



Press Release

Hyfun Agrilink Private Limited (HAPL)

January 10, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long term Bank Facilities- Cash credit	112.00 (enhanced from 95.00)	IVR A-/ Stable (IVR Single A minus with Stable outlook)	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	Ratings Upgraded	Simple
Long term Bank Facilities- Term Loan	62.31	IVR A-/ Stable (IVR Single A minus with Stable outlook)	--	Ratings Assigned	Simple
Long term Bank Facilities- ECLGS	0.00 (reduced from 4.43)	--	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	Withdrawn*	Simple
Long term Bank Facilities- GECL	0.00 (reduced from 6.04)	--	IVR BBB+/ Stable (IVR Triple B Plus with Stable outlook)	Withdrawn**	Simple
Total	174.31	(Rupees One Hundred Seventy-Four Crores and Thirty-one only)			

*We have received NDC from SBI dated June 18, 2024, that the loans are repaid in full and there are no dues outstanding.

**We have also received NDC from Axis Bank dated April 19, 2024, that the facilities availed are repaid in full and there are no dues outstanding.

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

Infomerics Ratings has upgraded its rating assigned to the bank facilities of HAPL as it factors in overall improvement in the financial risk profile and its overall performance during FY24 which is expected to sustain in FY25 and beyond and strong support from its parent company along with business synergies. Further, the rating continues to derive support from experience



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of promoters in agriculture & food processing related business, improvement in overall operational and financial profile along with favourable growth prospects for processed food industry and the unique business model of 'Seed to Shelf'.

However, the rating strengths are partially offset by vulnerability of operations, raw materials procurement, agro-climatic risk and other regulatory risk, along with high working capital intensity.

The assignment of stable outlook is on account of strong financial and credit profile along with significant revenue growth.

Infomerics Ratings has simultaneously withdrawn the rating assigned to ECLGS and GECL worth Rs. 6.04 crore and Rs. 4.43 crore respectively based on withdrawal request from the client and No Due Certificate dated April 19, 2024, and June 18, 2024, from the lenders, confirming that the loans have been fully paid off. The rating is withdrawn is in line with Infomerics' policy on withdrawal of ratings.

Key Rating Sensitivities:

Upward Factors

- Sustained and significant improvement in the scale of operations while improving profitability & debt protection metrics.

Downward Factors

- Any decline in scale of operations and/or profitability, leading to significant deterioration of debt protection metrics.
- Weakening of linkages with ASPL or weakening of credit profile of ASPL.

List of Key Rating Drivers with Detailed Description

- **Strong support from the parent along with business synergies:**

The promoters of HAPL have a long-standing experience in the industry spanning over six decades through their parent company Asandas & Sons Private Limited [ASPL (IVR A-/Stable)]. It also has a presence in the potato trading business since its inception. HAPL is a 100% wholly owned subsidiary of Asandas & Sons Private Limited (ASPL). The entity is mainly engaged in procurement of raw materials (potato) for the parent company



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meanwhile supplying it to other regional and local players too. ASPL extends its support operationally as and when the need arises. The operational support is through a way that ASPL is one of the top five customers to which HAPL sells its products and contributes to around 82% of its total revenue.

- **Improvement in overall operational & financial profile:**

HAPL's total revenue increased significantly to Rs. 649.09 crores in FY24 (period refers to April 01, 2023, to March 31, 2024) from Rs.474.85 Crore in FY2023 on account of higher volumes requirements from its parent company (ASPL) in line with increase in its parent company's installed capacity. Revenue is expected to improve at steady space with steady requirements from ASPL.

- **Moderate capital structure and debt protection metrics:**

The capital structure of the company remained stable with an overall gearing of 1.80x in FY24 as against 1.68x in FY23. The financial risk profile of the company improved marked by improvement in net worth, debt protection metrics and debt coverage indicators. The adjusted net worth increased to Rs.55.90 Crore as on 31st March 2024 (31st March 2023: Rs.35.47 Crore). Interest coverage ratio increased and stood at 3.39x in FY24 (FY 23: 2.72x). The total debt increased to Rs.100.69 Crore in FY24 (Rs.59.46 Crore). Total Debt / GCA ratio improved and stood at 4.74x in FY2024 from 5.35x in FY23 on account of the increase in GCA levels. Total debt/GCA, interest coverage & other debt protection metrics are expected to remain adequate moving forward.

- **Experienced management team:**

Backed by the extensive experience, the promoters have a strong understanding of the local dynamics. Altogether, the Company benefits from the significant experience of its promoters, who have been collectively associated with the industry for almost 6 decades now through their parent company Asandas & Sons Private Limited. The Group established the brand name "HyFun". The company works under the expert guidance of technically qualified and highly experienced Management.

- **Unique business model:**

The Company's unique "Seed to Shelf" business model is fully integrated enabling the entire value chain, wherein they carry out seed multiplication program and thus provide best quality seeds to the farmers. The procurement of raw potatoes for processing is done entirely through contract farming and the quantities are procured during the harvest



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season itself and the group undertakes storage in advanced high technology cold storages until processed. The potatoes are processed into various frozen snacks like French fries, hashbrowns, Aloo tikki, Burger patties etc., and further supplied through cold chain network to the distributor point/ retailer shelf. The Company has its own seed multiplication program and have entered into contract farming with around 7,500 farmers.

- **Favorable growth prospects for processed food industry:**

Increasing working population, burgeoning urban and young population along with changing lifestyles of people and the paucity of time in a faced-paced world are expected to be driving factors for growth of the processed food industry.

A. Key Rating Weaknesses

- **Raw materials procurement, agro-climatic risk and other regulatory risk:**

The business operations and profitability remain exposed to the adequate availability of quality potatoes at good prices. The raw materials which consist of around 70% of the total cost are susceptible to fluctuations in production due to vagaries of nature.

- **High working capital intensity:**

The main raw material for manufacturing fries (the product) is potato. Since potato season generally ends in March/ April, the group is required to start stocking potatoes from February to meet the requirements for the entire year, which leads to high inventory. Accordingly, the working capital requirements remain high during that particular period. However, HAPL has started selling most of its potato inventory procured during harvesting season (Jan to Mar every year) by March itself to ASPL.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)

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

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition and post default curing period](#)

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

[Rating criteria on Parent/Group Support](#)



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[Policy on withdrawal of Ratings](#)

Liquidity – Adequate

The liquidity of the company remains adequate marked by the moderate cash accruals as against the long-term debt repayment obligations. Its average maximum fund based working capital utilization for the 12 months ended November 2024 stood around 85%. Its operating cycle improved and stood at 35 days in FY24 due to the business model. The current ratio stands at 1.37x as on March 31, 2024.

About the Company

Incorporated in January 2019, Hyfun Agrilink Private Limited (HAPL) is a 100% wholly owned subsidiary of Asandas & Sons Private Limited (ASPL). The concerned entity is mainly engaged in procurement of raw materials (potato) for the parent company meanwhile supplying it to other regional and local players too. The Company has its own seed multiplication program and has entered into contract farming with around 7,500 farmers.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	474.85	649.09
EBITDA	22.81	36.12
PAT	10.88	20.89
Total Debt	59.46	100.69
Tangible Net Worth	35.47	55.90
EBITDA Margin (%)	4.80	5.56
PAT Margin (%)	2.29	3.21
Overall Gearing Ratio (x)	1.68	1.80
Interest Coverage (x)	2.72	3.39

* Classification as per Infomerics' standards.

Status of non-cooperation with previous CRA: Nil

Any other information: Not Applicable



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Rating History for last three years:

Sr. No	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years			
		Type	Amount (Rs. crore)	Rating	Date(s) & Rating assigned in 2023-24 (Oct 25, 2023)	Date(s) & Rating assigned in 2022-23 (Feb 27, 2023)	Date(s) & Rating assigned in 2022-23 (Dec 2, 2022)	Date(s) & Rating assigned in 2021-22 (Sept 3, 2021)
1.	Term Loan	Long Term	62.31	IVR A-/ Stable	--	--	--	--
2.	Cash Credit	Long Term	112.00 (enhance from 95.00)	IVR A-/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB/ Positive
3.	ECLGS	Long Term	0.00 (reduced from 6.04)	Withdrawn*	IVR BBB+/ Stable	IVR BBB+/ Stable	--	--
4.	GECL	Long Term	0.00 (reduced from 4.43)	Withdrawn*	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB+/ Stable	IVR BBB/ Positive
5.	Proposed Long term Bank Facility	Long Term	0.00	--	IVR BBB+/ Stable	--	Withdra wn	IVR BBB/ Positive

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) 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 and definition of ratings please visit www.infomerics.com.

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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	--	--	--	Up to 2031	62.31	IVR A-/ Stable
Cash Credit	--	--	--	Revolving	112.00	IVR A-/ Stable

Annexure 2: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/Len-Hyfun-Agrilink-10jan25.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

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