

## Rating Rationale

### Brickwork Ratings assigns the ratings to ‘BWR BB-/A4’ for Bank Loan facilities aggregating ₹ 8.00 Cr of Emperor Foodex Limited

Brickwork Ratings have assigned the **Rating<sup>1</sup>** for Bank Loan facilities aggregating Rs. 8.00 Cr of Emperor Foodex Limited (EFL) as under:-

Facility	Amount in (₹ Cr)	Tenure	Rating
Fund Based: Packaging Credit*	6.00	Long Term	<b>BWR BB-</b> (Pronounced as BWR Double B Minus)  <b>Outlook:Stable</b>
Non Fund Based: BG/LC	2.00	Short Term	<b>BWR A4</b> (Pronounced as BWR A Four )
Total	8.00		INR Eight Crores only

**Note:** \*Inclusive of Sub Limit of Cash Credit limit -Rs 1 cr, FDBN/FDBD/PSCFC of Rs 2.5 cr.

BWR has essentially relied upon the audited financials for FY12, FY13, FY14, provisional figures for FY15 and projected financials for FY16 of Emperor Foodex Limited (EFL), publicly available information and information/clarification provided by the company’s management.

The rating continues to factor in the steady growth in revenues, promoter’s experience, established client relationships and tie-ups with its suppliers, geographically diversified portfolio and distribution channel. However, rating is constrained by moderate scale of operations, low net-worth, volatility in raw material prices and intense competition from players in the unorganized as well as organized sectors.

### Background:

EFL Company was incorporated in 2008 by Mr. Sanjeev Malhotra and Mr. Ashok Kumar Singh, with its office at Bahadurgarh, Haryana. The company is engaged in manufacturing of fruits & vegetables concentrates, purees, aromas and processed food and is a leading supplier of concentrates and purees to the fruit juice, soft drinks and beverage industry. The company ensures rigorous and stringent quality control in its manufacturing operations, adhering to agreed specifications, and ensuring quality consistency & prompt transportation.

The company has a strong team of technically qualified professionals who are well versed with the production management and are capable of delivering premium quality products

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

according to the requirements of customers. It sells its products in countries like UAE, Vietnam, Israel, Canada, and USA besides the Indian domestic market.

## Management

The key management personnel include Mr. Sanjeev Malhotra, Managing Director, who looks after the Sales & Marketing functions of the company; and Mr. Ashok Kumar Singh, Director, looks after purchase and procurement for the company.

## Financial Performance:

Revenue increased by 70.00 % from ₹ 41.27 Cr in FY14 to ₹ 70.16 Cr in FY15 Provisionals. Debt to equity ratio stood at 0.73 times in FY15 against 2.18 times in FY 14. Net Profit margins have increased from 0.33% in FY14 to 1.41% in FY15. Current Ratio has improved from 1.04 times in FY14 to 1.63 times in FY15, due to better receivables and inventory management.

## Rating Outlook:

The outlook for the company is expected to be stable for the next one year. Going forward, the company's ability to improve its capital structure, increase its revenue, contain susceptibility of margins due to fluctuation in raw material price and improve profitability margins will remain the key rating sensitivities.

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