

8<sup>th</sup> August, 2019

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| <b>To,</b><br><b>The Manager (Listing Centre)</b><br><b>BSE Limited</b><br><b>Floor 25, P.J. Towers, Dalal Street,</b><br><b>Mumbai-400 001</b> | <b>To,</b><br><b>The Manager - Corporate Compliance</b><br><b>National Stock Exchange of India Limited</b><br><b>Exchange Plaza, Bandra Kurla Complex,</b><br><b>Bandra (East), Mumbai- 400 051</b> |
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**REF: Flexituff International Limited (ISIN – INE060J01017), BSE Code-533638, NSE Scrip-FLEXITUFF**

**Sub: Revision of Credit Rating of the Company - Disclosure under Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.**

Dear Sir/Madam,

With reference to the captioned subject, please be informed that ICRA has revised the rating as under:

|                          |                                         |
|--------------------------|-----------------------------------------|
| <b>Long Term Rating</b>  | <b>[ICRA]C downgraded from [ICRA]B+</b> |
| <b>Short Term Rating</b> | <b>[ICRA]A4 reaffirmed</b>              |

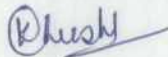
**Detailed Rationale:**

The rating revision takes into account the weakening of the financial profile of Flexituff Ventures International Limited (FVIL) that is reflected in the deterioration in its profitability levels and debt coverage metrics during FY2019 and a tight liquidity position characterised by almost full utilisation of its working capital bank limits. The weak liquidity has also led to irregularities in servicing of term loans raised from IFCI Limited and IFCI Capital Venture Funds Limited. These loan facilities are not rated by ICRA. The company has also not been able to raise the envisaged equity funds so far that were to be utilised to retire its Foreign Currency Convertible Bonds (FCCB). While the company has obtained approval for elongation of repayment schedule of one FCCB tranche from the investor and the Reserve Bank of India (RBI), it is yet to receive similar approval for the second FCCB tranche. The ratings are further constrained due to the high working capital intensity in the company's operations, sub-par utilisation of geo-textiles division due to inadequate working capital funds and exposure to raw material fluctuation risk, although the same is mitigated to some extent due to short tenure of supply orders and regular revision of product price levels. The ratings also factor in the foreign exchange (forex) risk associated with the FIBC (Flexible Intermediate Bulk Container) business. The ratings are further constrained by the high gearing levels of the company on account of the sizeable debt-funded capex undertaken towards the greenfield project at Kashipur in addition to the high reliance on working capital borrowings.

This is for your information and record.

Thanking you,

**For Flexituff Ventures International Limited**

  
**Khushboo Kothari**  
**Company Secretary & Compliance Officer**  
**[Membership No: F10081]**

