

August 02, 2024

## Yojana Poultry Pvt. Ltd.: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund based/cash credit	4.35	8.89	[ICRA]B+ (Stable); reaffirmed
Long-term – Fund based/term loans	8.33	5.50	[ICRA]B+(Stable); reaffirmed
Long-term/short-term – Unallocated limits	5.54	3.83	[ICRA]B+ (Stable)/[ICRA]A4; reaffirmed
<b>Total</b>	<b>18.22</b>	<b>18.22</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings for Yojana Poultry Pvt. Ltd. (YPPL) remains constrained by its modest scale of operations with fluctuating profitability over the past five fiscals. YPPL's margins remain exposed to volatility in raw material prices, particularly maize and soya, due to agro-climatic conditions, international prices and demand from the poultry sector. Further, the company operates in a highly fragmented and competitive poultry sector which exerts pressure on its margins. YPPL is also exposed to the cyclical nature associated with the sector.

The ratings, however, continue to draw comfort from the extensive experience and established track record of YPPL's promoters in the poultry business. ICRA also notes the YPPL's established brand presence in the Pune region, and its low customer concentration risks, given the presence of multiple sales channels.

The Stable outlook on the long-term rating reflects ICRA's opinion that YPPL will continue to benefit from the extensive experience of its promoters and established brand presence in its key markets.

### Key rating drivers and their description

#### Credit strengths

**Extensive experience of promoters in the poultry sector** — YPPL has a long operational track record in the poultry business and continues to benefit from the extensive experience of its promoters, Mr. Laxman Bhosale and Mr. Vijendra Bhosale, have been in the poultry business for more than three decades.

**Established brand presence in Pune region ensuring revenue visibility** – The company has an established brand presence in the Pune region, which ensures revenue visibility. It markets its eggs under the brand 'Power Eggs'. YPPL receives 80-85% of its revenues from the sale of eggs.

**Sales booked through multiple sales channels leading to low customer concentration risks** — The company has established multiple sales channels over the years that, in turn, lowered its customer concentration. Sales take place from its company-owned shop in Yerawada (Pune) as well as through wholesalers. YPPL also sells to distributors who sell them to ~300 shops in and around Pune.

## Credit challenges

**Modest scale of operations limits benefits from economies of scale** — Despite posting consistent growth in recent years, YPPL's scale of operations remains modest, with an estimated top line of Rs. 115 crore in FY2024 (provisional) from Rs. 97 crore in FY2023, resulting in limited economies of scale. Going forward, the revenue growth is expected to remain modest as the company is already operating at full capacity.

**Highly fragmented and competitive industry exerts pressure on margins** – The Indian poultry industry is highly fragmented, with many small and medium-sized organised and unorganised players. Thus, the prevailing high competition limits YPPL's ability to command a premium on its product offerings, exerting pressure on its margins to an extent.

**Exposure to volatility in raw material prices could impact profitability** – The company's profitability is exposed to volatility in raw material prices i.e., soya and maize, that account for 85-90% of its total cost. The prices of these commodities are largely driven by agro-climatic conditions, international prices (which determine domestic supply), Government regulations and demand from the poultry sector. Given the limited ability of YPPL to pass on any price fluctuations in key raw materials, any adverse movement in raw material prices could impact its profitability metrics as was witnessed FY2023, when YPPL's margins declined to 3.8% because of higher feed costs. In FY2024, the margins improved to 5.1% with moderation in raw material prices. The company's margins going forward will remain exposed to fluctuations in raw material prices.

**Exposed to cyclical in poultry sector** – YPPL, operating in the poultry industry, is inherently exposed to the cyclical nature associated with the sector. Any slowdown in the industry or disease outbreaks could, therefore, impact the revenues as well as profitability of the company.

## Liquidity position: Stretched

YPPL's liquidity remains stretched with modest internal accrual generation and minimal cash balances. The working capital utilisation has remained relatively high. The company's debt repayment obligations stand at Rs. 2.1 - 2.3 crore per annum in FY2025 and FY2026. In FY2025, the company is likely to incur a capex of ~Rs. 14 crore, which if materialises, will entail an additional debt of Rs. 10.50 crore while the balance capex shall be funded through equity.

## Rating sensitivities

**Positive factors** – ICRA could upgrade YPPL's ratings if the company demonstrates improvement in revenues, operating profit margins and debt protection indicators on a sustained basis.

**Negative factors** – The ratings may be downgraded if there is any significant decline in revenues or profitability resulting in further stress in its liquidity position, or if the company undertakes any higher-than-anticipated debt-funded capex.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's standalone financials.

## About the company

Incorporated in 1998, YPPL is engaged in farming layer birds and selling eggs, birds, manure, medicine and feed. Egg sales generate 80-85% of YPPL's revenue. The company's corporate office is in Pune, Maharashtra, with most of its sales from the Pune region and surrounding territories. The company purchases day old chicks (DOCs) of layer birds from Venky's, which undergo brooding and laying stages. YPPL has commercial layer farms at Bhima, Ural and Malthan areas of Pune with a collective layer capacity of 4,75,000 birds and brooding capacity of 1,35,000 birds. The company has three feed mills, one each at its layer farms, with a production capacity of 30MT/hour. The eggs are also sold under the brand, 'Power Eggs', an established brand in and around Pune and Mumbai.

### Key financial indicators (audited)

Standalone	FY2023	FY2024*
Operating income	97.9	115.0
PAT	0.1	2.0
OPBDIT/OI	3.8%	5.1%
PAT/OI	0.1%	1.7%
Total outside liabilities/Tangible net worth (times)	2.3	1.5
Total debt/OPBDIT (times)	5.0	2.4
Interest coverage (times)	2.2	4.0

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA's calculations; Amounts 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

Instrument	Type	Current rating (FY2025)		Chronology of rating history for the past 3 years			
		Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024		Date & rating in FY2023	Date & rating in FY2022
			Aug 02, 2024	June 19, 2023	February 07, 2023	July 28, 2022	Apr 07, 2021
1 Cash credit	Long-term	8.89	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)
2 Term loan	Long-term	5.50	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)	[ICRA]B+ (Stable) ISSUER NOT COOPERATING	[ICRA]B+ (Stable)	[ICRA]B+ (Stable)
3 Unallocated limits	Long term/Short-term	3.83	[ICRA]B+ (Stable)/[ICRA]A4	[ICRA]B+ (Stable)/[ICRA]A4	[ICRA]B+(Stable)/[ICRA]A4 ISSUER NOT COOPERATING	[ICRA]B+ (Stable)/[ICRA]A4	[ICRA]B+ (Stable)/[ICRA]A4

### Complexity level of the rated instruments

Instrument	Complexity Indicator
Long term – Cash credit	Simple
Long term – Term loan	Simple

---

**Long Term / Short Term – Unallocated limits**

**NA**

---

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	Long term – Cash credit	NA	NA	NA	8.89	[ICRA]B+ (Stable)
NA	Long term – Term loan	FY2019- FY2021	9.35-10.10%	FY2024- FY2026	5.50	[ICRA]B+ (Stable)
NA	Long Term / Short Term – Unallocated limits	NA	NA	NA	3.83	[ICRA]B+ (Stable)/ [ICRA]A4

Source: Company

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

## ANALYST CONTACTS

**Shamsher Dewan**  
+91 124 4545328  
[shamsherd@icraindia.com](mailto:shamsherd@icraindia.com)

**Kinjal Shah**  
+91 22 6114 3442  
[kinjal.shah@icraindia.com](mailto:kinjal.shah@icraindia.com)

**Deepak Jotwani**  
+91 124 4545870  
[deepak.jotwani@icraindia.com](mailto:deepak.jotwani@icraindia.com)

**Aruna Ganesh**  
+91 22 6169 3368  
[aruna.ganesh@icraindia.com](mailto:aruna.ganesh@icraindia.com)

## RELATIONSHIP CONTACT

**L. Shivakumar**  
+91 22 6114 3406  
[shivakumar@icraindia.com](mailto:shivakumar@icraindia.com)

## MEDIA AND PUBLIC RELATIONS CONTACT

**Ms. Naznin Prodhani**  
Tel: +91 124 4545 860  
[communications@icraindia.com](mailto:communications@icraindia.com)

## Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)  
[info@icraindia.com](mailto:info@icraindia.com)

## About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit [www.icra.in](http://www.icra.in)

## ICRA Limited



### Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



### Branches



© Copyright, 2024 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website [www.icra.in](http://www.icra.in) or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.