

INDIAN POULTRY INDUSTRY

**Short-lived spread of bird flu; impact
on credit profile likely to remain low
despite losses in Q4 FY2025**

MARCH 2025





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The effect of bird flu outbreak on consumer sentiments results in a decline in broiler realisations. The impact generally does not last beyond a few weeks and only has a temporary bearing on poultry supply and prices.



The Indian poultry industry has witnessed few instances of bird flu in the recent past. Localised incidences were reported in Chandrapur district in Maharashtra, Godavari and Eluru districts in Andhra Pradesh along with few zones in Madhya Pradesh and Telangana in February 2025. Limited incidents were also observed in Jharkhand and some other regions in East India.



This had a significant bearing on the realisations in February 2025, resulting in a 22-25% YoY drop in the western and southern markets and 14-16% correction in the eastern and northern parts of India. On a sequential basis, broiler prices in February 2025 took a hit of ~18-19% in the western and southern markets and ~11-14% in the eastern and northern part of India.



The poultry companies, with farms mostly in southern and western India, are thus likely to report operating losses in Q4 FY2025 owing to the recent drop in the broiler realisations. However, due to better YoY performance in 9M FY2025, the overall performance of the industry will still remain range-bound, with revenue growth for ICRA's sample set companies at ~4-5% and operating profit margin (OPM) of ~4.5-4.7% in FY2025. Overall, the impact of bird flu on the credit profile of the industry is expected to be low, with estimated interest cover of ~4.4 times and total debt/ OPBDITA of ~2.8 times as on March 31, 2025, as against ~4.0 times and ~3.0 times, respectively, as on March 31, 2024.



The broiler prices have recently started increasing gradually and are expected to further pick up owing to limited supply in the market due to reduction in broiler placements by poultry farmers on the back of bird flu scare and higher demand anticipated around the festival of Holi. This will positively impact the profitability of the players in Q1 FY2026, with OPM expectation of 5-6%.

Instances of bird flu witnessed lately; continues to be a persistent threat



India is vulnerable to the bird flu or Avian Influenza (AI) virus with sporadic instances being reported often. The outbreaks generally peak during winter season (December-March), when migratory birds flock from the northern hemisphere towards the southern region, including India and Sri Lanka. These migratory birds are one of the key reasons behind AI outbreak.



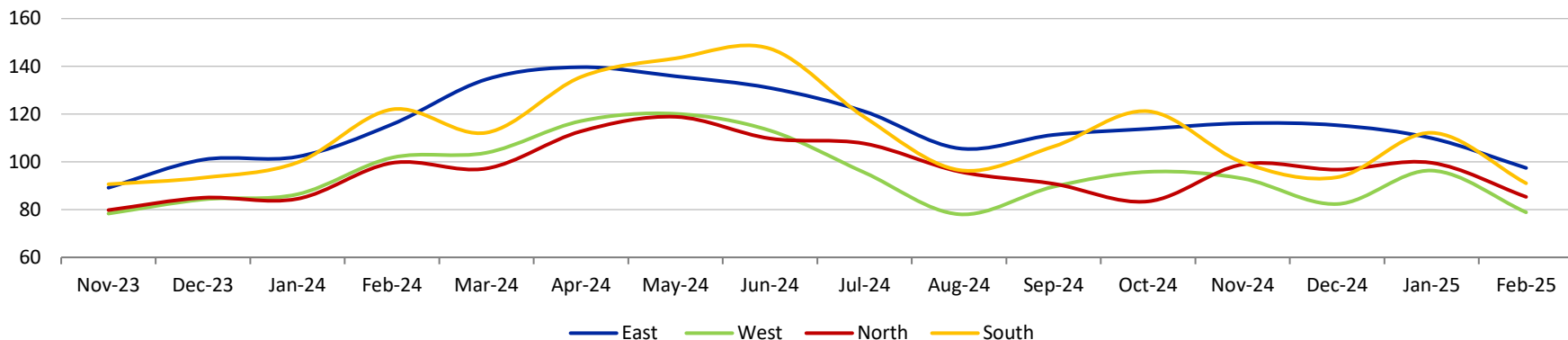
There have been a few instances of bird flu witnessed in the recent past in India. Localised incidences were reported in Chandrapur district in Maharashtra, Godavari and Eluru districts in Andhra Pradesh along with few zones in Madhya Pradesh and Telangana in February 2025. Limited incidents were also observed in Jharkhand and some other regions in East India during the same period, which did not spread widely.



The immediate fear, post the bird flu outbreak announcements, receded significantly over the last decade given the increased awareness of it among the consumers and hence the extent of the drop in demand has also reduced. Further, in order to prevent the spread of bird flu, farms engage in culling of birds, thus increasing the overall mortality rate. Overall, the effect on consumer sentiments still results in a decline in broiler realisations once the outbreak is notified. The impact generally does not last beyond a few weeks and only has a temporary bearing on poultry supply and prices. Further, bird flu outbreaks in any part of the country have a direct influence on exports, given that most countries do not classify outbreaks region wise and generally put a blanket ban on affected countries. However, India's presence in the international poultry market is minimal and, therefore, so is the impact.

Broiler realisations impacted in February 2025 due to the spread of bird flu

Exhibit: Monthly broiler price movement in various regions (In Rs./Kg)

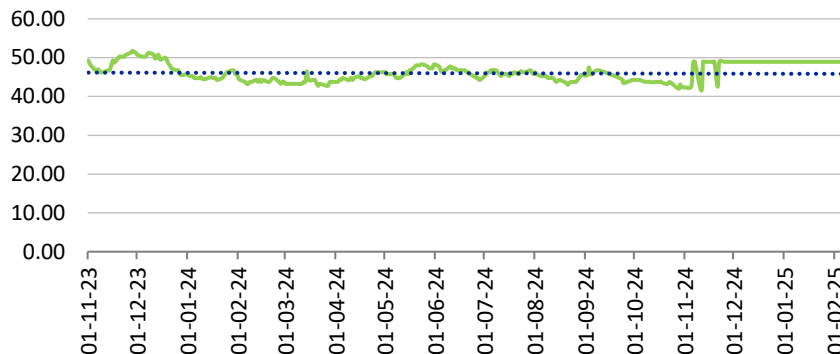


- Poultry meat demand varies depending on seasonal and religious factors, making broiler prices volatile. Despite the fluctuations throughout the year, the average broiler realisations, riding on favourable demand, witnessed a growth of ~6% and ~4% during 9M FY2025 and 11M FY2025, respectively, over FY2024.
- However, the recent bird flu scare had a significant bearing on the realisations in February 2025, resulting in a 22-25% YoY drop in the western and southern markets and 14-16% correction in the eastern and northern parts of India.
- On a sequential basis, broiler prices in February 2025 took a hit of ~18-19% in the western and southern markets and ~11-14% in the eastern and northern part of India.
- Nevertheless, the realisations have recently started increasing gradually and are expected to further pick up, going forward, owing to limited supply in the market due to reduction in broiler placements by the poultry farmers on the back of bird flu scare and higher demand anticipated around the festival of Holi.

Source: Poultrybazaar, industry data; Note: Indicative average farm gate broiler per kg

Maize prices remain range-bound, while soyabean softened to some extent in the current year

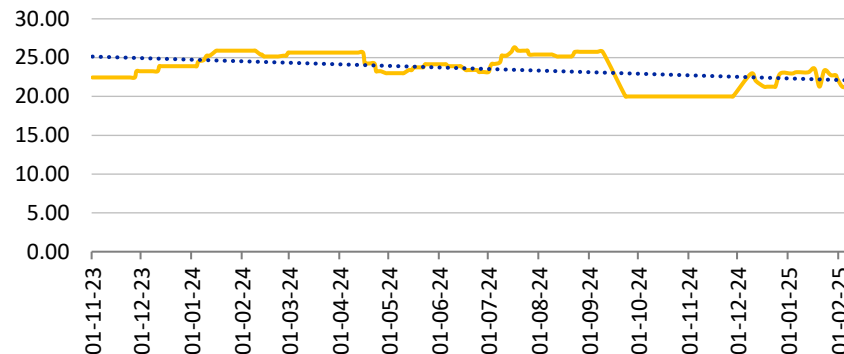
Exhibit: Domestic soyabean price (Rs./Kg)*



Source: Bloomberg; ICRA Research; *Spot prices per Kg for feed grade soyabean

- Factors including international rates, export demand and changing Government regulations related to soyabean exports and domestic stockholding remain important for soyabean prices.
- Despite increase in minimum support prices (MSP), glut in global supplies has kept the domestic soyabean prices lower by ~4% in YTD FY2025 over FY2024 average price.

Exhibit: Domestic maize price (Rs./Kg)*



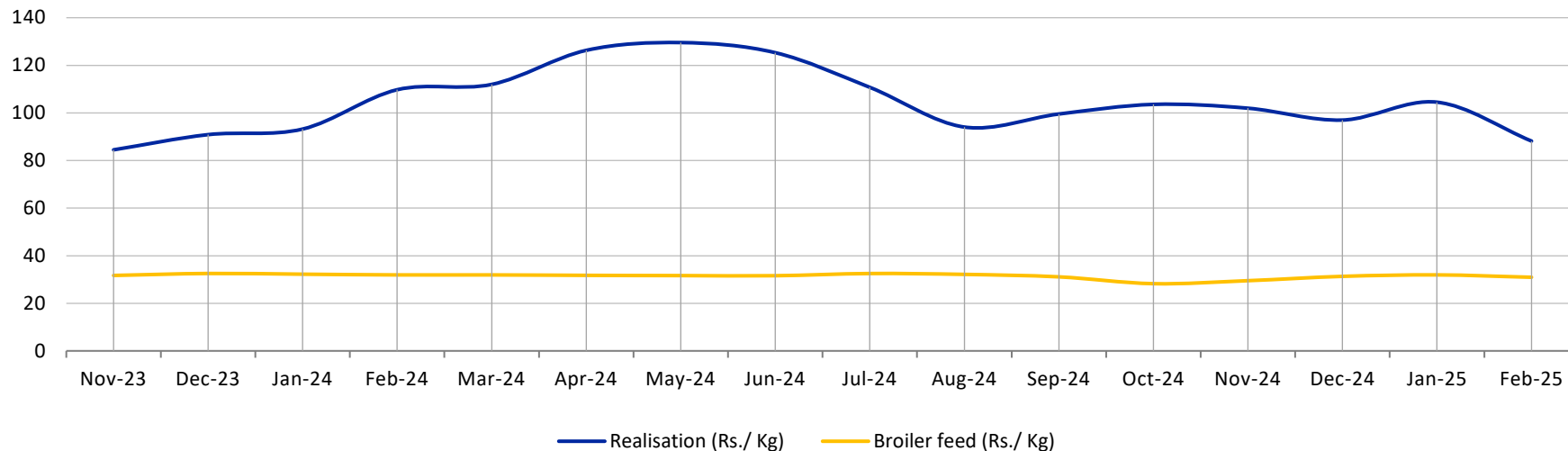
Source: Bloomberg; ICRA Research; *Spot prices per Kg for feed grade maize

- Increase in the MSP along with higher demand of maize from ethanol, starch and poultry sectors pushed the rates northwards in the initial months of the current fiscal.
- However, a good kharif harvest restricted the average increase in maize price to ~3% in 11M FY2025 over FY2024 (~8% in H1 FY2025 over FY2024).

Feed accounts for ~70% of the variable cost of poultry companies; maize (~65-70%) and soyameal (~25-30%) contribute to the bulk of feed cost, with the balance being other additives, including fat, minerals, vitamins and medicines.

Stable feed price supported the profitability of the poultry players in 10M FY2025

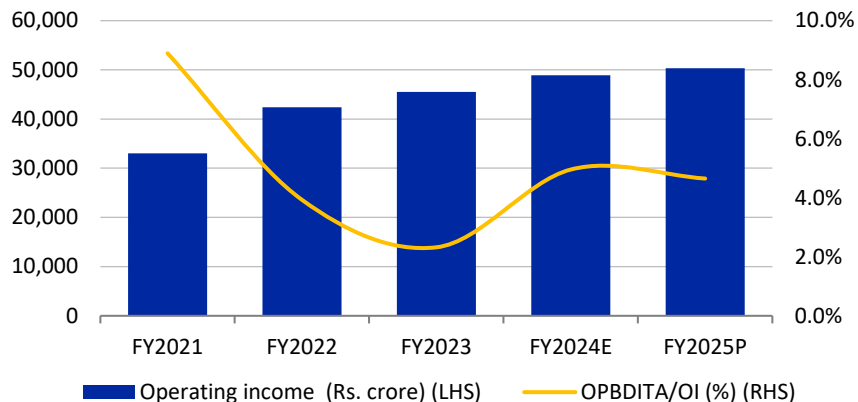
Exhibit: Estimated cost of feed vis-à-vis realisation (Rs./Kg)*



- Despite a high volatility in the broiler realisations, relatively stable feed prices during the current year supported the profitability of the players in the poultry industry during 10M FY2025.
- Feed conversion ratio (FCR), which varies from 1.6 to 1.9 depending on the breed, quality of the feed and the environment in which birds are raised, has a bearing on the cost of production.

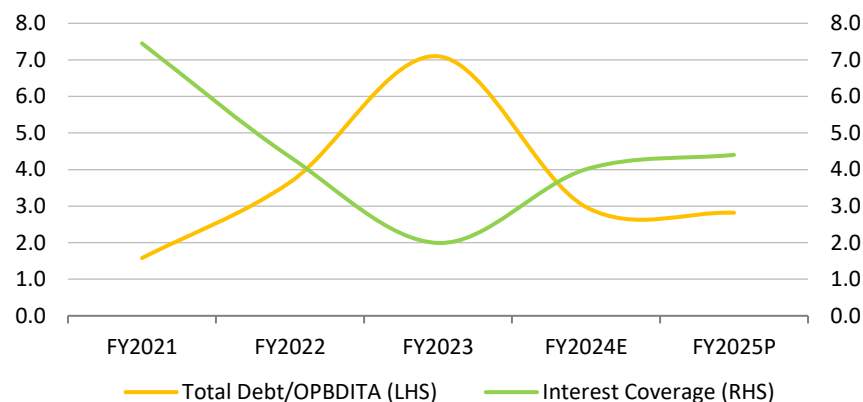
Poultry players likely to report operating losses in Q4 FY2025

Exhibit: Trend in revenues and profitability for ICRA sample set companies



Source: ICRA Research; aggregate of 11 poultry companies, adjusted for group cos.

Exhibit: Trend in coverage metrics for ICRA sample set companies



Source: ICRA Research; aggregate of 11 poultry companies, adjusted for group cos.

- The recent drop in the broiler realisations would see many players having farms in southern and western India, posting operating losses in Q4 FY2025. However, in view of the better YoY performance in 9M FY2025, the overall performance of the industry will still remain range-bound with revenue growth for ICRA's sample set companies at ~4-5% and OPM of ~4.5-4.7% in FY2025. Overall, the impact of bird flu on the credit profile of the industry is expected to remain low, with estimated interest cover of ~4.4 times and total debt/ OPBDITA of ~2.8 times as on March 31, 2025, as against ~4.0 times and ~3.0 times, respectively, as on March 31, 2024.
- Current shortage in supply due to the reduction in broiler placements by the poultry farmers and higher mortality, owing to bird flu and sudden onset of heat, would lead to a demand-supply mismatch and thus an uptick in realisations from the later part of March 2025, which would positively impact the profitability of the players in Q1 FY2026, with OPM expectations of 5-6%.

AA+
AA
AA-
A+
A
A-
BBB+
BBB
BBB-
BB+
BB
BB-



B+
B
B-
CCC+
CCC
CCC-
CC
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ICRA ratings in the poultry industry

ICRA's rating distribution for poultry companies

Exhibit: Trend in upgrades and downgrades

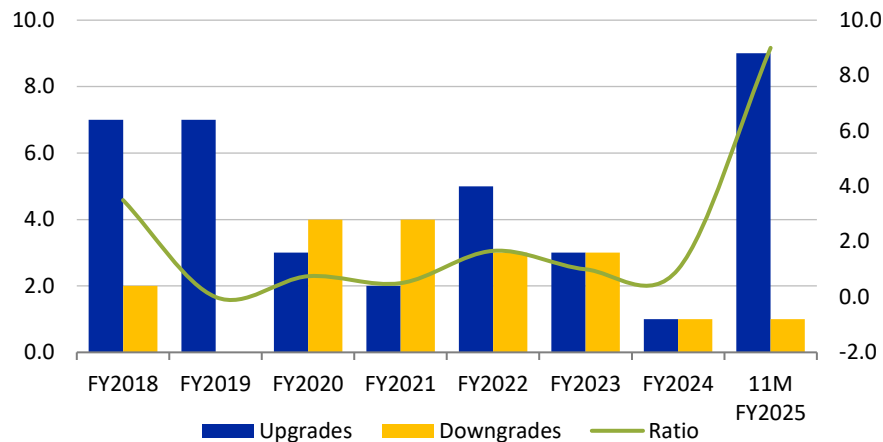
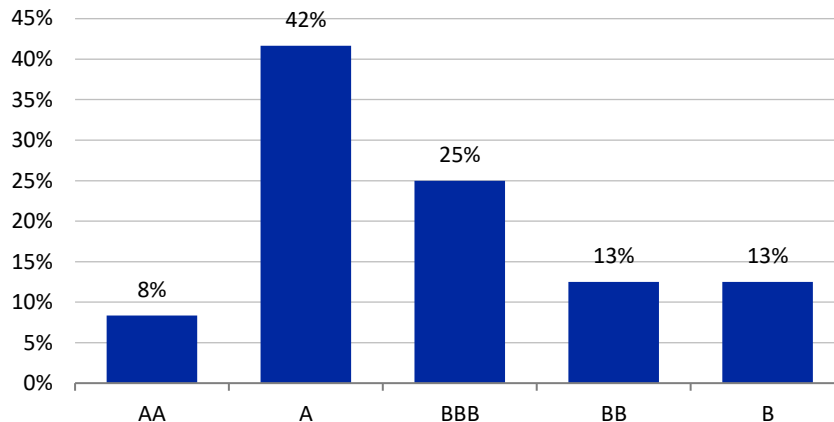


Exhibit: Rating distribution for ICRA-rated entities



ICRA rates 24 companies in the poultry industry, of which ~75% are rated in the investment grade.

Most entities in the investment grade are vertically integrated.

ICRA's credit ratio stood at 1 times in FY2023 as well as in FY2024. In 11M FY2025 there were 9 upgrades (1 group consisting 7 entities and another group consisting 2 entities) owing to improvement in the top line and earnings in FY2024 which are expected to sustain going forward. There was only one downgrade during 11M FY2025 due sustained weak performance which is expected to continue in FY2025.

List of ICRA-rated entities in the poultry industry

Company	Long-term Rating	Outlook	Short-term Rating
Abis Exports (India) Private Limited	[ICRA]AA-	Stable	[ICRA]A1+
Abis Proteins Private Limited	[ICRA]AA-	Stable	[ICRA]A1+
C. L. Enterprises Pvt. Ltd.	[ICRA]A+	Stable	[ICRA]A1
CPF (India) Private Limited	[ICRA]BB+	Negative	[ICRA]A4+
Galsi Commercial Farms LLP	[ICRA]A+	Stable	
Infinity Feeds Private Limited	[ICRA]A+	Stable	[ICRA]A1
Jamuna Hatcheries Private Limited	[ICRA]B+	Stable	
Jamuna Poultry Farm	[ICRA]B	Stable	
Japfa Comfeed India Private Limited	[ICRA]A-	Stable	[ICRA]A2+
Life Line Feeds India Pvt. Ltd.	[ICRA]BBB+	Stable	[ICRA]A2
Life Line Hatcheries	[ICRA]BBB+	Stable	
Premium Chick Feeds Pvt. Ltd.	[ICRA]BBB	Stable	[ICRA]A3+
Sandhya Layer Farm	[ICRA]BB-	Stable	
Shalimar Hatcheries Limited	[ICRA]A+	Stable	[ICRA]A1
Shalimar Pellet Feeds Limited	[ICRA]A+	Stable	[ICRA]A1
Siddhivinayak Poultry Breeding Farm & Hatcheries Pvt. Ltd.	[ICRA]BB	Stable	
Singh Poultry Private Limited	[ICRA]BBB-	Rating Watch with Positive Implications	
Sneha Farms Private Limited	[ICRA]A+	Rating Watch with Positive Implications	
Sneha Foods and Feeds Private Limited	[ICRA]A+	Rating Watch with Positive Implications	
Sona Vets Private Limited	[ICRA]A+	Stable	[ICRA]A1
Swami Chickens Private Limited	[ICRA]BBB-	Stable	
Swami Feeds Private Limited	[ICRA]BBB-	Stable	[ICRA]A3
Utkal Feeds Private Limited	[ICRA]A+	Stable	[ICRA]A1
Yojana Poultry Pvt. Ltd.	[ICRA]B+	Stable	[ICRA]A4

Source: ICRA Research



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Analytical Contact Details

Name	Designation	Email	Contact Number
Shamsher Dewan	Senior Vice-President and Group Head	shamsherd@icraindia.com	124 – 4545 328
Kinjal Shah	Senior Vice-President and Co-Group Head	kinjal.shah@icraindia.com	022 – 6114 3442
Sujoy Saha	Vice-President and Sector Head	sujoy.saha@icraindia.com	033 – 6521 6805
Sovanlal Biswas	Assistant Vice-President	sovanlal.biswas@icraindia.com	033 – 6521 6808
Sandipan Kumar Das	Assistant Vice-President	sandipan.das@icraindia.com	033 – 6521 6807





ICRA

Business Development and Media Contact Details

Name	Designation	Email	Contact Number
L Shivakumar	Chief Business Officer	shivakumar@icraindia.com	022-61693304
Neha Agarwal	Head – Research Sales	neha.agarwal@icraindia.com	022-61693338
Rohit Gupta	Head Business Development – Infrastructure Sector	rohitg@icraindia.com	0124-4545340
Vivek Bhalla	Head Business Development – Financial Sector	vivek.bhalla@icraindia.com	022-61693372
Vinita Baid	Head Business Development – Corporate Sector - West & East	vinita.baid@icraindia.com	033-71501131
Shivam Bhatia	Head Business Development – Corporate Sector - North & South	shivam.bhatia@icraindia.com	0124-4545803
Naznin Prodhani	Head - Group Corporate Communications & Media Relations	communications@icraindia.com	0124-4545860





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