

## Flexicom Industries Private Limited

March 25, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	60.00	CARE BB+; Stable	Upgraded from CARE BB; Stable
Long Term / Short Term Bank Facilities	5.00	CARE BB+; Stable / CARE A4+	LT rating upgraded from CARE BB; Stable and ST rating assigned

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The revision in ratings assigned to the bank facilities of Flexicom Industries Private Limited (FIPL) derives comfort from successful completion of the project without any cost or time overrun along with successful running of operations since April 2024.

The ratings continue to remain constrained by the project stabilisation risk arising from nascent stage of operations, sensitivity of operations to government regulations and profitability margins begin susceptible to volatility of raw material prices.

The ratings, however, derive strength from long experience of promoters in various industries, favourable location of the plant and presence of several benefits under the Government of India (GoI) scheme.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Improvement in scale of operations (turnover > Rs. 75 crore) while maintaining operating margins above 15% on a sustained basis.
- Improvement in interest coverage ratio above 2x on a sustained basis

#### Negative factors

- Decline in total operating income below (Rs. 30 crores) on a sustained basis.
- Increase in debt levels leading to notable deterioration in the capital structure.

**Analytical approach:** Standalone while factoring in group linkages with Meghalaya Cement Limited (MCL- rated CARE A+; Stable/CARE A1+)

#### Outlook: Stable

The Stable outlook is based on the expectation that the company will continue to benefit from experience of promoters and gradually improve the financial performance as envisaged.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Project stabilisation risk arising from nascent stage of operations

FIPL has completed its project of setting up a manufacturing unit of Poly Propylene Bags, Ad Star Bags having capacity of 6,000 Tonne Per Annum (TPA) and achieved commercial operations from March 31, 2024. However, the company is still exposed to the project stabilization risk. Nevertheless, considering the experience of promoters in various businesses, the risk is mitigated to some extent.

##### Sensitivity of operations to the government regulations

Given the environment hazards of plastics, the flexible packaging industry remains sensitive to any government regulations or actions that could negatively impact demand for FIPL's products.

##### Competitive landscape and volatility of raw material prices

The packaging industry is comprised of both large and smaller players. The industry is highly fragmented, and players generally tend to add large capacities when prices improve, leading to a fall in product realisations. Key raw materials are derivatives of

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

crude which are generally volatile in nature, especially in the wake of ongoing geopolitical instability. Profitability would be contingent on the ability to pass on the raw material prices to the customer.

## Key strengths

### Successful completion of project and commencement of operations

FIPL has completed its project of setting up a manufacturing unit of Poly Propylene Bags, Ad Star Bags having capacity of 6,000 Tonne Per Annum (TPA). The operation has already started from March 31, 2024. TOI for FY24 stood at Rs. 0.38 crore. In 11MFY25 (UA) it has achieved TOI of Rs 39.87 crore. The capacity utilisation stood at 69.75% till 11MFY25 as articulated by the management. The successful ramping up of operations of the plant going ahead, as envisaged, remains a key rating monitorable.

### Experience of promoters in various industries

FIPL is part of the Agarwal Family group based in North-East India. The group is headed by Mahendra Kumar Agarwal. The group has presence in industries like cement, steel, plastic manufacturing and related businesses.

The promoters have prior experience of plastic and plastic products industry through a group company namely, Plascom Industries LLP which is into manufacturing of PP Woven Sacks & Laminated Fabric / Bags having manufacturing unit with installed capacity of 2,430 MT per annum of PP Cement bags at Rani Industrial Area, Guwahati, Assam.

The day- to day operations of the company will be looked after by Mr. Prateek Agarwal (Director) along with the support from a team of experienced professionals.

### Favourable location of the plant

The manufacturing unit is about 18 km from Kathua City. The site of the plant is well connected with the Srinagar Kanyakumari National Highway 44 through the minor road. The nearest railway station is Kathua Railway station which is 17 kms away and the nearest airport is Pathankot which is 44 kms away from the site. The bags are being supplied to nearby states like Punjab, Gujarat and Uttar Pradesh.

### Presence of several benefits under GOI scheme

FIPL is entitled to receive to several benefits under New Central Sector Scheme like Capital Investment Incentive, Capital Interest Subvention, Goods and Service Tax Linked Incentive.

### Liquidity: Adequate

Liquidity position of the company is expected to remain adequate in near future as FIPL is expected to generate sufficient cash accruals against its term loan repayment obligation of Rs 1.20 crore which is starting from FY26. Further, the average utilisation of fund-based limits as on January 31, 2025 stood almost full utilized and non- fund based limits around 50% as articulated by the lender.

## Applicable criteria

[Definition of Default](#)

[Factoring Linkages Parent Sub JV Group](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

## About the company and industry

### Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Durables	Consumer Durables	Plastic Products - Consumer

Incorporated in October 2020, FIPL is founded by the Agarwal family group based in Northeast India (Guwahati Assam). The group is headed by Mahendra Kumar Agarwal. The group has presence in industries like cement, steel and plastic manufacturing and related businesses.

The directors of the company-Prateek Agarwal and Kiran Agarwal have set up a manufacturing unit in Jammu for manufacturing of Poly Propylene Bags, Ad Star Bags having capacity of 6,000 Tonne Per Annum (TPA). The plant started its commercial operations from March 31, 2024.

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	11MFY25(UA)
Total operating income	0.00	0.38	39.87
PBILDT	0.00	-0.13	0.39
PAT	-0.03	-0.32	-
Overall gearing (times)	0.10	1.89	-
Interest coverage (times)	0.00	-3.53	-

A: Audited UA: Unaudited; Note: these are latest available financial results

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

**Any other information:** Not applicable

**Rating history for last three years:** Annexure-2

**Detailed explanation of covenants of rated instrument / facility:** Annexure-3

**Complexity level of instruments rated:** Annexure-4

**Lender details:** Annexure-5

### Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	15.00	CARE BB+; Stable
Fund-based - LT-Term Loan		-	-	31-03-2035	45.00	CARE BB+; Stable
Non-fund-based - LT/ ST-Bank Guarantee		-	-	-	5.00	CARE BB+; Stable / CARE A4+

**Annexure-2: Rating history for 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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	45.00	CARE BB+; Stable	1)CARE BB; Stable (02-Apr-24)	1)CARE BB; Stable (26-Mar-24)	-	-
2	Fund-based - LT-Cash Credit	LT	15.00	CARE BB+; Stable	1)CARE BB; Stable (02-Apr-24)	1)CARE BB; Stable (26-Mar-24)	-	-
3	Non-fund-based - LT/ ST-Bank Guarantee	LT/ST	5.00	CARE BB+; Stable / CARE A4+	1)CARE BB; Stable (02-Apr-24)	-	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

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

**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple
3	Non-fund-based - LT/ ST-Bank Guarantee	Simple

**Annexure-5: Lender details**

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

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

## Contact us

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