Huhtamaki

May 15, 2025

Department of Corporate Services
BSE Limited
Phiroze Jeejeebhoy Towers
Mumbai – 400 001
BSE Scrip code – 509820

The Listing Department
National Stock Exchange of India Ltd
Exchange Plaza,
Bandra Kurla Complex
Bandra (East),
Mumbai 400 051
NSE symbol – HUHTAMAKI

Sub: Disclosure under Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations') – revision in Credit rating

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), we hereby inform that CRISIL, the rating agency, has revised the rating for the credit facilities availed by the Company as under:

Total Bank Loan Facilities Rated	Rs. 88 Crore (Reduced from Rs.175 Crore)
Long Term Rating	Crisil AA-/Stable (Upgraded from 'Crisil A+/Positive')
Rs.150 Crore Commercial Paper	Withdrawn (Crisil A1+)

The detailed rating rationale issued by the rating agency is enclosed.

Sharing this for your information and further dissemination on your websites please.

Thanking you,

Yours faithfully,
For Huhtamaki India Limited
ABHIJAAT AKHILESH SINHA
Digitally signed by: ABHIJAAT AKHILESH SINHA
DN: CN = ABHIJAAT AKHILESH SINHA C = IN O = Personal
Date: 2025.05.15 10:52:29 +05'30'
Abhijaat Sinha
Company Secretary & Legal Counsel

Encl.: As above

Crisil Ratings

Rating Rationale

May 14, 2025 | Mumbai

Huhtamaki India Limited

Long-term rating upgraded to 'Crisil AA-/Stable': Short-term rating withdrawn

Rating Action

Total Bank Loan Facilities Rated	**Rs.88 Crore (Reduced from Rs.175 Crore)**
Long Term Rating	**Crisil AA-/Stable (Upgraded from 'Crisil A+/Positive')**

Rs.150 Crore Commercial Paper	**Withdrawn (Crisil A1+)**

Note: None of the Directors on Crisil Ratings Limited's 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.
1 crore = 10 million
Refer to Annexure for Details of Instruments & Bank Facilities

Detailed Rationale

Crisil Ratings has upgraded its rating on the long-term bank facility of Huhtamaki India Ltd (HIL) to **'Crisil AA-/Stable'** from 'Crisil A+/Positive'. The rating on proposed bank facilities worth Rs 87 crore has been **withdrawn** at the company's request as the facility is not planned to be availed. This is in line with the withdrawal policy of Crisil Ratings.

Furthermore, Crisil Ratings has **withdrawn** its rating on the Rs 150 crore commercial paper at the company's request and on independent confirmation of no outstanding. The withdrawal is in line with the Crisil Ratings withdrawal policy.

The rating action follows a similar rating action on the ultimate parent, Huhtamaki Oyj, Finland (Huhtamaki), by S&P Global Ratings (S&P). On May 07, 2025, S&P upgraded the rating of Huhtamaki to 'BBB-' and assigned a' Stable' outlook (from 'BB+' with 'Positive' outlook) owing to improved credit metrics. For HIL, Crisil Ratings has applied its parent notch-up criteria. Hence, any rating action on Huhtamaki has a bearing on the rating of HIL.

Operating income declined by 1% in CY2024, to Rs 2,525 crore (vs Rs 2550 crore in CY2023). The operating margin contracted to 4.8% in CY2024, (vs 7.7% in CY2023 and 5.5% in CY2022) largely attributable to unfavorable product mix, volatility in raw material prices and impact of supply chain disruptions because of Red Sea crisis.

In the first quarter of 2025, the company reported operating income of Rs 610 crore, with the operating margin improving to 6.3%. This improvement in the operating margin was driven by better sales mix and easing of raw material cost, compared with the fourth quarter of 2024, which had a lower operating margin of 4.2% (operating margin was 6.7% in the first quarter of 2024).

The rating reflects the company's established market position in the flexible packaging industry, healthy financial risk profile, and operational and financial support from Huhtamaki. These strengths are partially offset by exposure to intense competition, regulatory risks and volatility in raw material prices.

Analytical Approach

Crisil Ratings has applied its parent notch-up criteria to factor in the operational and financial support from Huhtamaki, which owns 67.73% stake in HIL.

Key Rating Drivers & Detailed Description

Strengths:

- **Established market position in the premium flexible packaging market:** HIL is an established player in the domestic flexible packaging industry. Its established market position is supported by a diversified product range, which comprises flexibles, labels, tube laminate and cylinders. Strong and diverse customer profile will continue to support the business risk profile over the medium to long term. The company's innovation and product development capabilities are enhanced by its parent providing support for product development.

- **Healthy financial risk profile:** The financial risk profile is supported by healthy networth of Rs 1,126 crore and debt of Rs 100 crore (external commercial borrowing from the parent) as on December 31, 2024, resulting in gearing of below 0.1 time. Additionally, healthy cash accrual will be sufficient to meet capital expenditure (capex) and working capital requirement over the medium term.

- **Operational and financial support from the parent:** HIL receives support from Huhtamaki for product development, along with operational and financial support. The parent has provided financial support to the company in the form of external commercial borrowing amounting to Rs 200 crore (current o/s Rs 100 crore as on December 31, 2024) at competitive rates and provides corporate guarantees for some of HIL banking facilities.

Weaknesses:

- **Decline in the operating margin and subdued return indicators:** Operating margin contracted to 4.8% in CY2024, (vs 7.7% in CY2023 and 5.5% in CY2022) largely attributable to unfavorable product mix, volatility in raw material prices and impact of supply chain disruptions from the Red Sea crisis. In Q1 CY2025, the company reported an operating margin improving to 6.3%. This sequential improvement in margin was driven by a better sales mix and easing of the raw material cost, as compared to Q4 CY2024, which had a lower operating margin of 4.2% (Q1CY2024 operating margin: 6.7%). The operating margin will continue to be key monitorable.

- **Exposure to intense competition in the fragmented flexible packaging industry and regulatory risks:** The flexible packaging industry puts pressure on the profitability of players. Though the industry is highly consolidated in terms of catering to the fast-moving consumer goods (FMCG) and pharmaceutical customers, intense competition restricts pricing flexibility. Also, these players have limited bargaining power against large FMCG and pharmaceutical players. The company is also exposed to regulatory risks due to increasing focus on environmental issues. Adverse regulatory changes, impacting the credit risk profile of HIL, will be monitorable.

- **Susceptibility to volatility in raw material prices:** Raw material cost accounts for 65-75% of the operating income. The prices of key raw materials, such as films, polyethylene granules and biaxially oriented polyethylene, are linked to crude oil prices, which are volatile and are factored into pricing terms with customers. Susceptibility to fluctuations in input cost is likely to persist.

ESG profile

The environment, social and governance (ESG) profile of HIL supports its credit risk profile.
The packaging sector has moderate environmental and social impacts driven by its raw material sourcing strategies, waste-intensive processes and direct impact on the health and wellbeing of customers.

Key ESG highlights:

- HIL aims to be carbon neutral by 2030. The company is working on several projects to reduce energy use and consequent greenhouse gases emissions while increasing the proportion of renewable energy.
- The company undertakes measures for water conservation and optimal use of water through measures such as reuse, recycling, treatment and discharge. The company is working towards reaching zero-liquid discharge at all its sites, with four of its facilities already operating at that level.
- It is focused on sustainable sourcing. HIL has mentioned its commitment to sourcing materials sustainably and the company also undertakes ESG monitoring of suppliers.
- Its governance structure is characterised by 43% of the board comprising independent directors, split in chairman and managing director positions and extensive disclosures.

There is growing importance of ESG among investors and lenders. Continued commitment of HIL to ESG principles will play a key role in enhancing stakeholder confidence given shareholding by foreign portfolio investors and access to both domestic and foreign capital markets.

Liquidity: Strong

HIL enjoys strong liquidity supported by unutilised fund-based bank lines and healthy cash and liquid surplus. Expected net cash accrual for 2025 to 2027 will be sufficient to meet annual capex and working capital requirement.

Outlook: Stable

Crisil Ratings believes HIL will maintain a healthy business risk profile over the medium term and will continue to benefit from the operational and financial support from its parent, Huhtamaki.

Rating sensitivity factors

Upward factors:

- Substantial improvement in business performance leading to improvement in operating profitability to 7-8% on a sustained basis
- Improvement in the credit risk profile of the parent

Downward factors:

- Sustained weakening in operating performance, with operating margin at 3.5-4.0%
- Large, debt-funded capex/acquisition or any adverse regulatory change
- Weakening in the credit risk profile of the parent

About the Company

Set up in 1935, HIL is one of the market and technology innovation leaders in the domestic flexible packaging industry. The company manufactures flexibles, labels, tube laminate and cylinders. Its parent, Huhtamaki, held 67.73% equity stake in HIL as on March 31, 2025.

HIL has 10 manufacturing facilities in Maharashtra, Dadra and Nagar Haveli, Uttarakhand, Assam, Karnataka, Andhra Pradesh and Himachal Pradesh.

Key Financial Indicators

As on/for the period ended December 31	Units	2024	2023
Revenue	Rs.Crore	2525	2550
Profit After Tax (PAT)	Rs.Crore	88	410*
PAT Margin	%	3.5	16.1

Adjusted debt/adjusted networth	Times	0.09	0.18
Interest coverage	Times	8.1	6.8

**Owing to sale of land parcels*

Any other information: Not applicable

Note on complexity levels of the rated instrument:
Crisil Ratings` complexity levels are assigned to various types of financial instruments and are included (where applicable) in the 'Annexure - Details of Instrument' in this Rating Rationale.

Crisil Ratings will disclose complexity level for all securities - including those that are yet to be placed - based on available information. The complexity level for instruments may be updated, where required, in the rating rationale published subsequent to the issuance of the instrument when details on such features are available.

For more details on the Crisil Ratings` complexity levels please visit www.crisilratings.com. Users may also call the Customer Service Helpdesk with queries on specific instruments.

Annexure - Details of Instrument(s)

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Working Capital Facility	NA	NA	NA	88.00	NA	Crisil AA-/Stable
NA	Proposed Term Loan	NA	NA	NA	87.00	NA	Withdrawn

Annexure - Details of Rating Withdrawn

ISIN	Name Of Instrument	Date Of Allotment	Coupon Rate (%)	Maturity Date	Issue Size (Rs.Crore)	Complexity Levels	Rating Outstanding with Outlook
NA	Commercial Paper	NA	NA	7-365 days	150.00	Simple	Withdrawn

Annexure - Rating History for last 3 Years

	Current			2025 (History)		2024		2023		2022		Start of 2022
Instrument	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Fund Based Facilities	LT	175.0	Crisil AA-/Stable		--	04-09-24	Crisil A+/Positive	01-02-23	Crisil A+/Stable	24-03-22	Crisil AA-/Stable	Crisil AA-/Stable
			--		--	31-01-24	Crisil A+/Stable		--		--	--
Commercial Paper	ST	150.0	Withdrawn		--	04-09-24	Crisil A1+	01-02-23	Crisil A1+	24-03-22	Crisil A1+	Crisil A1+
			--		--	31-01-24	Crisil A1+		--		--	--

All amounts are in Rs.Cr.

Annexure - Details of Bank Lenders & Facilities

Facility	Amount (Rs.Crore)	Name of Lender	Rating
Proposed Term Loan	87	Not Applicable	Withdrawn
Working Capital Facility	88	Axis Bank Limited	Crisil AA-/Stable

Criteria Details

Links to related criteria
Basics of Ratings (including default recognition, assessing information adequacy)
Criteria for manufacturing, trading and corporate services sector (including approach for financial ratios)
Criteria for factoring parent, group and government linkages

Media Relations	Analytical Contacts	Customer Service Helpdesk
Ramkumar Uppara Media Relations	Anuj Sethi Senior Director	Timings: 10.00 am to 7.00 pm Toll free Number:1800 267 3850

Crisil Limited M: +91 98201 77907 B: +91 22 6137 3000 ramkumar.uppara@crisil.com **Kartik Behl** Media Relations **Crisil Limited** M: +91 90043 33899 B: +91 22 6137 3000 **kartik.behl@crisil.com** **Divya Pillai** Media Relations **Crisil Limited** M: +91 86573 53090 B: +91 22 6137 3000 **divya.pillai1@ext-crisil.com**	**Crisil Ratings Limited** B:+91 44 6656 3100 anuj.sethi@crisil.com Aditya Jhaver Director **Crisil Ratings Limited** B:+91 22 6137 3000 aditya.jhaver@crisil.com Latika Shyam Lala Senior Rating Analyst **Crisil Ratings Limited** B:+91 22 6137 3000 Latika.Lala@crisil.com	For a copy of Rationales / Rating Reports: CRISILratingdesk@crisil.com For Analytical queries: ratingsinvestordesk@crisil.com

Note for Media:
This rating rationale is transmitted to you for the sole purpose of dissemination through your newspaper/magazine/agency. The rating rationale may be used by you in full or in part without changing the meaning or context thereof but with due credit to Crisil Ratings. However, Crisil Ratings alone has the sole right of distribution (whether directly or indirectly) of its rationales for consideration or otherwise through any media including websites and portals.

About Crisil Ratings Limited (A subsidiary of Crisil Limited, an S&P Global Company)

Crisil Ratings pioneered the concept of credit rating in India in 1987. With a tradition of independence, analytical rigour and innovation, we set the standards in the credit rating business. We rate the entire range of debt instruments, such as bank loans, certificates of deposit, commercial paper, non-convertible/convertible/partially convertible bonds and debentures, perpetual bonds, bank hybrid capital instruments, asset-backed and mortgage-backed securities, partial guarantees and other structured debt instruments. We have rated over 33,000 large and mid-scale corporates and financial institutions. We have also instituted several innovations in India in the rating business, including ratings for municipal bonds, partially guaranteed instruments and infrastructure investment trusts (InvITs).

Crisil Ratings Limited ('Crisil Ratings') is a wholly-owned subsidiary of Crisil Limited ('Crisil'). Crisil Ratings Limited is registered in India as a credit rating agency with the Securities and Exchange Board of India ("SEBI").

For more information, visit www.crisilratings.com

About Crisil Limited

Crisil is a leading, agile and innovative global analytics company driven by its mission of making markets function better.

It is India's foremost provider of ratings, data, research, analytics and solutions with a strong track record of growth, culture of innovation, and global footprint.

It has delivered independent opinions, actionable insights, and efficient solutions to over 100,000 customers through businesses that operate from India, the US, the UK, Argentina, Poland, China, Hong Kong and Singapore.

It is majority owned by S&P Global Inc, a leading provider of transparent and independent ratings, benchmarks, analytics and data to the capital and commodity markets worldwide.

For more information, visit www.crisil.com

Connect with us: TWITTER | LINKEDIN | YOUTUBE | FACEBOOK

DISCLAIMER

This disclaimer is part of and applies to each credit rating report and/or credit rating rationale ('report') provided by Crisil Ratings Limited ('Crisil Ratings'). For the avoidance of doubt, the term 'report' includes the information, ratings and other content forming part of the report. The report is intended for use only within the jurisdiction of India. This report does not constitute an offer of services. Without limiting the generality of the foregoing, nothing in the report is to be construed as Crisil Ratings provision or intention to provide any services in jurisdictions where Crisil Ratings does not have the necessary licenses and/or registration to carry out its business activities. Access or use of this report does not create a client relationship between Crisil Ratings and the user.

The report is a statement of opinion as on the date it is expressed, and it is not intended to and does not constitute investment advice within meaning of any laws or regulations (including US laws and regulations). The report is not an offer to sell or an offer to purchase or subscribe to any investment in any securities, instruments, facilities or solicitation of any kind to enter into any deal or transaction with the entity to which the report pertains. The recipients of the report should rely on their own judgment and take their own professional advice before acting on the report in any way.

Crisil Ratings and its associates do not act as a fiduciary. The report is based on the information believed to be reliable as of the date it is published, Crisil Ratings does not perform an audit or undertake due diligence or independent verification of any information it receives and/or relies on for preparation of the report. THE REPORT IS PROVIDED ON "AS IS" BASIS. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAWS, CRISIL RATINGS DISCLAIMS WARRANTY OF ANY KIND, EXPRESS, IMPLIED OR OTHER WARRANTIES OR CONDITIONS, INCLUDING WARRANTIES OF MERCHANTABILITY, ACCURACY, COMPLETENESS, ERROR-FREE, NON-INFRINGEMENT, NON-INTERRUPTION, SATISFACTORY QUALITY, FITNESS FOR A PARTICULAR PURPOSE OR INTENDED USAGE. In no event shall Crisil Ratings, its associates, third-party providers, as well as their directors, officers, shareholders, employees or agents be liable to any party for any direct, indirect, Crisil Ratings uses the prefix 'PP-MLD' for the ratings of principal-protected market-linked debentures (PPMLD) with effect from November 1, 2011, to comply with the SEBI circular, "Guidelines for Issue and Listing of Structured Products/Market Linked Debentures". The revision in rating symbols for PPMLDs should not be construed as a change in the rating of the subject instrument. For details on Crisil Ratings' use of 'PP-MLD' please refer to the notes to Rating scale for Debt Instruments and Structured Finance Instruments at the following link: **https://www.crisilratings.com/en/home/our-business/ratings/credit-ratings-scale.html**