector](#)
[Liquidity Analysis of Non-financial sector entities](#)
[Policy On Curing Period](#)
[Rating Outlook and Credit Watch](#)
[Short Term Instruments](#)
[Manufacturing Companies](#)

About the company

Formerly known as Flexituff International Limited (CIN: L25202MP1993PLC034616), the company was formed in 1966 as a partnership firm. Subsequently, the firm was converted into a private limited company in 1985 and the company got listed on the Indian Stock Exchanges in 2011. The name of the company was changed to Flexituff Ventures International Limited w.e.f. September 28, 2018. FVIL is engaged in the business of manufacturing Flexible Intermediate Bulk Container (FIBC), reverse printed Biaxially-Oriented Polypropylene (BOPP) woven bags, Leno Bags (small packaging bags, primarily for domestic markets), geotextile fabrics and ground cover (used for prevention of landslides, control of soil erosion and riverbank protection) and polymer compounds (used for wires and cables) and drippers. The main product of the company is FIBC, which is used in bulk packaging and transportation requirement for multiple industries like cement, chemical, pharmaceutical, food processing consumer goods, sugar, and meat products. The company has two manufacturing facilities, located at Pithampur (Madhya Pradesh) and Kashipur (Uttarakhand) with installed capacity of 1,08,400 MTPA. Kashipur facility commenced its operations in December 2015.

Brief Financials (₹ crore)	March 31, 2021 (A)	March 31, 2022 (A)	Q1 FY23 (UA)
Total operating income	938.84	1,058.75	250.37
PBILDT	64.06	22.28	19.98
PAT	-57.73	-94.57	-12.02
Overall gearing (times)	5.61	21.60	NA
Interest coverage (times)	0.88	0.33	NA

A: Audited, UA: Unaudited

Status of non-cooperation with previous CRA:

ICRA has conducted the review on the basis of best available information under "Issuer Not Cooperating" category vide its press release dated March 17, 2022.

Any other information: Not Applicable

Rating history for the last three years: Please refer Annexure-2

Complexity level of various instruments rated for this company: Annexure-4

Annexure-1: Details of facilities

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned along with Rating Outlook
Fund-based - LT-Term Loan		-	-	March, 2022	13.31	CARE D; ISSUER NOT COOPERATING*
Fund-based - LT/ ST-Working Capital Limits		-	-	-	251.17	CARE D / CARE D; ISSUER NOT COOPERATING*
Non-fund-based - ST-Working Capital Limits		-	-	-	199.02	CARE D; ISSUER NOT COOPERATING*

Annexure-2: Rating history for the last three years

Sr. No	Name of the Instrument /Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022	Date(s) and Rating(s) assigned in 2020-2021	Date(s) and Rating(s) assigned in 2019-2020
1	Fund-based - LT-Term Loan	LT	13.31	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D (30-Aug-21)	1)CARE D (04-Sep-20)	-
2	Fund-based - LT/ ST-Working Capital Limits	LT/ST *	251.17	CARE D / CARE D; ISSUER NOT COOPERATING *	-	1)CARE D / CARE D (30-Aug-21)	1)CARE D / CARE D (04-Sep-20)	-
3	Non-fund-based - ST-Working Capital Limits	ST	199.02	CARE D; ISSUER NOT COOPERATING *	-	1)CARE D (30-Aug-21)	1)CARE D (04-Sep-20)	-

*Long term/Short term.

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

Annexure-4: Complexity level of various instruments rated for this company

Sr. No.	Name of Instrument	Complexity Level
1	Fund-based - LT-Term Loan	Simple
2	Fund-based - LT/ ST-Working Capital Limits	Simple
3	Non-fund-based - ST-Working Capital Limits	Simple

Annexure-5: Bank lender details for this company

To view the lender wise details of bank facilities please [click here](#)

Annexure-6: List of subsidiaries

Name of the entity	Ownership by FVIL as on March 31, 2022
Flexiglobal Holding Ltd.	100%
Flexiglobal (UK) Limited #	100%
Flexituff Technology International Ltd. (formerly as Flexituff FIBC Ltd.)	100%
Flexituff SA Enterprises LLP*	75%
Flexituff Javed LLP*	80%
Flexituff Hi Tech LLP*	80%
Ujjivan Luit LLP*	75%
Flexituff Sailendra Kalita LLP *	80%
Budheswar Das Flexituff International Limited JV **	45%
Sanyug Enterprise Flexituff International Limited JV **	80%
Vishnu Construction Flexituff International Limited JV **	75%
Mayur Kartick Barooah Flexituff International Ltd. JV **	50%
Flexituff Sailendra Kalita JV **	80%
Flexituff Pulin Borgohain JV **	80%

Indirect subsidiary through Flexiglobal holdings Ltd.

* Limited liability partnership - ownership through capital

** Association of person - ownership through control over all activities of the entity

Note on complexity levels of the rated instruments: CARE Ratings has classified instruments rated by it on the basis of complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for any clarifications.

Contact us

Media contact

Name: Mradul Mishra
Phone: +91-22-6754 3596
E-mail: mradul.mishra@careedge.in

Analyst contact

Name: Akhil Goyal
Phone: 8511190015
E-mail: akhil.goyal@careedge.in

Relationship contact

Name: Deepak Purshottambhai Prajapati
Phone: +91-79 40265656
E-mail: deepak.prajapati@careedge.in

About us:

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