June 02, 2025

Holy-Land Marketing Pvt. Ltd.: Rating upgraded to [ICRA]BBB+ (Stable)

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Issuer Rating	-	-	[ICRA]BBB+ (Stable); upgraded from [ICRA]BBB (Stable)
Total	**-**	**-**	

Instrument details are provided in Annexure I

Rationale

The rating action factors in ICRA's expectations that Holy-Land Marketing Pvt. Ltd. (HMPL) will continue to witness a moderate revenue growth in the near-to-medium term, led by its diverse product portfolio and growing distribution network. Over the past five fiscals ending in FY2025, there has been a sustained improvement in the company's scale, reflecting in a revenue increase at a compound annual growth rate of (CAGR) of 25.8%. During the same period, the absolute operating profit has also consistently improved, supported by the enhanced product mix, increasing volumes driven by deeper geographical penetration and sustained demand for packaged food products. In FY2025, HMPL reported a revenue growth of 9.9% to Rs. 551.7 crore on a YoY basis (provisional) compared to Rs. 502.1 crore in FY2024. The operating profit margins (OPM) witnessed a marginal moderation in FY2025, primarily due to initial expenses associated with the foray into the frozen food segment. These included leasing of cold storage facilities and expenditure towards establishing requisite manpower, supply chain, and infrastructure. However, with the stabilisation of these initial costs and ramping up of this new segment, these losses are expected to narrow and positively impact the profitability metrics, going forward. Moreover, HMPL's coverage metrics are expected to remain comfortable in the near-to-medium term owing to its limited capital intensity, which results in lower dependence on debt and a comfortable financial risk profile. The rating further takes into account the extensive experience of HMPL's promoters in the processed food industry, coupled with HMPL's established track record and diversified end-customer base, reflecting in high customer diversification. ICRA also notes the company's focus on optimising its product mix by continuously adding new products and other dimensions, including varying stock-keeping units (SKUs).

The rating is, however, constrained by the highly fragmented nature of the industry with the presence of many unorganised players. It is further affected by the limited value addition undertaken by the company, which constrains the earnings and, thus, reserve accretion of the company. The volatility in the food prices also constrains profitability. However, this is compensated to an extent by the company's ability to partly pass on the price increases. Maintaining an optimum product mix and inventory levels to augment profitability also remains critical. The rating also factors in the company's vulnerability to risks associated with foreign exchange (forex) rate fluctuations as it imports some of its raw materials, in the absence of any hedging mechanism.

The Stable outlook on the [ICRA]BBB+ rating reflects ICRA's opinion that HMPL will continue to benefit from the growing market penetration through expansion in its distribution network and product portfolio.

Key rating drivers and their description

Credit strengths

Experienced promoters with established track record in the industry – The promoters of HMPL have more than two decades of experience in the industry. The company offers canned fruits and vegetables under its flagship brand, Golden Crown, with more than 300 products such as table sauces, juices, jams, pulps and purees, pasta, noodles, ready-to-eat snacks and food additives. With an established track record, HMPL has forged strong relationships with end customers, most of which are reputed names in the hotel/restaurant/café (HoReCa) segment.

Exposed to high customer and geographical diversification – The company has a large distribution network for its retail sales along with a portfolio of reputed institutional customers. HMPL exhibits healthy customer and geographical diversification. In 9M FY2025, its top 10 customers contributed ~21% to its total sales signifying moderately healthy client diversification. Further, HMPL has multiple customers across the states in India which are catered through its depots present across the country. The company operates through 16-18 depots spread pan India and has a wide distribution network of 3000 dealers, which has been consistently expanding over the last few years.

Extensive product portfolio with consistent product additions – The company always strives to achieve an optimum product mix for enhancing sales and improving profitability. Therefore, the company continues adding certain products and exiting some of the non-performing items. In continuation of the same strategy, HMPL has also partnered with renowned Chinese brand, Pearl River Bridge, to sell its products all over India. HMPL is predominantly a B2B player supplying food ingredients for the rapidly growing food service industry. However, in some segments, the company has also launched SKUs for the retail markets, which is still in a very nascent stage.

Comfortable financial risk profile – In FY2025, HMPL's revenue rose 9.9% to Rs. 551.7 crore on a YoY basis, on a provisional basis, from Rs. 502.1 crore in FY2024. The operating margins witnessed a marginal moderation in FY2025, primarily due to initial expenses associated with the foray into the frozen food segment. These included leasing of cold storage facilities and expenditure towards establishing requisite manpower, supply chain, and infrastructure. However, with the stabilisation of these initial costs followed by ramp-up of operations in the segment, it is expected to contribute positively to the operating margin from FY2026. Limited fixed and working-capital intensity has also resulted in low indebtedness, which is largely skewed towards working capital borrowing. The overall quantum of net worth remains moderate at ~Rs. 88 crore as on March 31, 2025, however, comfort is drawn from low debt. The coverage indicators stood comfortable with an interest coverage ratio of 6.3 times and DSCR of 5.5 times as on March 31, 2025. In the absence of any major debt raising plans, HMPL's coverage metrics are expected to be comfortable in the medium term.

Credit challenges

Highly competitive and fragmented industry; susceptible to competition from renowned brands – The company faces stiff competition in a highly fragmented industry. The competition comes from other reputed brands as well as unorganised players in the industry. However, the Golden Crown brand also has moderate visibility, lending pricing flexibility and bargaining power with customers to a certain extent.

Limited value addition, resulting in moderate margins – There is limited value addition in the company's overall business operations, reflected in the modest and range-bound profit margin, which can be attributed to the trading nature of operations. However, value addition to some extent comes in the form of making available a vast range of products that require domestic sourcing as well as imports and also making available seasonal products round the year.

Exposure to forex risks as some raw materials are imported – HMPL is exposed to forex risks because it imports a portion of its raw materials. The company imports certain raw materials from China, Malaysia, Thailand and others. In the absence of a hedging mechanism, any adverse movement in foreign exchange rates could impact its margins. The company's profitability is also exposed to increasing raw material prices, as it is not feasible to pass on the entire increased cost to its clients.

Liquidity position: Adequate

The liquidity position is adequate, supported by moderate operational cash flows. Given the growth in operations, the company's limit utilisation has increased (~78% of the total limits on an average in the last 15 months ending in March 2025), resulting in a moderate buffer of Rs. 10.6 crore over a period of 15 months ending in March 2025. HMPL maintains around Rs. 6 crore as on March 31, 2025 in the form of fixed deposits for any emergency cash requirements. No major debt-backed capex and nil long-term repayment commitments lend comfort to its liquidity profile.

Rating sensitivities

Positive factors – The rating could be upgraded in case of a significant scale-up in revenues and profitability, leading to a material improvement in liquidity and net worth on a sustained basis.

Negative factors – ICRA could downgrade HMPL's ratings in case of a significant deterioration in scale and profitability, thereby adversely impacting the debt protection metrics and liquidity on a sustained basis. An interest coverage of less than 3.5 times, on a sustained basis, could result in a rating downgrade.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology FMCG
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone

About the company

HMPL, incorporated in 1995, is based out of New Delhi with its main corporate office located in Gurgaon, Haryana. The company's current operations and business activities include branding, distribution and marketing of canned fruits and vegetables along with a large basket of other processed foods. This is facilitated through its 16-18 company-owned depots in Delhi, Mumbai, Bangalore, Ahmedabad, Punjab, Chennai, Pune, Kolkata, Hyderabad, Guwahati, Indore, Sonipat etc., supported by 3000-3200 strong dealer-distribution network. HMPL also keeps on augmenting its product basket with new and consistent additions.

The company is wholly owned by the promoter's family and the shareholding pertaining to the deceased family member has now been transferred to the existing promoters of the company. Further, the company has recently acquired a 51% equity stake each in two entities involved in similar line of operations, which is expected to bolster its business, going forward.

Key financial indicators (audited)

HMPL Standalone	FY2024	FY2025*
Operating income	502.1	551.7
PAT	16.2	14.7
OPBDIT/OI	5.1%	4.0%
PAT/OI	3.2%	2.7%
Total outside liabilities/Tangible net worth (times)	0.9	1.0
Total debt/OPBDIT (times)	1.3	2.0
Interest coverage (times)	6.5	6.3

*Source: Company, ICRA Research; *Provisional: All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation*

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Current rating (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	June 02 2025	Date	Rating	Date	Rating	Date	Rating
Issuer Rating	**Long term**	-	**[ICRA]BBB+ (Stable)**	Apr 02, 2024	[ICRA]BBB (Stable)	-	-	Mar 23, 2023	[ICRA]BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Issuer Rating	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: Click here

Annexure I: Instrument details

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	**Issuer Rating**	NA	NA	NA	-	[ICRA]BBB+ (Stable)

Source: Company

Annexure II: List of entities considered for consolidated analysis – Not applicable

ANALYST CONTACTS

Jitin Makkar
+91 0124-4545368
jitinm@icraindia.com

Nishant Misra
+91 0124-4545862
nishant.misra@icraindia.com

Lakhan Kumar Agarwal
+91 8882375734
lakhan.agarwal@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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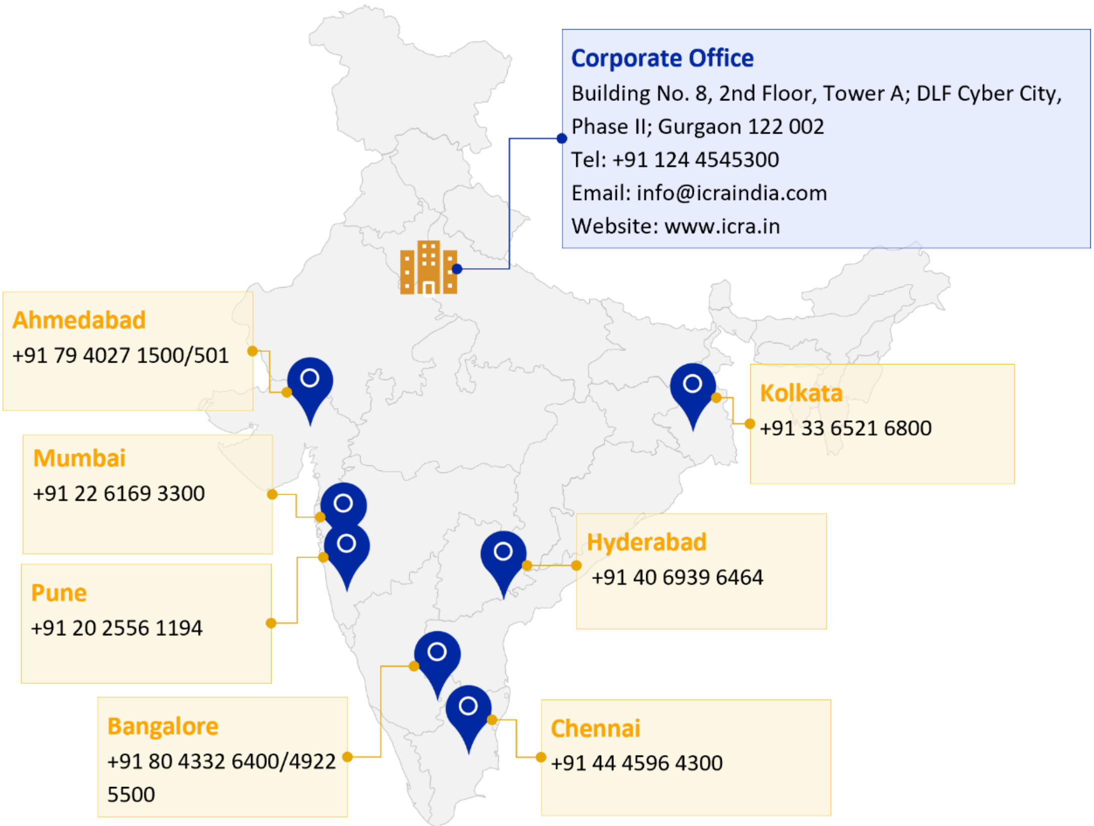
For more information, visit www.icra.in

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches



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