



## Press Release

### SafeFlex International Limited (SIL)

**March 31, 2025**

#### **Ratings**

<b>Instrument Facility /</b>	<b>Amount (Rs. crore)</b>	<b>Current Ratings</b>	<b>Previous Ratings</b>	<b>Rating Action</b>	<b><u>Complexity Indicator</u></b>
Long Term Bank Facilities	65.75	IVR BB+/ Stable (IVR Double B Plus with Stable outlook)	--	Rating Assigned	Simple
Short Term Bank Facilities	2.50	IVR A4+ (IVR Single A Four Plus)	--	Rating Assigned	Simple
Long Term/ Short Term Bank Facilities-Proposed	1.75	IVR BB+/ Stable; IVR A4+ (IVR Double B Plus with Stable outlook; (IVR Single A Four Plus)	--	Rating Assigned	Simple
<b>Total</b>	<b>70.00</b>	<b>(Rupees Seventy Crores only)</b>			

**Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.**

#### **Detailed Rationale**

Infomerics Ratings has assigned its rating assigned to the Bank facilities of SIL as it derives comfort from its stable operating income and profitability, comfortable financial risk profile, established track record of group and experienced promoters and well diversified nature of operations. The ratings are partially offset by susceptible to raw material price and foreign currency exchange risk and working capital intensive nature of operations.

The Stable outlook reflects sustained improvement in credit profile over FY23-FY24 and IVR's expectations of its sustainability over FY25-FY27.

#### **Key Rating Sensitivities:**

##### **Upward Factors**

- Substantial and sustained growth in scale of operations with improvement in profitability and cash accrual on a sustained basis and consequent improvement in liquidity
- Improvement in the operating cycle with improvement in the receivable period leading to improvement in liquidity



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### **Downward Factors**

- Decline in operating income and profitability leading to deterioration in gross cash accruals
- Elongation in the working capital cycle affecting liquidity.

### **List of Key Rating Drivers with Detailed Description**

#### **Key Rating Strengths**

##### **Stable operating income & profitability**

The total operating income of the group increased by 12% y-o-y to Rs.373.67 crores in FY24 as compared to Rs.332.63 crores in FY23. The group has achieved a revenue of Rs. 280 crores in 9MFY25 and is expected to register ~415 Cr of revenue in FY25 on the back of improving demand from its existing customers. However, the group's operating margin improved to 16.81% in FY24 from 15.82% due to its capability to pass on incremental raw material costs to its customers. The PAT margin, however decreased to 5.67% in FY24 as against 8.36% in FY23 on account of increase in depreciation and interest expenses.

##### **Comfortable financial risk profile**

The group's financial risk profile is marked by healthy net worth base, low gearing and strong debt protection metrics. The adjusted tangible net worth of the company increased to Rs.196.40 crores as on March 31, 2024, from Rs.172.66 crores as on March 31, 2023, due to accretion of profits to reserves. The overall gearing remained moderate at 1.19x as on March 31, 2024, from 0.89x as on March 31, 2023, due to additional debt taken for capex done by one of the group companies, Endurafab. TOL/TNW has also deteriorated to 1.82x as on 31st March 2024 (31st March 2023:1.17x) due to increase in debt. The debt protection metrics declined though stood comfortable marked by Interest Coverage Ratio at 4.67x as on March 31, 2024, against 11.11x as on March 31, 2023, and Debt Service Coverage Ratio at 3.56x as on March 31, 2024.

##### **Established Track Record of Group and Experienced Promoters:**

Incorporated in 2006, the company has a long operational track record of more than one and a half decade in the FIBCs industry. Further, the promoter, Mr. Jitesh Agarwal has around



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three decades of experience in the manufacturing of FIBC and poly woven /poly knitted industry. He is ably supported by qualified management team having experience of around two decades in the polymer processing field. This led the company to build established relationships with customers and suppliers, ensuring swift business operations.

### **Well diversified operation**

Over the years of its presence, the Group has successfully expanded its product reach to various industries like chemicals, salt, fertilizer, food, pharma and Agri-commodities. Moreover, the group's revenue is well diversified with healthy revenue mix of export and domestic sales. Further, it has established strong and healthy relationship with reputed players in the market thereby ensuring repeated orders from them because of quality and reliable products offered to them.

### **Key Rating Weaknesses**

#### **Susceptible to raw material price and foreign currency exchange risk:**

Polypropylene granules are the key raw material needed to manufacture FIBC bags. Hence, the company's profitability remains exposed to fluctuations in its prices, which in turn depend on the price of crude oil. SafeFlex International Limited is exposed to fluctuations in foreign currency exchange rates because of high proportion of export sales in its revenue mix. However, the company hedges its receivables partially, mitigating the risk to an extent.

#### **Working capital intensive nature of operation:**

The operations of the company remained working capital intensive marked by its high working capital requirements. Further, the operating cycle of the company remained elongated mainly due to its long average inventory holding period owing to the very nature of the business mainly to avail the cost advantages from bulk buying and to ensure the availability and mitigate the price fluctuation of Polypropylene granules which are the key raw material needed to manufacture FIBC bags.



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### **Analytical Approach: Consolidated**

*For arriving at the rating, Infomerics has combined the financial risk profiles of SIL and 3 of its subsidiaries (Endurafab Private Limited- 92.68%, Hippoflex International Private Limited- 99.93%, Mewad Polymers Private Limited- 86.72%), as these entities are running under a common management, dealing in similar product line and having strong operational & financial linkages between themselves.*

### **Applicable Criteria:**

[Rating Methodology for Manufacturing Companies.](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and Post default curing period](#)

[Complexity Level of Rated Instruments/Facilities](#)

[Consolidation of Companies](#)

### **Liquidity –Adequate**

The liquidity position of the company remains adequate as cash accruals are expected to remain sufficient to meet the repayment obligations through FY25-FY27. Further, the company had gross cash accruals of Rs.42.11 Crore in FY24. Cash and Cash equivalent amounted to Rs.5.18 Crore as on 31st March 2024. The combined average fund-based utilisation stood at ~97% for 12 months ended February 2025. The current ratio stood at 1.22x as on 31st March 2024.

### **About the Company**

Established in 2006, SIL, is an Indian manufacturer and exporter specializing in Flexible Intermediate Bulk Containers (FIBCs), container liners, and various poly-woven and poly-knitted products. Headquartered in Pithampur, Madhya Pradesh, the company operates four vertically integrated production facilities, encompassing a total of 600,000 square feet. These facilities collectively process 3,000 metric tons per month, equating to an annual output of approximately 19.6 million FIBCs and 50 million square meters of nets, tarpaulins, and geotextiles.



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### Financials (Consolidated):

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	332.62	373.67
EBITDA	52.63	62.82
PAT	28.07	21.21
Total Debt	153.21	233.75
Tangible Net Worth	172.66	196.40
EBITDA Margin (%)	15.82	16.81
PAT Margin (%)	8.36	5.67
Overall Gearing Ratio (x)	0.89	1.19
Interest Coverage (x)	11.11	4.67

\* Classification as per Infomerics' standards.

**Status of non-cooperation with previous CRA:** ICRA ratings has continued to classify the ratings under Issuer Not Co-operating category on account of non-availability of information vide press release dated May 02, 2024.

### Any other information:

### Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type (Long Term/ Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Cash Credit	Long Term	29.00	IVR BB+/ Stable	--	--	--
2.	EPC/FBD/PC FC/EBD	Long Term	36.75	IVR BB+/ Stable	--	--	--
3.	Letter of Credit	Short Term	2.50	IVR A4+	--	--	--
4.	Proposed	Long Term/ Short Term	1.75	IVR BB+/ Stable; IVR A4+			





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### Analytical Contacts:

Name: Amey Joshi

Tel: (022) 6239 6023

Email: amey.joshi@infomerics.com

### About Infomerics:

Infomerics Valuation and Rating Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information and definition of ratings please visit [www.infomerics.com](http://www.infomerics.com).

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### Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Cash Credit	--	--	--	--	29.00	IVR BB+/ Stable
EPC/FBD/PCFC/EBD	--	--	--	--	36.75	IVR BB+/ Stable
Letter of Credit	--	--	--	--	2.50	IVR A4+
Proposed	--	--	--	--	1.75	IVR BB+/ Stable; IVR A4+

### Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-SafeFlex-International-31mar25.pdf>

**Annexure 3: Detailed explanation of covenants of the rated Security/facilities:** Not Applicable

### Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the company/Entity	Consolidation/Combined Approach
Mewad Polymers Private Limited	Consolidation
Hippoflex International Private Limited	Consolidation
Endurafab Private Limited	Consolidation

**Note on complexity levels of the rated instrument:** Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at [www.infomerics.com](http://www.infomerics.com).