

HMA Agro Industries Limited

March 31, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Short-term bank facilities	850.00	CARE A2+	Assigned

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The short-term rating assigned to bank facilities of HMA Agro Industries Limited (HMA) derives strength from the established track record of operations of the company and its experienced promoters and management team. The rating also takes comfort from its strong market position in buffalo meat exports with a broad global presence and consistent growth in scale of operations through market expansion and product diversification. However, these rating strengths are constrained by the company's working capital intensive operations with significant reliance on external borrowings, vulnerability of profit margins to raw material price fluctuations and geopolitical risks, presence in a highly competitive industry with regulatory exposure, and susceptibility of livestock to diseases.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Improvement in operating income supported by volume growth and profit before interest, lease rentals, depreciation, and taxes (PBILDT) margin above 6.00% on a sustained basis.
- Efficient working capital management resulting in total debt to PBILDT below 2.50x.

Negative factors

- Significant reduction in volumes with a decline in PBILDT margin below 2.80% on a sustained basis.
- Any large, debt-funded capital expenditure, resulting in overall gearing above 1.00x.

Analytical approach: Consolidated.

CARE Ratings limited (CARE Ratings) has taken a consolidated view of HMA and its subsidiaries, together comprising the HMA Group, owing to financial and operational linkages between the parent and its subsidiaries. The subsidiaries are engaged in similar business and are run by common management. The list of subsidiaries being consolidated is provided below in Annexure-6.

Outlook: Not applicable

Detailed description of key rating drivers:

Key strengths

Established track record with experienced promoters and management

HMA's promoters have over four decades of experience in the meat processing industry, which has helped them understand market dynamics and build strong customer relationships. This expertise has allowed the group to introduce new products like fish, sheep and goat meat, and expand into new regions.

HMA was founded by the current Chairman - Gulzar Ahmad in 2008 who has extensive experience in livestock trading and meat exports. He oversees the company's management, new plant setups and industry network development. Mohammad Mehmood Qureshi, the Managing Director, is responsible for raw material procurement, especially livestock. Gulzeb Ahmed, the CFO and son of Gulzar Ahmad, manages the company's marketing and holds an MBA from Dr. Bhim Rao Ambedkar University in Agra.

Strong market position in buffalo meat export with a well-spread global presence

HMA is a leading exporter of frozen buffalo meat in India, holding a market share of ~10% per the Agricultural and Processed Food Products Export Development Authority (APEDA). The company adheres to international standards such as Good Manufacturing Practices (GMP), Good Hygienic Practices (GHP), and Hazard Analysis Critical Control Point (HACCP) to ensure high-quality meat production. HMA has a well-established presence in the export market, with a product portfolio primarily focused

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

on frozen meat, particularly buffalo meat, which constitutes 90% of its sales. The company also offers other products, including goat meat, rice, and frozen fish. As one of the top three meat exporters in India, HMA exports to over 50 countries under the brands "Black Gold," "Kamil," and "HMA." These products have been available in international markets for over a decade, contributing to strong brand recognition and recall among end users at local stores in these countries.

Steady growth in scale through expansion into new markets and diversified products

The total operating income (TOI) of the company has grown at a compounded annual growth rate (CAGR) of 19% and stood at ₹4,831.25 crore in FY24 (refers to April 01 to March 31) (increased by 49% compared to ₹3,246.10 crore in FY23). This growth is driven by regular addition of new products such as fish, sheep, goat meat and penetration into new geographies. A key factor contributing to this growth is the establishment of a new state-of-the-art processing plant in District Nuh, Mewat, Haryana, through the subsidiary United Farm Product Private Limited. The company is targeting new markets including Turkey, Thailand, and the Philippines, expecting a 10-20% increase in revenue. Despite strong revenue growth, the company faced a decline in PBILDT margin to 3.20% from 6.27% due to the rise in domestic raw material prices, and fluctuating costs as the Red Sea crisis significantly increased freight charges, by up to 4x.

9MFY25 (refers to April 01 to December 31): The company has reported TOI of ₹3,681.47 crore with a PBILDT margin of 4% against TOI of ₹3,463.92 crore with a PBILDT margin of 5.16% in 9MFY24, marking a year-on-year growth of 6.28% in the scale of operations.

Key weaknesses

High reliance on external borrowings

The company has a comfortable capital structure, with overall gearing below unity for the past few fiscal years. Overall gearing stood at 0.67x as on March 31, 2025, against 0.70x on March 31, 2023. The company's debt profile includes corporate guarantee loan of its subsidiary, working capital borrowings and unsecured loans provided by promoters. However, as on March 31, 2024, the company had working capital borrowings of ₹382 crore against a sanctioned limit of ₹480 crore. With the sanctioned limit now increased to ₹830 crore, borrowings are expected to rise further in the medium term. The expansion of operations through the acquisition of new abattoirs, and longer transit periods, is expected to lead to higher inventory levels. Consequently, working capital days are likely to elongate, further elevating the company's reliance on external borrowings.

Presence in highly competitive industry with exposure to regulatory risk

The buffalo meat industry in India faces several risks, including socio-political that influence market demand and operations both domestically and internationally. Changes in trade policies, tariffs, and regulations in importing countries can impact market access for the company. The meat industry is fragmented, with intense competition from both organised and unorganised players, affecting market position and pricing. The company's heavy reliance on exports, which account for over 90% of its income, exposes it to foreign exchange price volatility. Going forward, pollution-related shutdowns of abattoirs and cultural or religious sensitivities towards meat consumption in certain regions may lead to operational disruptions and market restrictions, and hence, remains a key monitorable.

High susceptibility of livestock to diseases

HMA's total sales are mainly contributed by frozen buffalo meat. Given that there have been instances of buffalo diseases such as the foot and mouth disease (FMD) and lumpy skin disease in the past that has affected the demand for bovine meat, HMA's sales are thus exposed to this risk. Unorganised meat markets in India, tropical climate, inadequate hygiene measures, and lack of surveillance of animal-borne diseases can increase the risk of such hazards. Livestock trading in India is typically managed through a wide network of commission agents, and the company has minimised procurement risks by diversifying its sourcing across a mix of small, medium, and large players. To ensure raw material quality, the company sources livestock from disease-free zones recognised by the Department of Animal Husbandry.

Liquidity: Adequate

The liquidity profile of the company is adequate as marked by expected gross cash accruals of ~₹130 crore against the repayment obligations of ₹15 crore. The company has no major capex plan in medium term and the average utilisation of working capital limits is ~60% for past 12 months ending December 2024. The company has cash balance of ₹115 crore as of March 31, 2024, and the current ratio stand at 1.45x.

Applicable criteria

[Consolidation](#)

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)
[Manufacturing Companies](#)
[Financial Ratios – Non financial Sector](#)
[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Meat products including poultry

Incorporated on April 9, 2008, HMA is the flagship company of the HMA Group, a prominent player in the meat industry with over four decades of experience. The HMA Group is recognised as one of India's largest manufacturers and exporters of products, including frozen boneless buffalo meat, seafood, pet food, rice, and finished leather. As a star export house recognised by the Government of India, HMA holds a significant position in the export sector. It is one of the largest exporters of frozen buffalo meat from India, contributing over 10% of the country's total frozen buffalo meat exports.

Consolidated financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	3,246.10	4,831.25	3,681.47
PBILDT	203.59	154.54	145.48
PAT	123.47	100.58	75.34
Overall gearing (times)	0.70	0.67	-
Interest coverage (times)	15.32	8.92	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Standalone financials:

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)	9MFY25 (UA)
Total operating income	3,162.51	4,682.46	3,471.35
PBILDT	200.34	142.96	103.05
PAT	137.32	110.69	61.65
Overall gearing (times)	0.59	0.52	-
Interest coverage (times)	16.32	10.17	-

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - ST-Forward Contract		-	-	-	20.00	CARE A2+
Fund-based - ST-Working Capital Limits		-	-	-	830.00	CARE A2+

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - ST-Working Capital Limits	ST	830.00	CARE A2+				
2	Fund-based - ST-Forward Contract	ST	20.00	CARE A2+				

ST: Short term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - ST-Forward Contract	Simple
2	Fund-based - ST-Working Capital Limits	Simple

Annexure-5: Lender detailsTo view lender-wise details of bank facilities please [click here](#)

Annexure-6: List of entities consolidated

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1.	HMA Food Export Private Limited	Full	Subsidiary
2.	FNS Agro Foods Limited	Full	Subsidiary
3.	Swastik Bone and Gelatines Private Limited	Full	Subsidiary
4.	United Farm Products Private Limited	Full	Subsidiary
5.	JFF Export Private Limited	Full	Subsidiary
6.	Federal Agro Industries Private Limited	Proportionate	Subsidiary
7.	HMA Natural Foods Private Limited	Proportionate	Subsidiary
8.	Laal Agro Food Private Limited	Proportionate	Subsidiary
9.	Reliable Agro Foods	Proportionate	Subsidiary
10.	Indus Farmers Food Co. LLP	Proportionate	Associate

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

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About us:

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