

CIN No. : L74110UP2008PLC034977

Date: April 10, 2024

To, Dept. of Corporate Services-Listing Department Bombay Stock Exchange Limited Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400 001 Scrip Code: 543929	To, Listing Department The National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra, Mumbai – 400 051 Scrip Code: HMAAGRO
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Dear Sir/Madam,

Subject: Credit ratings by CRISIL Ratings Limited (CRISIL)

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we wish to inform you that **CRISIL Ratings Limited (CRISIL)** has reaffirmed the credit ratings assigned to the Bank facilities of the Company on account of enhancement in the amount of Bank Facilities. Rating as on date are as under:

Total Bank Loan Facilities related	Rs.500 Crore (Enhanced from Rs. 400 Crore)
Long Term rating	CRISIL A-/Stable (Reaffirmed)

Bank wise Breakup is as under:

Facilities	Name of Lender	Existing Amount (in Crores)	Revised Amount (in Crores)	Rating	Remarks
Export Packing Credit	HDFC Bank Limited	240.00	-	CRISIL A-/Stable	(Facility Closed during the year)
Export Packing Credit	YES Bank Limited	125.00	240.00	CRISIL A-/Stable	(Reaffirmed)
Export Packing Credit	State Bank of India	-	240.00	CRISIL A-/Stable	(Reaffirmed)
Proposed Working Capital facility	-	35.00	20.00	CRISIL A-/Stable	(Reaffirmed)
TOTAL		400.00	500.00		

A copy of Rating Letter along with Rationale from credit rating agency – CRISIL Ratings Limited is attached for your reference.

You are requested to kindly take the above information in your records.

**Yours Faithfully,
For HMA Agro Industries Limited**

**Nikhil Sundrani
Company Secretary and Compliance Officer**

Encl: A copy of Rating Letter along with Rationale

CONFIDENTIAL

RL/HMAISPL/338285/BLR/0424/84274
April 05, 2024

Mr. Gulzar Ahmad
Chairman & Director
HMA Agro Industries Limited
18-A/5/3, Tajview Crossing,
Fatehabad Road Agra,
Uttar Pradesh-282001



Dear Mr. Gulzar Ahmad,

Re: Review of CRISIL Ratings on the bank facilities of HMA Agro Industries Limited

All ratings assigned by CRISIL Ratings are kept under continuous surveillance and review.

Please find in the table below the ratings outstanding for the debt instruments/facilities of the company, and the rating actions by CRISIL Ratings on the ratings as on date.

Total Bank Loan Facilities Rated	Rs.500 Crore (Enhanced from Rs.400 Crore)
Long Term Rating	CRISIL A-/Stable (Reaffirmed)

(Bank-wise details as per Annexure 1)

As per our Rating Agreement, CRISIL Ratings would disseminate the ratings, along with the outlook, through its publications and other media, and keep the ratings, along with the outlook, under surveillance over the life of the instrument/facility. CRISIL Ratings reserves the right to withdraw, or revise the ratings, along with the outlook, at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL Ratings believes may have an impact on the ratings. Please visit www.crisilratings.com and search with the name of the rated entity to access the latest rating/s.

In the event of the company not availing the proposed facilities within a period of 180 days from the date of this letter, a fresh letter of revalidation from CRISIL Ratings will be necessary.

This letter will remain valid till March 31, 2025. After this date, please insist for a new rating letter (dated later than March 31, 2025).

Should you require any clarification, please feel free to get in touch with us.

With warm regards,

Yours sincerely,

Gaurav Arora
Associate Director - CRISIL Ratings

Nivedita Shibu
Director - CRISIL Ratings



Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301

CRISIL Ratings Limited
A subsidiary of CRISIL Limited, an S&P Global Company
Corporate Identity Number: U67100MH2019PLC326247

Annexure 1 - Bank-wise details of various facility classes (outstanding facilities)

S.No.	Bank Facility	Bank	Amount (Rs. in Crore)	Outstanding Rating
1	Export Packing Credit	YES Bank Limited	80	CRISIL A-/Stable
2	Export Packing Credit	State Bank of India	240	CRISIL A-/Stable
3	Export Packing Credit	YES Bank Limited	160	CRISIL A-/Stable
4	Proposed Working Capital Facility	--	20	CRISIL A-/Stable
	Total		500	

Disclaimer: A rating by CRISIL Ratings reflects CRISIL Ratings' current opinion on the likelihood of timely payment of the obligations under the rated instrument, and does not constitute an audit of the rated entity by CRISIL Ratings. Our ratings are based on information provided by the issuer or obtained by CRISIL Ratings from sources it considers reliable. CRISIL Ratings does not guarantee the completeness or accuracy of the information on which the rating is based. A rating by CRISIL Ratings is not a recommendation to buy / sell or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. CRISIL Ratings has a practice of keeping all its ratings under surveillance and ratings are revised as and when circumstances so warrant. CRISIL Ratings is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of its ratings. CRISIL Ratings' criteria are available without charge to the public on the web site, www.crisilratings.com. CRISIL Ratings or its associates may have other commercial transactions with the company/entity. For the latest rating information on any instrument of any company rated by CRISIL Ratings, please visit www.crisilratings.com or contact Customer Service Helpdesk at CRISILratingdesk@crisil.com or at 1800-267-1301

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HMA Agro Industries Ltd

Rating reaffirmed. Rating amount enhanced.

Rating action

Total bank loan facilities rated	Rs 500 crore (Enhanced from Rs 400.0 crores)
Long-term rating	CRISIL A-/Stable (reaffirmed)

Note: None of the directors on the board of CRISIL Ratings Ltd are members of the rating committee and thus do not participate in discussion or assignment of any ratings. The board also does not discuss any ratings at its meetings.

1 crore = 10 million

Refer to annexure for details of instruments and bank facilities`

Detailed rationale

CRISIL Ratings has reaffirmed its 'CRISIL A-/Stable' rating on the enhanced long-term bank facilities of HMA Agro Industries Ltd (HMA; part of the HMA group).

The rating continues to reflect the established market position and healthy financial risk profile of the HMA group. These strengths are partially offset by low operating profitability.

Analytical approach

CRISIL Ratings has combined the business and financial risk profiles of HMA and its wholly owned subsidiary, United Farm Products Pvt Ltd (UFPPL). These companies, together referred to as the HMA group, have common management and operational and financial linkages.

Refer to Annexure - List of entities consolidated, which captures the list of entities considered and the analytical treatment of consolidation.

Key rating drivers and detailed description

Strengths:

Established market position: The promoters have experience of more than six decades in the meat processing industry, which has helped build understanding of market. The group has been able to maintain healthy relationships with customers, which helped achieve operating income compound annual growth rate (CAGR) of around 35% for the three fiscals through 2023. With year-to-date operating income of Rs 3,400 crore as of December 2023, operating income is expected at Rs 4,400-4,600 crore in fiscal 2024. The operating income will be driven by volume growth on account of addition of new products such as fish, sheep, and goat meat, along with addition of new geographies, such as the US and Europe, along with improved supply chain management with addition of warehouses in Europe and China to cater to customer requirement. This will not only help diversify business operations and insulate the group from downturns in a segment and continue to provide revenue visibility and support the business risk profile.

Healthy financial risk profile: HMA's dependency on external debt has always been minimal as reflected in gearing levels consistently been lower than 1 time till March 31, 2023, despite consistent improvement in scale of operations. Working capital requirements have also been efficiently managed with low dependency on bank lines, as working capital requirements are well managed though credit extended by creditors and internal cash accruals, resultantly the bank limit utilisation has been ~60% for last 12 months through Dec'23, providing sufficient headroom to take on additional debt for business purposes, if warranted. Going ahead, with no major, debt-funded capex proposed over the medium term and accretion of reserves into business, the capital structure is expected to remain comfortable with expected gearing of 0.6-0.7 time in ongoing fiscal. Lower dependency on external debt will keep the debt protection metrics healthy, too, with interest coverage expected at 16-17 times over the medium term.

Weakness:

Low operating profitability: The operating margin of the group was impacted on account of nascent stages of operations in UFPPPL, where the plant is operating at lower capacity, because of which absorption of fixed cost overheads have been low, pulling down the operating margin to around 4% for the nine months of fiscal 2024 from 5.5-6.0% during last 2-3 fiscals. Going ahead, with product and customer diversification, plant capacity utilisation of UFPPPL shall improve, aiding better operating margin, however, its sustained improvement leading to overall improvement in profitability of the group will remain a key rating sensitivity factor.

Liquidity: Strong

HMA is expected to generate net cash accruals in range of Rs 200-250 crores, which shall be sufficient to meet up with annual repayment obligations ranging between of ~Rs 13.0 crore over medium term. Excess accruals will contribute towards the incremental working capital requirement, keeping the reliance on external debt low. Cash and cash equivalents have been ~Rs 30 crores as on Dec'23, which is expected to be in range of Rs 30-40 crores over medium term. HMA also has access to fund

based working limits of Rs 365 crores, where average limit utilisation has been ~60% for last 12 months through December 2023. CRISIL Ratings expects internal accruals, cash & cash equivalents and unutilized bank lines to be sufficient to meet its repayment obligations as well as incremental working capital requirements.

Outlook: Stable

The HMA group will continue to benefit from the experience of the promoters and its comfortable financial risk profile.

Rating sensitivity factors

Upward factors

- Stabilization of operations in UFPPL leading to overall improvement in group’s operating profitability to over 6-6.5%, amidst sustained volumetric growth
- Sustenance of healthy financial risk profile amidst efficient working capital management

Downward factors

- Decline in operating income or operating margins falling below 3-3.5% leading to lower than expected net cash accruals.
- Any large, debt-funded capital expenditure, weakening the financial risk profile and liquidity

About the group

HMA: Incorporated in 2008, HMA processes and exports frozen buffalo meat. Its facility is in Aligarh, Uttar Pradesh. Late Mr Haji Mohammed Ashiq Qureshi is the founder and Gulzeb, Gulzar and Wazib Ahmed are the directors.

UFPPL: Set up in 2018, UFPPL has set up an integrated and export-oriented buffalo meat processing plant as well as an animal slaughterhouse in Haryana. The company commenced operations in January 2023 and is a wholly owned subsidiary of HMA. UFPPL aims to export in the European market but is vulnerable to changes in government regulations.

Key financial indicators (Standalone)

Particulars	Unit	9M FY24	2023	2022
Revenue	Rs crore	3347	3126	2922
Profit after tax (PAT)	Rs crore	124	137	110
PAT margin	%	3.7	4.4	3.76
Adjusted debt/adjusted networth	Times	0.41*	0.58	0.72
Interest coverage	Times	20.7	12.8	10.9

*As on Sep23.

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Annexure - Details of instrument(s)

ISIN	Name of instrument	Date of allotment	Coupon rate (%)	Maturity date	Issue size (Rs crore)	Complexity level	Rating assigned with outlook
NA	Export packing credit	NA	NA	NA	480.0	NA	CRISIL A- /Stable
NA	Proposed Working Capital Facility	NA	NA	NA	20.0	NA	CRISIL A- /Stable

Annexure - List of entities consolidated

Names of Entities Consolidated	Extent of Consolidation	Rationale for Consolidation
United Farm Product Pvt Ltd	Full	Same line of business, common promoters and operational linkages
HMA Agro Industries Ltd	Full	

Annexure - Details of bank lenders / facilities

Facility	Amount (Rs crore)	Name of lender	Rating
Export packing credit	240.0	State bank of India	CRISIL A- /Stable
Export packing credit	240.0	Yes Bank Limited	CRISIL A- /Stable
Proposed Working Capital Facility	20.0	NA	CRISIL A- /Stable