

## Emmbi Industries Limited

April 09, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	171.04 (Reduced from 181.60)	CARE BBB+; Stable	Reaffirmed
Long-term / Short-term bank facilities	31.20	CARE BBB+; Stable / CARE A2	Upgraded from CARE BBB+; Stable / CARE A3+

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Upgrade in short-term rating assigned to bank facilities of Emmbi Industries Limited (EIL) factors in improvement in inventory holding in 9MFY26 and increased cushion available for working capital needs through enhancement in its working capital limits and marginal moderation in fund-based working capital limits utilisation for 12 months ended February 2026.

Ratings continue to favourably factor in experienced promoters and their technical expertise in the flexible packaging industry, geographically diversified revenue profile and support from research and development (R&D) activities. Ratings continue to derive strength from established relationship with its clientele and stable industry outlook. Ratings also consider stable scale of operations in FY25 (FY refers to April 01 to March 31) and 9MFY26. CARE Ratings Limited (CareEdge Ratings) takes cognisance of moderate profitability and return indicators in FY25 and 9MFY26. However, ratings continue to remain constrained considering moderate capital structure and weak debt protection metrics, working capital intensive operations leading to elongated operating cycle, with presence in the competitive industry and profitability susceptible to volatile raw material prices and foreign exchange rates.

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

#### Positive factors:

- Sizeably improving operations above ₹500 crore and improvement in operating profit margin on a sustained basis.
- Improvement in the operating return on capital employed (ROCE) above 10% on sustained basis and maintaining its capital structure and debt coverage indicators below unity.

#### Negative factors:

- Large-sized debt funded capex, resulting in deterioration in capital structure with overall gearing of over 1.50x
- Deterioration in debt coverage indicators marked by profit before interest, lease rentals, depreciation, and taxation (PBILDT) Interest coverage below 2x and total debt to PBILDT (TD/PBILDT) of over 5x on a sustained basis.
- Deterioration in operating cycle above 160 days going forward on a sustained basis.

### Analytical approach: Consolidated

Analytical approach has been revised from standalone to consolidated. Post incorporation of Zastian PTE Limited, Singapore as wholly owned subsidiary in August 2024, EOL started preparing consolidated financial statements from FY25. In January 2025, Zastian PTE Limited, Singapore acquired 100% stake in Zastian Europe GmbH resulting in step-down subsidiary of EIL.

Entities operate in the same line of business and demonstrates operational, financial, and managerial integration with the parent, which led to change in analytical approach. These factors support the consolidated analytical approach. Details of the entity considered for consolidation are listed under Annexure 6.

### Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectations that the company shall continue to benefit from extensive experience of its promoters and established presence in the plastic and intermediate bulk containers (FIBC) industry sustain its financial risk profile.

<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

#### Promoters' significant experience and technical expertise in flexible packaging industry

EIL is led by first-generation entrepreneurs, Makrand Appalwar, a Bachelor of Engineering, and Rinku Appalwar, an MBA, who together bring over three decades of experience in the flexible packaging industry. Their significant technical expertise, focus on innovation, and emphasis on backward integration have enabled development of differentiated products such as Reclaim30. Promoters have played a pivotal role in EIL's growth, supported by a professional team across key operational, commercial, and technical functions.

#### Diversified product portfolio and wide global presence

EIL has a strong foothold in the flexible packaging industry, supported by a diverse product portfolio across business-to-business (B2B) and business-to-consumer (B2C) segments, including FIBC bags, crop protection products, and industrial packaging solutions. With exports to over 70 countries, including key markets in Europe, the US, and the UK, the company benefits from a broad customer base, reducing reliance on one region or sector. EIL is an export-focused player with export sales accounting for ~57% of total operating income (TOI) in FY25 (FY24: 58%), with major shipments to the United States of America (US) and European Union (EU). Its products find application across multiple industries such as food, fast-moving consumer goods, chemicals, pharmaceuticals, agriculture, construction, water conservation, and aquaculture. Its wide product range and global presence are expected to support revenue stability in the near-to-medium term by mitigating regional and sectoral concentration risks. Impact of 50% tariff imposed by the US on imports from India in August 2025 and subsequent reduction in tariff in February 2026 remained limited reflected by 9MFY26 performance, considering ability to pass-on cost due to increased tariff, non-discretionary and stringent quality compliant nature of end-user industries and low-cost of company's products in overall cost structure of end-users.

#### Support from research & development department

EIL's dedicated R&D team of ~30 people drives innovation, enabling development of value-added and sustainable products such as Reclaim30, which uses recycled material, and Hyperbolic FIBC bags among others. The company's focus on technology-driven solutions, backward integration, and process optimization enhances product quality, cost efficiency, and differentiation in a competitive market. This continuous innovation supports its market position and customer retention.

#### Stable scale of operation in FY25 with growth witnessed in 9MFY26

EIL maintained a stable scale of operations despite demand fluctuations and raw material price volatility. TOI improved to ₹408.28 crore in FY25 compared to ₹381.10 in FY24, owing to a higher demand in the year from domestic and export clients. Export market continues to remain dominant market in terms of geography led by the US, Canada and Mexico. With respect to the product mix, the company is increasing share in Avana Consumer Durables and Avana Consumer Goods. However, the company's packaging products continue to remain key revenue contributor. In 9MFY26, EIL's revenue grew by ~14% on Y-o-Y to ₹338.53 crore compared to ₹296.80 crore in 9MFY25, driven by improved export sales to the tune of ~66% of the total gross sales.

### Key weaknesses

#### Moderate profitability and return indicators

Profitability remained moderate with the PBILDT margin at 9.37% in FY25 (PY: 9.80%), impacted by raw material costs price volatility. Increased finance and depreciation expenses resulted in a decline in the profit after taxation (PAT) margin to 1.53% in FY25 (PY: 2.61%), the reduction in PAT is also caused due to the losses incurred by the step-down subsidiary, owing to the nascent stage of operations. Consequently, the return on capital employed (ROCE) remained muted at 7.75% in FY25 (PY: 8.16%). PBILDT margin remained stable at 9.56% in 9MFY26 compared to 9.70% in 9MFY25. Marginal moderation in the margins is largely attributable to provisioning considering new labour codes. Going forward, the company's ability to improve profitability margins and return indicators would remain key monitorable.

#### Moderate capital structure and debt protection metrics

EIL maintained a moderate capital structure with net worth increasing from ₹155.60 crore in FY24 to ₹173.66 crore in FY25, supported by internal accruals. Total debt also increased from ₹156.39 crore in FY24 to ₹188.06 crore in FY25, primarily to support working capital requirements. Total debt as on March 31, 2025, comprises of ₹49.19 crore (PY: ₹57.02 crore) of term loan, ₹100.15 crore (PY: ₹99.36 crore) of working capital borrowings, ₹10 crore (PY: ₹0.00 crore) of unsecured loan from promoters, and ₹28.71 crore (PY: ₹0.00 crore) of letter of credit (LC) acceptances. Overall gearing (including LC acceptances) increased to 1.08x in FY25 from 1.01x in FY24. Despite marginal softening in interest coverage indicator, it stood moderate at 2.12x in FY25 compared to 2.21x in FY24, owing to higher interest expenses. However, EIL's debt coverage indicator marked by total debt to

gross cash accruals (TD/GCA; including LC acceptances) remained weak at 9.50x in FY25 compared to 7.98x in FY24 considering increasing level of debt in the form of working capital. TD/GCA is expected to remain at a similar level in the near-to-medium term owing to continued high working capital requirement, which could limit financial flexibility. Going forward, rational management of working capital and improvement in profitability will remain a key aspect from the credit perspective.

#### **Working capital intensive operations leading to elongated operating cycle**

EIL's operations are inherently working capital intensive due to the need to maintain elevated inventory levels for raw materials and finished goods. The company's average inventory days increased to 122 days in FY25 from 119 days in FY24. Extended credit periods to customers further strain the working capital cycle, leading to higher reliance on short-term borrowings, with average maximum working capital utilisation at ~89% for the 12 months ended February 2026. With increase in scale of operations in 9MFY26 (UA) the company's average inventory holding reduced compared to March 2025.

#### **Competition and margin susceptibility to input and forex volatility**

EIL operates in a highly competitive and fragmented flexible packaging industry, characterised by the presence of numerous domestic and international players. Intense competition restricts pricing power and profitability, especially in commodity product categories. EIL's profitability remains exposed to fluctuations in raw material prices, particularly polymer prices, which form a significant portion of its cost structure. Sharp changes in raw material costs can therefore impact margins. With a substantial portion of revenue derived from exports, the company is also vulnerable to currency exchange rate fluctuations. While EIL employs partial hedging mechanisms, forex volatility continues to pose a risk to profitability. Profit margins are expected to remain susceptible to raw material and currency volatility in the near term.

#### **Liquidity: Adequate**

EIL has adequate liquidity with GCA of ~₹15 crore as on December 31, 2025, against debt repayment obligations of ~₹13 crore in FY26. The company had cash and bank balances of ₹1.70 crore in FY25. Cash flow from operations stood at ₹24.13 crore in FY25. Average month-end fund-based working capital utilisation remained high at ~89% for 12 months ended February 2026 due to an elongated operating cycle.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

#### **Applicable criteria**

[Consolidation](#)

[Definition of Default](#)

[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
Industrials	Capital goods	Industrial products	Packaging

Formerly known as Emmbi Polyarns Limited, EIL was incorporated in 1994 and is engaged in manufacturing FIBC, commonly known as jumbo bags, woven sacks and woven polymer-based packaging solutions catering to business-to-business and business-to-consumer segment. Headquartered in Maharashtra, India, EIL has a strong domestic and global presence, exporting to over 70 countries, backed by its focus on product innovation, backward integration, and value-added offerings.

## Consolidated Financials

Brief Financials (₹ crore)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	408.28	338.53
PBILDT	38.25	32.38
PAT	6.23	5.46
Overall gearing (x)	1.08	N.A.
Interest coverage (x)	2.12	2.24

A: Audited UA: Unaudited N.A.: Not Available; Note: these are latest available financial results

## Standalone Financials

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	9MFY26 (UA)
Total operating income	381.06	408.28	338.51
PBILDT	37.36	38.61	31.86
Profit after tax (PAT)	9.94	6.61	5.80
Overall gearing (x)	1.01	1.08	N.A.
Interest coverage (x)	2.21	2.14	2.21

A: Audited UA: Unaudited N.A.: Not Available; 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-Working capital facilities		-	-	-	132.00	CARE BBB+; Stable
Fund-based/Non-fund-based-LT/ST		-	-	-	31.20	CARE BBB+; Stable / CARE A2
Term Loan-Long Term		-	-	October 2031	39.04	CARE BBB+; Stable

**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	Term Loan-Long Term	LT	39.04	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Apr-25)	-	-	-
2	Fund-based-Working capital facilities	LT	132.00	CARE BBB+; Stable	1)CARE BBB+; Stable (07-Apr-25)	-	-	-
3	Fund-based/Non-fund-based-LT/ST	LT/ST	31.20	CARE BBB+; Stable / CARE A2	1)CARE BBB+; Stable / CARE A3+ (07-Apr-25)	-	-	-

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-Working capital facilities	Simple
2	Fund-based/Non-fund-based-LT/ST	Simple
3	Term Loan-Long Term	Simple

**Annexure-5: Lender details**

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

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Zastian PTE Limited	Full	Wholly owned subsidiary
2	Zastian Europe GmbH	Full	Step-down subsidiary

**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.

## Contact us

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