Press Release

Cremica Food Industries Limited

May 16, 2025

Rating

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Facilities	28.41^ (Reduced from 37.00)	IVR BBB/Stable (IVR Triple B with Stable Outlook)	IVR BBB-/Stable (IVR Triple B Minus with Stable Outlook)	Rating Upgraded	Simple
Short Term Facilities	16.59 (Enhanced from 8.00)	IVR A3+ (IVR A three Plus)	IVR A3 (IVR A three)	Rating Upgraded	Simple
Total	**45.00 (Rupees Forty-Five crore only)**				

(^The term loan rated in the previous year, o/s amount of Rs 1.75 crore have been withdrawn based on No Due Certificate from lender and at the request of the company and the withdrawal is in line with Infomerics policy on withdrawal.)

Details of Facilities/Instruments are in Annexure 1. Facility wise lender details are at Annexure 2. Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

The Upgrade of the ratings by Infomerics Ratings to the bank facilities of Cremica Food Industries Limited (CFIL) reflects the company's steady growth in operations and profitability. The ratings continue to derive strength from CFIL's efficiently managed working capital cycle, moderate debt protection metrics, a wide distribution network with robust retail growth, and enhanced operational efficiency driven by strategic backward integration.

Further, the company benefits from experienced promoters and a capable management team. Its credit profile is supported by a diversified product portfolio, adoption of advanced technology, and strong relationships with reputable clients.

However, the rating strengths are partially offset by CFIL's moderate capital structure, exposure to intense competition in the food processing industry, and vulnerabilities related to regulatory changes, climatic conditions, and fluctuations in raw material prices.

The outlook is stable, supported by year-on-year revenue growth and a comfortable EBITDA margin in the current year, which are expected to help the company sustain its healthy financial risk profile. The company is also expected to continue benefiting from the promoters' extensive industry experience.

The term loan amounting to Rs 1.75 crore has been withdrawn, as a 'no dues certificate' has been received from the bank. A withdrawal request dated May 14, 2025, has also been received from the client. This withdrawal is in accordance with Infomerics' policy on rating withdrawals.

Key Rating Sensitivities: (On Consolidated basis)

Upward Factors:

- Substantial & sustained improvement in the operating income and EBITDA margin leading to improvement in debt protection metrics & TOL/TNW below 1.5x.
- Penetration of its product distribution to the south Indian market thereby increasing the geographical presence.

Downward Factors:

- Any decline in the operating income and EBITDA margin leading to deterioration in the debt protection metrics and/or capital structure.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Steady growth in scale of operations and profitability

The group's operating income grew at an 18.10% CAGR during FY22–FY24, reaching Rs 314.58 crore in FY24 (refers to the period of April 01, 2023, to March 31, 2024) from Rs 307.73

crore in FY23 (refers to the period of April 01, 2022, to March 31, 2023). It reported provisional revenues of Rs 348.12 crore in FY25 (refers to the period of April 01, 2024, to March 31, 2025). EBITDA margin improved to 11.04% in FY25 (7.66% in FY24; 6.95% in FY23), while PAT margin rose to 5.23% (2.80% in FY24; 1.05% in FY23).

The group achieved improvement in operating margins in FY25 over FY24, driven by direct raw material sourcing (reducing rejection rates and availing cash discounts), lower input costs (notably soybean oil and whey protein). Operational efficiencies were enhanced through optimized logistics, in-house sourcing tomato paste, reducing external dependence and controlling freight costs by full truckload shipments. Additionally, the launch of smaller product packs improved margins, while the targeted capex upgraded production line efficiency and reduced costs.

Comfortable debt protection metrics

The debt protection metrics of the group are comfortable as indicated by interest coverage and DSCR which stood improved at 2.50x and 1.86x in FY24 (2.45x and 1.53x in FY23) due to an increase in profitability.

Comfortable working capital cycle

The moderation in the working capital cycle in FY24 was due to an increase in inventory holding period to 49 days from 43 days in FY23, and a rise in the payment period to 25 days from 21 days. Despite this, the group maintains a low operating cycle period, supported by minimal receivables and efficient inventory management, indicating strong operational efficiency without the need for aggressive credit policies. The cycle is primarily influenced by finished goods inventory rather than specific production orders, with manufacturing aligned to monthly demand forecasts to support efficient batch processing.

Expanding distribution network with strong retail growth

The group has established a pan-India presence with 24,229 retail and 22,156 food service outlets as of December 31, 2024, operating through third-party distributors under an asset-light model. The group holds a strong foothold in North and West India regions with high working-age populations that drive demand for fast food and condiments. Retail operations have remained stable.

Enhancing operational efficiency via strategic backward integration

CFIL requires approximately 3,400 tons of tomato paste annually, a critical raw material in its product portfolio. To address this, its wholly owned subsidiary CFPPL has established a food processing unit with a capacity of 7,000 tons per annum, covering the majority of CFIL's tomato paste needs. Previously, the company relied on suppliers from southern India and the U.S., leading to high logistics and handling costs. With this backward integration, CFIL has eliminated dependency on external sources, ensuring consistent supply, better quality control, stabilized input costs, and improved margins.

Experienced promoter & management

Cremica Food Industries Limited (CFIL) was incorporated in the year 2013. The group is promoted by Mr. Akshay Bector (Managing Director and Chairman) who is having an experience of 32 years and belongs to the Bector family that owns Cremica Group (started by Ms. Rajni Bector). The promoter is assisted by a team of professionals, having significant experience and knowledge in this industry.

Diversified product portfolio

The group has a well-diversified product portfolio, reducing the risk of product concentration. CFIL is a leading producer of premium condiments such as ketchup, sauces, mayonnaise, spreads, dips, and fruit fillings under the iconic 'Cremica' brand, catering to both retail and food service segments, including QSRs, hotels, and restaurants. It also offers kettle chips under the 'Opera' brand. Its wholly owned subsidiary, CFPPL, processes fruits and vegetables and provides utility services within a mega food park, also supplying 100% of CFIL's tomato puree needs. Additionally, Una Miracle Foods (UMF), a partnership firm, complements CFIL's portfolio with products like dip cups, pickles, and honey, mainly for hotels, restaurants, and railway catering.

Latest technology and strong relationship with reputed clients

The group has been using technology and machinery imported from Italy and Europe which helps to deliver the best quality products and maintain high standard colour in liquid condiments. CFIL has more than 3 decades of relationship with branded QSRs like McDonald's (Since 1991) and over five-year relationship with the customers like: Subway, Domino's Pizza, YUM and more than 3 years' relationship with La Pinoz Pizza.

Key Rating Weaknesses

Moderate capital structure

The capital structure of the group remains moderate despite marginal improvement with long term debt equity ratio improving to 0.76x as on March 31, 2024 (0.91x in FY23), overall gearing ratio at 1.51x as on March 31, 2024 (1.59x in FY23). Net worth has increased to Rs 56.06 crore as on March 31, 2024, compared with Rs 50.03 crore as on March 31, 2023. The increase in net worth was due to the accretion of profit to reserves. Total indebtedness marked by TOL/TNW stood at 3.32x as on March 31, 2024, (3.35x in FY23).

Exposure to intense competition

The food processing industry is very competitive with a large number of established organized players and their growing network, thereby impacting its profitability and debt servicing ability. The group has to maintain the quality and pricing power in order to sustain.

Susceptibility to regulatory risks, climatic changes and volatility in raw material prices

The food processing industry is regulated by several policies and bodies in terms of pricing, quality control, safety and health standards, and several other certifications and control standards. Thus, regular investment in the workforce and infrastructure is needed to conduct the business efficiently. Also, the major raw materials like soya bean, tomato, potato are frequently impacted by climate changes and price volatility, which can significantly impact the company business as a whole.

Analytical Approach: Consolidated

For arriving at the rating, Infomerics has taken the consolidated approach by combining financial profiles of Cremica Food Industries Limited (CFIL), Cremica Food Park Private Limited (CFPPL) and Una Miracle Foods (UMF) [herein referred to as Cremica Group]. The consolidation is on account of common management, legal linkages, and significant operational linkages. Cremica Food Park Private Limited is a 100% subsidiary of Cremica Food Industries Limited and CFIL holds 99% shares in Una Miracle Foods.

Applicable Criteria:

Rating Methodology for Manufacturing Companies

Criteria of assigning rating outlook

Policy on Default recognition and Post-Default Curing Period

Complexity Level of Rated Instruments/Facilities

Financial Ratios & Interpretation (Non-Financial Sector)

Rating criteria for Consolidation of Companies

Criteria on withdrawal on ratings

Liquidity - Adequate

The liquidity position of the group remained adequate given the cushion in gross accruals vis-à-vis upcoming repayment obligations. The group maintains unencumbered cash and bank balances of Rs 0.72 crore as on March 31st, 2024. Furthermore, the current ratio stood below unity as on March 31st, 2024, However, improving in the projected period. The average working capital utilization is moderate at 77.20% for the past 12 months ending March 2025.

About the Company

Cremica Food Industries Limited (CFIL) was established in 2013. CFIL is a leading manufacturer of premium quality condiments, tomato ketchup, sauces, mayonnaise, sandwich spreads, toppings, salad dressings, Indian snacks dips, fruit fillings for cakes and pastries. The company is promoted by Mr. Akshay Bector (Managing Director and Chairman) who is having an experience of 32 years and is coming from Bector's Family that owns Cremica

Group. The company's manufacturing facilities are strategically located across multiple regions: CFIL operates plants in Phillaur, Punjab with a capacity of 105 MT/day and in Greater Noida, Uttar Pradesh with a capacity of 10 MT/day. Its subsidiaries, CFPPL and UMF, operate in Una, Himachal Pradesh, with annual capacities of 7,000 MT and 12,000 MT respectively.

Financials (Consolidated): Cremica Group

(Rs. crore)

For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	307.73	314.58
EBITDA	21.40	24.11
PAT	3.25	8.92
Total Debt	79.42	84.42
Tangible Net Worth	50.03	56.06
EBITDA Margin (%)	6.95	7.66
PAT Margin (%)	1.05	2.80
Overall Gearing Ratio (x)	1.59	1.51
Interest Coverage (x)	2.45	2.50

**Classification as per Infomerics' standards*

Status of Non-Co-operation with previous CRA: Nil

Any other information: N.A.

Rating History for last three years:

Sr. No.	Name of Security/Facilities	Current Ratings (Year 2025-26)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in in 2022-23
					-	(February 19, 2024)	-
1.	Term Loan	Long Term	3.41	IVR BBB/ Stable	-	IVR BBB-/ Stable	-
2.	Cash Credit	Long Term	25.00	IVR BBB/ Stable	-	IVR BBB-/ Stable	-
3.	Letter of Credit	Short Term	8.00	IVR A3+	-	IVR A3	-
4.	Proposed Letter of Credit	Short Term	8.59	IVR A3+	-	-	-

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About Infomerics:

Infomerics Valuation And Rating Ltd. (Infomerics) [Formerly Infomerics Valuation and Rating Pvt. Ltd.] was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

For more information visit www.infomerics.com.

Annexure 1: Instrument/Facility Details

Name of Facility/ /Security	ISIN	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan	-	-	-	2029	3.41	IVR BBB/ Stable
Cash Credit	-	-	-	Revolving	25.00	IVR BBB/ Stable
Letter of Credit	-	-	-	Revolving	8.00	IVR A3+
Proposed Letter of Credit	-	-	-	Revolving	8.59	IVR A3+

Annexure 2: Facility wise lender details
https://www.infomerics.com/admin/prfiles/Len-Cremica-Food-16may25.pdf

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable

Annexure 4: List of companies considered for consolidated/Combined analysis:

Name of the Company	Extent of Consolidation
Cremica Food Industries Limited (CFIL)	Full*
Cremica Food Park Private Limited (CFPPL)	Full*
Una Miracle Foods (UMF)	Full*

**Intercompany transactions have been adjusted*

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.