

APRIL 22, 2015

CARE REAFFIRMS RATINGS ASSIGNED TO BANK FACILITIES OF EMMBI INDUSTRIES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings ¹	Remarks
Long term Bank Facilities	101.06 (increased from Rs.89.62 crore)	CARE BBB (Triple B)	Reaffirmed
Short term Bank Facilities	1.00	CARE A3 (A Three)	Reaffirmed
Total Facilities	102.06		

Rating Rationale

The reaffirmation of ratings assigned to the bank facilities of Emmbi Industries Ltd. (EIL) continue to factor in the experience of the promoters in polymer-based packaging products and increase in the presence in the export market. The ratings also factor favourably reduction in the trading activity and moderate financial profile characterised by comfortable leverage and debt coverage indicators.

The rating strengths are however tempered by relatively moderate scale of operations with fragmented nature of the industry, lower return ratios, reliance on debt to finance working capital intensive nature of operations in absence of sufficient operating cash flow.

Going forward, the ability of the company to increase scale of operations coupled with improved profitability margins and efficient management of working capital would remain the key rating sensitivities.

Background

Emmbi Industries Ltd (EIL, erstwhile known as Emmbi Polyarns Limited), incorporated in 1994, is engaged in the manufacturing of flexible intermediate bulk container (FIBC) / jumbo bags, woven sacks and various woven polymer-based packaging products. The company's products are primarily used in fast moving consumer goods (FMCG), heavy chemicals, poultry-feed, cement and fertilizers industry. The manufacturing facilities of the company are located at Silvassa and as on March 31, 2014 it had total installed capacity of 18,200 metric tonne per annum (MTPA) 2015.

In FY14 (refers to the period April 1 to March 31), the company has earned a PAT of Rs.4.34 crore (PY Rs. 3.13 crore) on total operating income of Rs. 159.01 crore (PY Rs. 140.24 crore). During 9MFY15, EIL reported a PAT of Rs.3.09 crore on a total income of Rs.134.88 crore as compared with a PAT of Rs.2.91 crore on a total income of Rs.112.22 crore in 9MFY14.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

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¹ Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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