

Flexituff Ventures International Limited

August 30, 2021

Ratings

Facilities/Instruments	Amount (Rs. crore)	Ratings ¹	Rating Action
Long Term Bank Facilities	13.31 (Reduced from 36.24)	CARE D (Single D)	Reaffirmed
Long Term / Short Term Bank Facilities	251.17 (Enhanced from 237.24)	CARE D / CARE D (Single D / Single D)	Reaffirmed
Short Term Bank Facilities	199.02 (Enhanced from 190.02)	CARE D (Single D)	Reaffirmed
Total Bank Facilities	463.50 (Rs. Four Hundred Sixty-Three Crore and Fifty Lakhs Only)		

Details of facilities in Annexure -1

Detailed Rationale & Key Rating Drivers

The ratings assigned to the bank facilities of Flexituff Ventures International Limited (FVIL) continue to remain constraint on account of its on-going delays and defaults in debt servicing owing to its poor liquidity position as well as weak financial performance marked by cash loss in FY21 (refers to period from April 1 to March 31).

Rating Sensitivities

Positive Factors

- Sustained track record of timely servicing of debt obligations for a minimum period of 90 days from the date of last delay/ defaults

Detailed description of the key rating drivers

Key Rating Weakness

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 FY21 resulting in inadequate cash flows to satisfy operational as well as financial obligations.

Weak financial risk profile

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. In FY21, FVIL's TOI remained stable, however, company has reported small operating profit (i.e. PBILDT) of Rs.1.82 crore in FY21 as compared to operating loss of Rs.54.18 crore in FY21. However, with high debt levels and high interest cost it continue to report losses at PAT level. Performance was further impacted by Covid 19 disruptions. Net loss during FY21 which resulted into further depletion of tangible net worth and consequently deterioration in capital structure marked by leveraged overall gearing of 7.64 times as on March 31, 2021.

Liquidity: Poor

The liquidity of FVIL remained poor during the last three years ended FY21 marked by ongoing delays in debt servicing coupled with consistence cash losses as well as elongated gross current asset days during same period. FVIL's fund-based working capital limits utilization remained full during last 12 months ended in July, 2021. Furthermore, FVIL has continued to report cash loss (of Rs.10 crore) during FY21 as against large scheduled term debt repayment obligation of around Rs.279 crore during FY21 resulting into cash flow mismatch, and subsequently, delays and defaults in debt servicing. During FY21, the company had over-utilized its cash credit working capital facility by Rs.63.95 crore as a result of devolvement of letter of credit issued by banks.

¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications

Analytical Approach: Consolidated. For the purpose of analysis, CARE has considered consolidated financials of FVIL including its subsidiaries. The list of subsidiaries is placed at **Annexure 4**.

Applicable Criteria

[CARE's Policy on Default Recognition](#)

[CARE's Policy on Curing Period](#)

[Rating Methodology-Manufacturing Companies](#)

[Rating Methodology - Consolidation](#)

[Liquidity Analysis of Non-Financial Sector Entities](#)

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 river bank 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 Consolidated Financials of FVIL (Rs. Crore)	FY20 (A)	FY21 (A)
Total operating income	898.78	854.74
PBILDT	(54.18)	1.82
PAT	(168.97)	(60.13)
Overall gearing (times)	5.72	7.64
Interest coverage (times)	(0.73)	0.03

A: Audited

During Q1FY22 (UA), FVIL reported TOI of Rs.267.78 crore with PBILDT of Rs.0.28 crore and net loss of Rs.24.26 crore.

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 February 26, 2021.

Any other information: Not applicable

Rating History for last three years: Please refer Annexure-2

Annexure 1: Details of Facilities:

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Fund-based - LT-Term Loan	-	-	March, 2022	13.31	CARE D
Fund-based - LT/ ST-Working Capital Limits	-	-	-	251.17	CARE D / CARE D
Non-fund-based - ST-Working Capital Limits	-	-	-	199.02	CARE D

Annexure 2: Rating History for last three years:

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2021-2022	Date(s) & Rating(s) assigned in 2020-2021	Date(s) & Rating(s) assigned in 2019-2020	Date(s) & Rating(s) assigned in 2018-2019
1.	Fund-based - LT-Term Loan	LT	13.31	CARE D	-	1)CARE D (04-Sep-20)	-	-
2.	Fund-based - LT/ ST-Working Capital Limits	LT/ST	251.17	CARE D / CARE D	-	1)CARE D / CARE D (04-Sep-20)	-	-
3.	Non-fund-based - ST-Working Capital Limits	ST	199.02	CARE D	-	1)CARE D (04-Sep-20)	-	-

Annexure 3: Complexity level of various instruments rated for this Company

Sr. No.	Name of the 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 4: List of Subsidiaries

Name of the entity	Ownership by FVIL
	As on March 31, 2021
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 instrument: CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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