

Euro India Fresh Foods Limited

October 28, 2026

Rating Action

Total Bank Loan Facilities Rated	Rs. 45.00 crore	Regulator[^]
Long Term Rating	IVR BBB-/Stable (Rating Upgraded)	RBI
Short Term Rating	IVR A3 (Rating Upgraded)	RBI

[^]Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Refer Annexures for details of facilities/instruments, facility wise lender details, and detailed explanation of covenants.

Note: None of the Directors on Infomerics Board are members of rating committee and thus do not participate in discussion or assignment of any ratings. The Board of Directors also does not discuss any ratings at its meetings.

Rationale

The upgrade in the ratings assigned to the bank facilities of Euro India Fresh Foods Limited (EIFFL) is based on the significant strengthening of the capital structure following the equity raise in August 2026, while continuing to maintain steady revenue growth and profitability margins. The company raised Rs. 11.38 crores through preferential allotment of equity shares and received Rs. 11.82 crores as upfront consideration against convertible warrants, aggregating to Rs. 23.20 crores. Further, EIFFL is expected to receive Rs.35.46 crores within 18 months upon exercise of the warrants, taking the total potential proceeds to Rs. 58.66 crores. The equity raise along with profit accretions are likely to translate into overall gearing of less than 0.50x at end FY27 vis-à-vis 0.75x at end FY26. The equity raise will not only strengthen the business profile as it would help fund working capital and thereby support the company in achieving higher operating scale, but it would also help in deleveraging the balance sheet with Rs.10cr earmarked for debt repayment.

The ratings derive comfort from its experienced promoters with an established operational track record, diversified product portfolio, established brand and distribution network and improvement in operating profitability.

These rating strengths are partially offset by the company's relatively moderate scale of operations, geographical concentration of sales, working capital-intensive nature of operations, intense competition in the packaged food industry and susceptibility to fluctuations in agricultural raw material prices.

Outlook: Stable

The Stable outlook reflects the established brand recognition of 'Euro', particularly in western India, along with expectations of steady growth in operating income and sustained operating profitability over the medium term. Further, the preferential equity and warrant issue undertaken during FY27 is expected to support the company's liquidity and financial flexibility by providing funds for incremental working capital requirements and repayment of bank borrowings. However, realization of the remaining warrant proceeds and achievement of projected improvement in operating performance remain key monitorables.

Analytical Approach

Approach	Comments
Consolidation/ Standalone	Standalone
Parent/ Group Support	Not Applicable

Key Rating Drivers with Detailed Description

Strengths

- Experienced promoters and diversified product portfolio**

Euro India Fresh Foods Limited (EIFFL) commenced operations in 2009 and has an established track record of over 17 years in the packaged food industry. The company is promoted by the Sanspara family, with Mr. Dinesh Jivanbhai Sanspara and Mr. Manharbhai Jivanbhai Sanspara having over two decades of industry experience. EIFFL manufactures a diversified range of packaged food products, including namkeen, potato chips, fruit juices, beverages, bakery products and other ready-to-eat food items under the 'Euro' brand. The established operational track record and diversified product portfolio reduce dependence on any single product category and support the company's business risk profile.

- Established brand and wide distribution network**

EIFFL has an established distribution network with 225 stockists and super stockists spread across seven states, with Maharashtra and Gujarat being its major markets. All products are sold under the 'Euro' brand which is steadily gaining traction in the country. Further, the top five customers accounted for approximately 9.82% of total sales in FY26, indicating limited customer concentration risk. The company also undertakes contract manufacturing for other brands, contributing approximately 10–13% of total revenue,

thereby providing an additional revenue stream. However, the company's geographical concentration remains relatively high, with Maharashtra and Gujarat collectively contributing approximately 92.16% of sales in FY26.

- **Equity infusion through preferential issue to support capital structure**

During August 2026, EIFFL raised Rs. 11.38 crore through preferential allotment of equity shares and received Rs. 11.82 crore as upfront consideration against convertible warrants, aggregating to Rs. 23.20 crore. Further, Rs. 35.46 crore is receivable upon exercise of the warrants, taking the total potential proceeds to Rs. 58.66 crore. As per the revised utilization plan approved on August 27, 2026, Rs. 35.00 crore has been earmarked for working capital requirements, Rs. 10.00 crore for repayment of bank borrowings and Rs. 13.66 crore for general corporate purposes. The infusion is expected to strengthen the company's net worth, reduce dependence on borrowings and improve its capital structure over the medium term, subject to receipt of the remaining warrant proceeds.

- **Improvement in operating profitability**

The EBITDA of the company improved by 13.52% to Rs. 15.20 crore in FY26 from Rs. 13.39 crore in FY25, while EBITDA margin improved by 68 bps to 10.00% from 9.32%. The improvement in operating profitability was achieved despite moderate revenue growth of 5.77% during FY26. The improvement was supported by disciplined raw-material procurement, better packaging cost management, improved production planning and operational efficiencies. However, the increase in operating earnings did not translate into improved net profitability, as PAT moderated to Rs. 4.97 crore in FY26 from Rs. 5.60 crore in FY25, primarily owing to higher depreciation and finance costs.

- **Expansion of manufacturing facilities to support future growth**

During the year, the company shifted its manufacturing operations from Ichhapur to Chikli to address space constraints at the earlier facility and facilitate future capacity expansion. As informed by management, the Chikli facility spans approximately 52 acres, of which around 28 acres are currently being utilized. The company has relocated its existing machinery and is also utilizing the manufacturing infrastructure of JR Foods and Beverages, a promoter-associated entity, under a rental arrangement. Further, capacity utilization improved to 84.86% in FY26 from 80.82% in FY25. The consolidation of manufacturing operations at Chikli is expected to facilitate better utilization of manufacturing infrastructure and generate operational efficiencies through savings in manpower, transportation and warehousing costs.

However, the actual benefits from the consolidation remain to be demonstrated over the medium term.

Weaknesses

- **High working capital requirements**

The company's operations continue to remain working capital intensive, primarily due to substantial inventory requirements arising from seasonal procurement of agricultural raw materials. The inventory holding period increased to 201 days in FY26 from 191 days in FY25, while the collection period increased to 50 days from 43 days. Consequently, the operating cycle elongated to 227 days in FY26 from 214 days in FY25. Further, average utilization of fund-based working capital limits of Rs.29.75cr remained relatively high at approximately 88.28% during the twelve months ended August 2026, indicating limited liquidity headroom. The company also availed additional ad hoc working capital facilities during FY27 to support seasonal raw-material procurement, which were subsequently repaid by August 2026. The elongated operating cycle and continued dependence on bank borrowings constrain the company's financial flexibility. Infomerics notes that the company continued to generate positive cash flow from operations despite high working capital requirements, with cash flow from operations improving to Rs. 10.29 crore in FY26 from Rs. 8.66 crore in FY25.

- **Moderate scale of operations and slow revenue growth**

Despite its established operational track record, the company's scale of operations continues to remain moderate, with TOI increasing by 5.77% to Rs. 152.04 crore in FY26 from Rs. 143.74 crore in FY25, compared with growth of 29.13% in FY25. The moderation in revenue growth was despite an increase in production volumes and capacity utilization during the year. Further, sales remain geographically concentrated, with Maharashtra and Gujarat collectively accounting for approximately 92.16% of total sales in FY26. The moderate scale limits the company's pricing flexibility and ability to benefit from economies of scale compared with larger established players. Although management envisages expansion into northern and southern markets, the company's ability to achieve sustained revenue growth and meaningful geographical diversification remains to be demonstrated.

- **High competition and fluctuations in raw material prices**

The packaged food industry is highly competitive, with the presence of established brands such as Lay's (PepsiCo), Bingo! (ITC) and Balaji Wafers in the potato chips segment, and Haldiram's, Bikaji and Gopal Snacks in the namkeen and farsan segments. These players have significantly larger operations, established brands and wider distribution networks, limiting

EIFFL's pricing flexibility. Further, competition from regional and unorganized players, primarily on pricing, requires the company to offer competitive margins and incentives to distributors and retailers, thereby constraining profitability. This is also reflected in the company's modest return on capital employed (RoCE), which stood at 9.27% in FY26 compared with 9.39% in FY25. Additionally, EIFFL remains exposed to fluctuations in prices of agricultural raw materials such as potatoes and edible oil, which are affected by seasonal availability and market conditions. The company's ability to pass on increased input costs remains limited due to intense competition, thereby exposing its profitability to fluctuations.

Liquidity - Adequate

The liquidity position of EIFFL remains adequate, supported by gross cash accruals of Rs. 7.42 crore in FY26. The company is projected to generate annual cash accruals of approximately Rs. 11.00 crore to Rs. 19.00 crore during FY27–FY29 against scheduled debt repayments ranging from Rs. 1.43 crore to Rs. 5.19 crore. However, liquidity remains constrained by high working capital requirements, with an operating cycle of 227 days in FY26 and average cash credit utilization of 88.28% during the twelve months ended August 2026. The current ratio stood at 1.88x, while overall gearing stood at 0.75x as on March 31, 2026. Further, the company raised Rs. 23.20 crore in August 2026 through preferential allotment of equity shares and upfront consideration against convertible warrants, with an additional Rs. 35.46 crore receivable upon warrant conversion. The proceeds are expected to support the company's liquidity position and fund incremental working capital requirements over the medium term, subject to receipt of the remaining warrant proceeds.

Rating Sensitivities

Upward Factors

- Sustained improvement in scale of operations to over Rs. 250 crore while maintaining EBITDA margin above 11%.
- Sustenance of overall gearing below 0.40x and EBITDA interest coverage above 5.0x.

Downward Factors

- Sustained decline in revenue or profitability, resulting in moderation in cash accruals and weakening debt servicing capacity.
- Deterioration in capital structure or debt protection metrics owing to increased borrowings or operating losses.

- Significant liquidity pressure arising from higher working capital requirements or adverse cash flow mismatches.

About the Company

Euro India Fresh Foods Limited (EIFFL) was incorporated in 2009 by the Sanspara family of Surat, Gujarat, to establish a food processing business engaged in manufacturing ready-to-eat products such as namkeen, potato chips, fruit juices, beverages and bakery products. The company markets its products under the 'Euro' brand through a wide distribution network across various states, with Maharashtra and Gujarat being its primary markets. It also exports a small portion of its products to the UK, US and Gulf countries. The company has an installed manufacturing capacity of approximately 12,500 MTPA at its Chikli facility in Gujarat and is listed on the National Stock Exchange. The day-to-day operations are managed by its experienced promoters and professional management team.

Key Financial Indicators (Standalone):

For the year ended/ As on*	31-03-2025	31-03-2026	Q1 FY27
	Audited	Audited	Unaudited
Total Operating Income	143.74	152.04	36.06
EBITDA	13.39	15.20	3.56*
PAT	5.60	4.97	0.74
Total Debt	41.97	57.87	NA
Tangible Net Worth (TNW)	72.40	77.05	NA
EBITDA Margin (%)	9.32	10.00	9.87*
PAT Margin (%)	3.89	3.26	2.05
Adjusted Overall Gearing (times)	0.58	0.75	NA
Interest Coverage (times)	3.63	3.23	2.46*

*Classification as per Infomerics' standards; Amount in Rs. Crore; Source: Company.

Applicable Criteria

[Ratings Methodology for Manufacturing Companies](#)

[Financial Ratios & Interpretation \(Non-Financial Sector\)](#)

[Criteria for assigning Rating outlook](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years

Sr. No.	Instruments/ Facilities	Current Ratings (Year 2026-27)			Rating History for the past 3 years		
		Type (Long Term/Short Term)	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2025-26	Date(s) & Rating(s) assigned in 2024-25	Date(s) & Rating(s) assigned in in 2023-24
					July 29, 2025	--	--
1.	Fund based facilities	LT	44.70	IVR BBB- /Stable	IVR BB+/Stable	--	--
2.	Non-Fund based facilities	ST	0.30	IVR A3	IVR A4+	--	--

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	Listing Status	Regulat or^	<u>Complexi ty Indicator</u>
ECLGS 1.0	-	-	-	March 2027	1.40	IVR BBB- /Stable	NA	RBI	Simple
Term Loan II	-	-	-	May 2027	0.29	IVR BBB- /Stable	NA	RBI	Simple
Machinery WCTL	-	-	-	March 2032	0.62	IVR BBB- /Stable	NA	RBI	Simple
Loan Against Property (LAP)	-	-	-	March 2030	4.52	IVR BBB- /Stable	NA	RBI	Simple
Machinery Loan	-	-	-	March 2032	2.12	IVR BBB- /Stable	NA	RBI	Simple
Cash Credit	-	-	-	-	29.75	IVR BBB- /Stable	NA	RBI	Simple
Bank Guarantee	-	-	-	-	0.30	IVR A3	NA	RBI	Simple
Proposed Facility	-	-	-	-	6.00	IVR BBB- /Stable	NA	RBI	Simple

^Kindly note that for activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure 2: Facility wise lender details:

https://infomericstorage.blob.core.windows.net/uploads/len_euroindia_oct26_5d66852f79.pdf

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

Applicable

Annexure 4: List of companies considered for Consolidated/Combined analysis: Not

Applicable

Annexure 5: List of activities / instruments and names of regulators

Sr. No.	Instrument / activity Name	Regulator of the instrument
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference Shares	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI)* \$	RBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) *	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs ^	RBI
9	External Commercial Borrowings and other similar borrowings	RBI
10	Certificates of Deposit	RBI
11a	Fixed Deposits raised by NBFCs, HFCs, FIs	RBI
11b	Fixed Deposits raised by Banks	+
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, FIs	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Borrowing programme ~	-
15	Issuer Ratings #	-
16	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
17	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
18	Listed Security Receipts \$	RBI
19	Unlisted Security Receipts	RBI
20	Independent Credit Evaluation (ICE)	RBI
21	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	+
22	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
23	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA

24	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) *	Investor-side Regulator such as IRDAI, PFRDA @
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Footnotes:

* Includes securitisation transactions involving assignee payout, acquirer's payout.

~ The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument may accordingly be SEBI, RBI or MCA and can only be determined upon issuance. In PRs subsequent to issuance(s), Infomerics Valuation and Rating Limited shall separately capture the rated quantum details along with names of respective regulators.

^ Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

There is no instrument being rated and hence, Regulator of the Instrument is not applicable. The rating scale and definitions are being followed as stipulated in SEBI Master Circular for CRAs.

@ These ratings were assigned during regulatory regime prior to introduction of SEBI CRA Circular dated Feb 10, 2026 and the investor side regulators have accordingly been included.

\$ By virtue of the instrument being listed, SEBI acts as the regulator for listing and related issues.

+ To be finalized following a discussion with the regulatory authorities.

Note: For activities or instruments falling under the purview of FSRs other than SEBI, the grievance/dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

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