Empire Industries Limited

September 02, 2026

Facilities/Instruments	Name of the Regulator[1]	Amount (₹ crore)	Rating[2]	Rating Action
Long-term bank facilities	RBI	76.95	CARE A; Stable	Reaffirmed
Short-term bank facilities	RBI	133.00 (Reduced from 170.40)	CARE A1	Reaffirmed
Fixed deposit	MCA	122.78 (Enhanced from 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) factors in the company's stable operating performance in FY26 (refers to April 01 to March 31) and Q1 FY27, marked by 9-10% year-over-year (y-o-y) growth, in total operating income, driven by increasing occupancy in leasing business and higher revenue from trading businesses, while maintaining healthy operating profitability. CARE Ratings Limited's (CareEdge Ratings') expects steady performance in the medium term driven by the company's established and diversified business profile. The company's profit before interest, lease rent, depreciation, and taxation (PBILDT) margin improved by ~200 bps y-o-y to 12.59% in FY26, supported by continued strong performance of its leasing division and inventory gains in the food division, despite sizeable provisions for bad and doubtful receivables of ~₹35 crore in FY26. In the last two years, the company has written off and provided for doubtful debts cumulating to ~₹61 crore, largely relating to overdue receivables from Drilling Equipment Supply Nigeria Limited (DESNL) for supply of drilling equipment in FY23. Ratings continue to derive strength from EIL's diversified business profile encompassing manufacturing, trading, real estate construction, and leasing activities, its long track record of operations, and established relationships with a reputed clientele base. Ratings also benefit from the healthy occupancy levels in the lease and licence segment, which provide medium-term revenue visibility and support profitability. EIL's comfortable financial risk profile, characterised by low leverage, healthy accrual generation, and comfortable debt coverage metrics, continues to support ratings. The company's liquidity position remains strong, aided by healthy cash flow generation from operations, sizeable cash and cash equivalents, and ample headroom in its working capital facilities.

However, ratings remain constrained by high working capital intensity of operations and volatile profitability due to sizeable revenue contribution from trading division. The ratings also factors in continued weak performance of machine tools division and vending machine segment. 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.

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

- Declining occupancy of leased-out properties below 65% or decline in annual gross cash accruals (GCAs) below ₹40 crore on a sustained basis.
- 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

[1]SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority.
[2]Complete definitions of ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

The stable outlook reflects the company's long track record of operations, diversified business profile and long-standing relationship with its counterparties, ensuring stable operational and financial performance in the near-to-medium term.

Detailed description of key rating drivers

Key strengths

Sustained operating performance with diversified business profile

The company has demonstrated stable operational performance reflected in its revenue growing at a compounded annual growth rate (CAGR) of ~8.5% for five years ended FY26, supported by its diversified business profile comprising manufacturing, trading, leasing, and real estate activities, which provides stability against cyclicality in any single business segment. EIL's operating revenue grew by ~9% to ₹737.30 crore in FY26, driven by improved performance across food and machine tools trading and leasing segments even as revenue from vitrum glass manufacturing and real estate divisions remained steady. The vitrum glass division continues to contribute ~34% of overall revenue in FY26, followed by food trading segment at 32% and lease rentals at 14%. CareEdge Ratings expects the manufacturing division to remain stable as the vitrum glass manufacturing continues to operate at optimum capacity, resulting in stable revenue generation. The trading division is expected to sustain its performance in the near-to-medium term. The lease rental business provides medium-term revenue visibility and remains an important contributor to the company's revenue profile, owing to its stable and high-margin nature. CareEdge Ratings also notes that the company's strong tenant retention and timely lease renewals, supports the sustainability of rental income and overall profitability of the company. EIL's PBILDT margin has remained largely range-bound at 10-13% from FY21-FY26, with some improvement in recent years driven by a favorable product mix in the vitrum glass division, inventory gains in trading division, and improved profitability in the real estate division. The healthy profitability generated from the lease rental business continues to provide strong support to the company's overall margin profile. Going forward, CareEdge Ratings expects the company's PBILDT margin to witness gradual improvement, supported by sustained operational performance across most business divisions. The continued growth and improving profitability of the machine tools and Industrial Equipment Division, along with stable earnings from the lease rental business and steady performance of other segments, are expected to contribute positively to the company's overall profitability profile in the medium term.

Diversified clientele with long standing relationships

EIL's operations comprise 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 and beverage companies for its vitrum glass division, where the company manufactures high quality amber glass bottle, with sales to beverage companies accounting for ~60% of segmental revenue. The company also has tie-ups with hotels for its food trading division, where frozen foods are imported and sold to leading hotels, restaurants, and caterers in domestic market. For leasing 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 United Arab Emirates (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.

Healthy occupancy in lease and license business provides cash flow stability

The company continues to derive stable cash flows from its lease rental business, supported by a healthy occupancy level of 100% as on June 30, 2026. The lease portfolio is well diversified across sectors, including banking, retail, and manufacturing, among others, mitigating concentration risk. The average lease tenure of ~5 years provides revenue visibility in the medium term, with only 3-10% of the leasable area being scheduled for renewal from FY27-FY28. In FY26, the company successfully renewed lease agreements pertaining to ~0.66 lakh sq. ft. accompanied by a substantial upward revision in rental rates. Coupled with the full occupancy levels, established tenant relationships, and contractual rent escalation clauses embedded in lease agreements, the lease rental segment is expected to continue generating stable and growing income, while supporting the company's overall profitability profile.

Comfortable capital structure and debt coverage metrics

The company's solvency profile remains comfortable, supported by its low leverage, healthy accruals and prudent debt profile. The overall gearing and total outside liabilities to tangible net worth (TOL/TNW) remained stable at 0.51x and 1.31x, respectively, as on March 31, 2026 (PY: 0.51x and 1.36x, respectively), reflecting a healthy capital structure and adequate net worth base. EIL's debt profile primarily comprises fixed deposits and unsecured loans. As on March 31, 2026, fixed deposits constituted ~68% of the total debt, which based on past trends are likely to get renewed by investors, reducing repayment liability. The company continues to generate healthy operating cash flows from its diversified business segments, resulting in comfortable debt protection metrics as indicated by PBILDT interest coverage ratio (excluding notional interest) and total debt/PBILDT at 5.78x and 1.94x, respectively, in FY26 (PY: 4.11x and 2.21x, respectively). In the absence of debt-funded capex plans, CareEdge Ratings expects the company's capital structure and coverage indicators to remain comfortable, supported by stable cash accrual generation, and limited dependence on external borrowings.

Key weaknesses

Continued weak performance of machine tools division and vending machine segment

The machine tools division and vending machine segment continues to record losses in since last few years; however, losses in machine tools and industrial equipment were considering provisions of ₹52 crore created by the company from FY25-FY26 against legacy receivables. The performance of both the segment remains key monitorable going forward.

Working capital intensive operations

EIL's business remains working capital intensive as reflected in its average gross current assets of 190 days in FY26 (PY: 164 days) with sizeable receivable period of 75-100 days and inventory holding of 65-80 days in the last three years for its manufacturing and trading divisions. The overall receivable period has reduced from 106 days in FY24 to 75 days in FY26, owing to sizeable provisions against stuck receivables and bad debts of ~₹61 crore made by the company in FY25 and FY26. These provisions largely relate to sale of drilling equipment to DESNL in FY23, which have remained overdue. Per discussions, the company is in the process of mediation with the customer and expects the amount to be recovered. 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. In the last 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 44% to EIL's overall revenue, exposes its profitability to commodity price volatility. However, with the pass through of prices in the final product, the risk gets partially mitigated.

Exposed to saleability risk in real estate division

The company remains exposed to construction and saleability risks associated with its real estate projects, as these developments are primarily planned to be funded through customer advances and internal accruals. The company is undertaking construction of residential and commercial units in Mumbai Metropolitan Region with a total estimated project cost of ~₹433 crore, of which ~80% has been incurred till March 31, 2026, funded through customer advances indicating adequate project progress. As on March 31, 2026, ~83% of the units across Phase I to Phase VII projects have been sold. The company's ability to successfully complete ongoing projects within the envisaged timelines and achieve sales of the remaining inventory will remain key monitorable. The real estate division reported improved profitability in FY26 compared to losses in FY25, supported by the sale of high-margin units and overall cost optimisation measures. The division's performance remains contingent on timely project execution and sustained demand for the unsold inventory.

Liquidity: Strong

The company's liquidity position remains strong, considering the sizeable free cash and liquid investments portfolio of ~₹172 crore as on March 31, 2026, and healthy buffer from unutilised sanctioned working capital facilities. EIL is expected to generate net cash accruals of ₹45-55 crore p.a. in the next 2-3 years against scheduled debt repayments of ~₹55 crore p.a. (largely towards deposits taken from public) and maintenance capex of ₹10-15 crore p.a. Average utilisation of sanctioned working capital limits remained low at ~16% for 12 months ended May 30, 2026. EIL's current ratio and quick ratio remained healthy at 1.74x and 1.16x, respectively, as on March 31, 2026.

Assumptions/Covenants: Not applicable

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

Applicable criteria

Definition of Default
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 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 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, 2025 (A)	March 31, 2026 (A)	Q1FY27(UA)
Total operating income	679.31	737.30	183.60
PBILDT*	72.00	92.83	19.77
Profit after tax (PAT)	34.45	51.55	14.18
Overall gearing (x)	0.51	0.51	NA
Interest coverage (x)	4.11	5.78	4.30

A: Audited UA: Unaudited NA: Not Available; Note: These are latest financial results available.
*PBILDT: Profit before interest, lease rentals, depreciation, and tax

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

For complexity level of instruments rated refer to Annexure-1.

Lender details: Annexure-4

Disclosure on facilities/instruments and name of regulators:
A list of facilities / instruments falling under the purview of financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

CareEdge RATINGS

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	MCA	Simple	-	-	-	-	122.78	CARE A; Stable
Fund-based - LT-Cash Credit	RBI	Simple	-	-	-	-	76.95	CARE A; Stable
Non-fund-based - ST-BG/LC	RBI	Simple	-	-	-	-	133.00	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 2026-2027	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
1	Fixed Deposit	LT	122.78	CARE A; Stable	-	1)CARE A; Stable (18-Aug-25)	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)
2	Fund-based - LT-Cash Credit	LT	76.95	CARE A; Stable	-	1)CARE A; Stable (18-Aug-25)	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)
3	Non-fund-based - ST-BG/LC	ST	133.00	CARE A1	-	1)CARE A1 (18-Aug-25)	1)CARE A1 (04-Sep-24)	1)CARE A1 (11-Aug-23)
4	Fund-based - LT-Term Loan	LT	-	-	-	1)Withdrawn (18-Aug-25)	1)CARE A; Stable (04-Sep-24)	1)CARE A; Stable (11-Aug-23)

LT: Long term; ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable

Annexure-4: 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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About us:
Established in 1993, CareEdge Ratings is one of the leading credit rating agencies in India. Registered under the Securities and Exchange Board of India, it has been acknowledged as an External Credit Assessment Institution by the Reserve Bank of India. With an equitable position in the Indian capital market, CareEdge Ratings provides a wide array of credit rating services that help corporates raise capital and enable investors to make informed decisions. With an established track record of rating companies over almost three decades, CareEdge Ratings follows a robust and transparent rating process that leverages its domain and analytical expertise, backed by the methodologies congruent with the international best practices. CareEdge Ratings has played a pivotal role in developing bank debt and capital market instruments, including commercial papers, corporate bonds and debentures, and structured credit. For more information: www.careratings.com

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