

## Empire Industries Limited

August 18, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	52.97	CARE A; Stable	Reaffirmed
Short-term bank facilities	140.48 (Enhanced from 104.98)	CARE A1	Reaffirmed
Long-term bank facilities	-	-	Withdrawn
Fixed deposit	98.96	CARE A; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities and fixed deposit programme of Empire Industries Limited (EIL) reflects its steady operating and financial performance in FY25 (refers to April 01 to March 31) reflected by 12% year-over-year (y-o-y) growth in its total operating income (TOI) largely driven by rise in revenue from trading food products, machine tools and industrial equipment even as revenue from the vitrum glass division remained steady. Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin remained healthy despite moderation at 12.90% in FY25 with higher revenue contribution from lower-margin trading business and continued losses in its trading and real estate divisions. Ratings continue to factor in EIL's diversified business profile comprising manufacturing, trading and real estate leasing, among others, long track record of operations and long-standing association with its reputed clientele base. While reaffirming ratings, CARE Ratings Limited (CareEdge Ratings) notes the significant improvement in occupancy in EIL's lease and license division as of August 2025, thus supporting the profitability. Ratings factor in the improvement in EIL's leverage position considering prepayment of the outstanding lease rental discounting term loan in FY25 and healthy accretion to net worth ensuring comfortable debt metrics. The company's liquidity remains strong considering its healthy gross cash accrual (GCA), sizeable free cash and bank balance position and comfortable buffer from low average utilisation of sanctioned working capital limits.

However, ratings remain constrained by large working capital requirements and volatile profitability due to its trading division. The company is exposed to intense competition in its business segments, especially trading and leasing activities. Against healthy cashflows and profitability from its certain business segments, significant investments is required in real estate project, which is exposed to saleability risk including the ongoing real estate projects.

CareEdge Ratings has withdrawn the outstanding ratings of 'CARE A; Stable' assigned to term loans with immediate effect. The above action has been taken at the company's request and based on 'No Dues Certificate' received from the lender that has extended the facility, in accordance with CareEdge Ratings' withdrawal policy.

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

#### Positive factors

- Improving cash accruals over ₹80 crore on a sustained basis.
- Improving return on capital employed (ROCE) over 25% through improving cash flows.

#### Negative factors

- Decline in annual GCAs below ₹40 crore on a sustained basis.
- Declining occupancy of leased-out property below 65%.
- Increasing net overall gearing above 0.5x owing to debt-funded capex and/or reduction in free liquidity below ₹50 crore on a sustained basis.
- Significantly increasing construction cost leading to cost overruns or delay in receipt of customer advances, impacting liquidity profile and capital structure.

### Analytical approach: Standalone

#### Outlook: Stable

The stable outlook reflects CareEdge Ratings' expectations that EIL will maintain comfortable leverage and coverage metrics driven by its long track record of operations, diversified business profile and established relationship with its reputed customers.

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

## Detailed description of key rating drivers:

### Key strengths

#### Steady performance driven by diversified business profile

EIL has recorded 12% revenue growth in FY25 with total income from operations at ₹667.19 crore (FY24: ₹606 crore). This was driven by growth across the all the revenue segment, majorly in industrial tools and equipment segment, which grew by ~49% y-o-y. However, the performance of the major revenue contributor, vitrum glass division was stable considering the plant is operating at optimum capacity of 95%. The trading segment including frozen marine and dairy products recorded 20% revenue growth in FY25. Manufacturing and trading segments are expected to support sustainability in performance in medium term. In addition to this, the moderate tenure of the lease agreement, stickiness of tenants and timely rent escalation are the factors that are going to drive the income from lease rentals in the medium term. Both the commercial properties in Vikhroli and Lower Parel are fully occupied as on August 05, 2025. The income from real estate is expected to gradually improve with its project execution and expected rise in the property prices backed by upcoming Chikoli railway station. The company is expected to maintain its PBILDT margins over the coming years owing to steady performance of rental and manufacturing divisions.

#### Diversified clientele with long standing relationships

EIL's operations comprises diversified businesses and caters a wide clientele from industries such as pharmaceuticals, distilleries, oil and gas companies, among others. The company has long-association with large pharmaceutical companies for its vitrum glass division, where the company manufactures international quality of amber glass bottle. The company's product in this division now caters 60% to beverage industry and remaining to pharmaceuticals, as the margin is better in former than the latter. The company also has tie-ups with hotels for its food division, where frozen foods are imported and sold to leading hotels, restaurants and caterers in domestic market. It has nine offices throughout the country and is among the largest importer and distributor of frozen and chilled food in India. For lease business, the company has tenants with strong credit profile and track record of renewal. The agency business has customers from Germany, Russia, South Korea, France, Spain, Japan, Romania, Italy, the UAE, the Netherlands, China and others. The company has widespread and long-term relationships with its clientele, which helps in securing repeat orders. CareEdge Ratings believes these long-term relationships ensure repeat orders/business for the company.

#### Increased occupancy in leave and license business

The commercial properties in Vikhroli and Lower Parel are 100% occupied as on August 05, 2025. The average tenure of the agreement is around five years. Though ~3%-10% area is scheduled to expire over FY26-FY28, the company has track record of renewal considering stickiness of the licensee. The company's licensee portfolio is diversified and includes companies from banking industry, retail and manufacturing among others. The rate charged by the company is lower than the market rate. Given the full occupancy, its track record of renewal and rent escalation clause built-in the agreement, the income and profitability from this segment is expected to grow on a sustained basis.

#### Comfortable capital structure and debt coverage metrics

The company's comfortable debt metrics is reflected from its overall gearing below unity and healthy interest coverage. The company has fully paid off its term loan in FY25. The company's total debt majorly comprises fixed deposits, followed working capital facility, promoters' loan and lease liabilities. ~78% total debt is in the form of fixed deposits, which based on past trends are likely to get renewed by investors, reducing repayment liability. In absence of debt-funded capex plan, the overall gearing is expected to remain comfortable. The overall gearing as on March 31, 2025, stood at 0.51x (FY24: 0.57x) and the interest coverage stood at 2.64x (FY24: 2.46x). However, the adjusted interest coverage (excluding the notional interest) stood comfortable at 4.11x in FY25 (FY24: 3.88x).

### Key weaknesses

#### Working capital intensive operations

EIL's business remains working capital intensive as reflected in its average operating cycle being above 150 days over the last five years driven by sizeable collection of over 100 days and inventory holding of 65-75 days over the last three years for its manufacturing and trading divisions. The work-in-progress inventory of the real estate division also contributes to the high inventory. Given the diversified business profile and expectations of growth in contribution from trading divisions, EIL's business is expected to continue to remain working capital intensive.

#### Presence in highly competitive commercial space and renewal risk

EIL's leased properties are in Parel and Vikhroli in Mumbai. Over the past decade, these properties developed in commercial hubs for corporate offices, banks, and IT service providers. As a result, many other companies developed their properties in these areas which exposes the company to rollover risk and reduces its ability to increase average rental prices. Competition from larger and swanky office spaces in vicinity offering latest services and facilities could reduce the competitive position of EIL's properties which

were developed over two decades back, leading to the possibility of sizeable capex required to be undertaken for upgradation, which could impact its financial risk profile.

#### **Susceptibility to fluctuations in product prices and volatility in forex rates**

EIL imports goods and sells it domestically exposing it to foreign exchange volatility if the exposure remains unhedged. The low-margin trading business, which contributes over 40% to EIL's overall revenue, exposes its profitability to volatility of commodity prices. However, with the pass through of prices in the final product, the risk gets partially mitigated.

#### **Exposed to saleably risk in real estate division**

The company is exposed to sales risk in the real estate project since it is planned to be funded by customer advances and internal accruals. As on March 31, 2025, ~81% units are sold from phase I to phase VII projects. Of these phases, three phases are under-construction, where completion status is in the range of 20%-45%. The company's ability to execute the project and saleability of the balance flat is a key monitorable. This division is currently in loss given low profitability from the residential segment. However, with upcoming infrastructure at Chikoli and the sale of industrial gala, the income and profitability are expected to gradually improve.

#### **Liquidity: Strong**

EIL's liquidity is strong considering a sizeable free cash and liquid investments portfolio of ₹125 crore and buffer from unutilised fund-based working capital facilities of ~₹50 crore as on March 31, 2025 (with commensurate drawing power). The company is expected to generate GCA of ₹50-70 crore per annum for the next 2-3 years. Against this, the repayment obligation towards fixed deposits is ₹35-55 crore per annum. However, based on past trends, majority fixed deposits get renewed, reducing the repayment liability. Its average maximum utilisation of fund-based limits stood low at 8% in the 12 months ended May 2025.

#### **Applicable criteria**

[Definition of Default](#)

[Withdrawal Policy](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Rating methodology for Debt backed by lease rentals](#)

[Rating methodology for Real estate sector](#)

[Short Term Instruments](#)

[Wholesale Trading](#)

#### **About the company and industry**

##### **Industry classification**

Macroeconomic indicator	Sector	Industry	Basic industry
Diversified	Diversified	Diversified	Diversified

EIL is a century-old company engaged in diverse businesses. The company's main business divisions are the vitrum glass division, which is engaged in manufacturing amber glass bottles for the pharmaceuticals and alco-beverages industries and the food division involved in importing and distributing frozen marine and dairy products. Incrementally, the company operates a leave and license division under which the commercial properties in Mumbai are leased out. EIL is also in the agency business involved in procurement of machine tools and industrial equipment from foreign principals on behalf of domestic clients. The company is also in real estate segment where it is constructing residential and commercial projects in Ambernath. EIL's equity shares are listed on the National Stock Exchange (NSE) and Bombay Stock Exchange (BSE).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	607.88	679.31
PBILDT	66.00	72.00
PAT	37.00	34.45
Overall gearing (times)	0.58	0.51
Interest coverage (times)	2.46	2.64

A: Audited; 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
Fixed Deposit	-	-	-	-	98.96	CARE A; Stable
Fund-based - LT-Cash Credit	-	-	-	-	52.97	CARE A; Stable
Fund-based - LT-Term Loan	-	-	-	January 2027	0.00	Withdrawn
Non-fund-based - ST-BG/LC	-	-	-	-	140.48	CARE A1

#### 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 2025-2026	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
1	Fixed Deposit	LT	98.96	CARE A; Stable	-	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)	1)CARE A; Stable (19-Aug-22) 2)CARE A; Negative (22-Jun-22)
2	Fund-based - LT-Cash Credit	LT	52.97	CARE A; Stable	-	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)	1)CARE A; Stable (19-Aug-22)
3	Non-fund-based - ST-BG/LC	ST	140.48	CARE A1	-	1)CARE A1 (04-Sep-24)	1)CARE A1 (11-Aug-23)	1)CARE A1 (19-Aug-22)
4	Fund-based - LT-Term Loan	LT	-	-	-	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)	1)CARE A; Stable (19-Aug-22)

LT: Long term; ST: 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	Fixed Deposit	Simple
2	Fund-based - LT-Cash Credit	Simple
3	Fund-based - LT-Term Loan	Simple
4	Non-fund-based - ST-BG/LC	Simple

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** CareEdge 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.

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