July 23, 2025

Singh Poultry Private Limited: Ratings upgraded and removed from Watch with Positive Implications; Stable outlook assigned; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long Term - Fund based - Cash Credit	8.25	8.25	[ICRA]AA-(Stable); upgraded from [ICRA]BBB- and removed from watch with positive implication; Stable outlook assigned
Long Term - Fund based – Term Loan	6.80	12.23	[ICRA]AA-(Stable); upgraded from [ICRA]BBB- and removed from watch with positive implication; Stable outlook assigned; and assigned for enhanced limits
Long Term - Unallocated	4.95	14.52	[ICRA]AA-(Stable); upgraded from [ICRA]BBB- and removed from watch with positive implication; Stable outlook assigned; and assigned for enhanced limits
Total	**20.00**	**35.00**	

**Instrument details are provided in Annexure-1*

Rationale

For arriving at the rating, ICRA considers the consolidated view of Sneha Farms Private Limited (SFPL) and its two wholly-owned subsidiaries (together referred to as Sneha Group (SG)) - Sneha Gold Proteins Private Limited (SGPPL) and Singh Poultry Private Limited (SPPL), given the strong integration of their operations and financial linkages with parent, and common management. ICRA had earlier considered the consolidated financials of SFPL, Sneha Foods and Feeds Private Limited (SFFPL), SGPPL and SPPL while arriving at the rating. The revision in approach considers the established track record of integration of SPPL's operations with its parent, SFPL, wherein 100% of its sales are to SFPL, along with the established financial linkages and common management. SPPL was acquired by SFPL towards the end of FY2024. SGPPL is expected to commence its operations in October 2025, following which it would act as a captive supplier of soya de-oiled cake (soya DoC) to SFPL, indicating better visibility on integration of operations with its parent, SFPL. SGPPL was established as a separate entity to avail the benefits of the incentive schemes from the Maharashtra Government. These two wholly-owned subsidiaries, according to SFPL, will be acting as extended arms of SFPL.

In May 2024, ICRA had placed the company's rating on Watch with Positive Implications following definitive agreement entered by SFPL with Mitsui & Co. (Mitsui), a Japanese-based food chain company in March 2024 to acquire a 25.01% stake in SFPL through primary and secondary issue of shares.

The transaction has been completed, and the rating upgrade considers the improvement in credit profile following the equity infusion of Rs. 1,118 crore in SFPL by Mitsui & Co. (Mitsui), Japan, which acquired a 25.01% stake in the company in January 2025. The equity infusion has supported the company in reducing its debt levels, primarily working capital borrowings, to Rs. 727.3 crore as on March 31, 2025, from Rs. 1,289.0 crore as on March 31, 2024. The Group is expected to achieve double-digit revenue growth, and its margin is likely to improve because of deeper backward integration. This apart, strategic investment from Mitsui would provide access to global markets leading to an improved share of revenues from margin-accretive ready-to-eat and ready-to-cook segments over the medium to long term.

The rating also factors the Group's presence of over three decades in the broiler poultry segment and its market leadership position in the Telangana and Andhra Pradesh markets. ICRA also notes the Group's integrated nature of operations with presence across various stages of the value chain, including manufacturing of animal feeds, breeder farming, hatchery, broiler farming, layer farming, chicken processing, soya and rice bran oil extraction and refining, which strengthen the competitive position of the Group. The Group derives significant benefits from forward integration initiatives wherein it derives material share of revenues from the processed meat segment and a sizeable proportion of its broiler sales is supplied through its own channels including its own retail shops, and a strong dealer network.

The company's revenues witnessed a healthy growth of 16.4% to Rs. 5,925.4 crore in FY2025 on the back of strong volume growth in the broiler segment, which accounted for around 73% of revenues. However, the company's broiler realisations declined as a temporary surge in supply impacted prices in a few months, while outbreak of bird flu in February and March 2025 affected placements and realisations in Q4 FY2025. Decline in realisations and increase in feed conversion ratio owing to high mortality of broilers resulted in a decline in the company's operating margin to 4.5% in FY2025 from 9.7% in FY2024. However, realisations improved in Q1 FY2026; improved realisation, coupled with lower cost of production with decline in broiler day-old-chick prices, is expected to improve the operating margin to 9-10% in FY2026. The decline in margins moderated the company's debt metrics in FY2025 despite a reduction in debt levels, with Total Debt/OPBITDA increasing to 2.7 times (2.6 times for FY2024) and DSCR declining to 1.2 times (2.4 times in FY2024). However, improved scale and recovery in margins is expected to improve its debt metrics, despite the planned dividend payouts, with Total Debt/OPBITDA projected by ICRA at 1.5 times in FY2026.

The rating is constrained by volatility of margins inherent to the poultry sector. The earnings are susceptible to highly volatile feed prices, which are dependent on agro-climatic conditions (maize and soya being the main raw materials for poultry feed manufacturing), international prices and Government interventions in terms of setting the minimum selling prices (MSPs) and export-import policies. Moreover, its margins are susceptible to the volatility in broiler realisations due to the seasonal nature of the demand-supply of poultry products in India, which has a significant bearing on the profitability of all integrators, including the Sneha Group. However, ICRA notes that SG's forward integration, stocking up of raw materials during harvest season led to lower volatility and better margins for SG than players focused on broilers.

The Group is also exposed to the industry risk of disease outbreaks (bird flu), which is further exacerbated by the concentration of revenues in the Telangana and Andhra Pradesh markets. However, ICRA notes that the company is scaling up its operations in Karnataka and expanding its presence to new markets such as Tamil Nadu and Maharashtra, which would reduce its geographic concentration over the medium term. Moreover, ICRA takes note of various bio-security measures adopted by the Group over the years, which limits the disease outbreaks.

ICRA also notes the sizeable debt-funded capex planned by the Group over the next two years. Execution of the capex within the budgeted cost and timeframe along with timely ramp-up of operations will remain critical.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will record a healthy growth in revenues and earnings aided by healthy demand, capacity expansion, and deeper vertical integration, while maintaining leverage metrics commensurate with the rating.

Key rating drivers and their description

Credit strengths

Strong brand position of the company in Telangana and Andhra Pradesh markets; established operational track record in poultry business - SG has an established operational track record of over three decades. In terms of geographical revenue mix, it is present in only three states, Karnataka, Andhra Pradesh and Telangana. It enjoys a market leadership position in Andhra Pradesh and Telangana, with a healthy market share in Telangana and is a prominent retail brand in the region. Its dominant market share in these areas enables it to charge a premium on broiler prices, protecting margins to an extent. Proximity of farms to hatcheries, feed mills, and processing plant allows the Group to monitor its farms more closely, prevent pilferage and reduce production costs.

Well-integrated presence across value chain and significant forward integration help in better pricing - The Group has an integrated nature of operations across various stages of the poultry value chain, including manufacturing of animal feed, breeder farming, hatchery, broiler farming, layer farming, chicken processing, soya and rice bran oil extraction and refining. Further, it derives significant benefits from forward integration initiatives, utilising a sizeable portion of its broiler production in its processing plant, and routing broiler sales through own retail shops and its strong dealer network. These factors strengthen the Group's competitive position, as reflected in a marked improvement in the overall scale of operations over the years and a favourable cost structure.

Improved financial profile backed by equity infusion – The company's operating margins have remained healthy and relatively less volatile than other players in the industry in the past. SG's margins contracted to 4.5% in FY2025 from 9.7% in FY2024 owing to decrease in realisations as temporary surge in supply impacted prices in a few months, and outbreak of bird flu in February and March 2025 affecting placements and realisations in Q4 FY2025. Nevertheless, the Group's margins are expected to improve to 9-10% in FY2026, supported by improved realisations coupled with lower cost of production with decline in broiler day-old-chick prices and benefits of operating leverage from increased scale. SG's total debt declined to Rs. 727.3 crore as on March 31, 2025, from Rs. 1,289.0 crore as on March 31, 2024, on the back of equity infusion Rs. 1,118.0 crore from Mitsui, leading to an improvement in gearing to 0.3 times (0.8 times as on March 31, 2024). While TD/OPBIDTA moderated to 2.7 times in FY2025 from 2.6 times in FY2024 owing to decrease in OPBIDTA, the same is expected to improve to 1.5 times in FY2026 with expected healthy margins.

Credit challenges

Profit margins vulnerable to price volatility and raw material price fluctuations - The major raw materials required for poultry feed are maize and soya de-oiled cake. SG procures soya de-oiled cake from the promoter-owned entity, SFFPL. The prices of raw materials (maize and soya seeds) remain volatile due to fluctuations in domestic production caused by agro-climatic conditions, international prices, Government regulations and demand from the animal husbandry and automobile (maize for ethanol blending) sectors. The Group's profitability, like other entities in the poultry business, will remain vulnerable to movements in feed prices. Further, volatility in broiler realisations, due to the seasonal nature of the demand and supply of poultry products in India, impacts the profitability of all integrators. However, forward integration and stocking up of raw materials during harvesting season have aided SG in recording healthy operating margins even in periods of stress in the industry.

Inherent risk in poultry business, exacerbated by revenue concentration in Telangana and Andhra Pradesh - The Group, like other entities in the poultry and related businesses, is exposed to the inherent industry risk of disease outbreaks (bird flu or avian influenza) which are exacerbated by the concentration of revenues (over 90% of revenues) in Telangana and Andhra Pradesh. However, ICRA notes that the company has taken several measures, such as having breeder farms with a capacity not exceeding 30,000 birds to ensure that any disease outbreak at a farm is contained and impacts a minimum proportion of its overall capacity, to mitigate the risk to an extent. Geographic concentration also exposes the company to the risks of demand slowdown or supply overhang in the region, which would adversely affect the company's realisations.

Sizeable capex plans in the near term - SG is expected to incur a sizeable capex of over Rs. 400-550 crore per annum over the next three years towards multiple projects including feed mills, breeder farms, soya extraction plant, maize silos, and processing plant. The capex would be partly funded through debt. Completion of the capex within budgeted cost without any time overruns, and successful ramp-up of the new capacity remain critical for improvement in the company's revenues and earnings.

Liquidity position: Adequate

The Group's liquidity position is adequate as indicated by cash balance of Rs. 59.7 crore and undrawn working capital lines of credit of Rs. 830-850 crore as on March 31, 2025, along with expected retained cash flows of Rs. 150-200 crore over the next 12 months. The company has repayment obligations of Rs. 70-80.0 crore and capex plans of Rs. 500-550 crore, which would be funded through a mix of debt and internal accruals. The Group had sanctioned and undrawn a term debt of around Rs. 170 crore as on March 31, 2025.

Rating sensitivities

Positive factors – ICRA could upgrade the company's rating, if it diversifies its geography mix while recording sustained growth in revenues and maintaining healthy margins, leading to an improvement in capital structure and debt protection metrics, and strengthening its liquidity profile

Negative factors – Pressure on the rating may stem from any sharp deterioration in revenue or earnings or weakening of the liquidity position, on a sustained basis. Specific credit metrics that may lead to a rating downgrade include TD/OPBITDA higher than 1.5 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology Edible Oil
Parent/Group support	Not applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has taken a consolidated view of SFPL, SGPPL and SPPL, given their significant operational and financial linkages, and common management.

About the company

The Sneha Group was established in 1982 as Ram Reddy Chicken Market, before being rebranded as Sneha Farms Private Limited (SFPL) in 1994. The flagship entity is involved in poultry farming, poultry breeding, broiler chicken production, hatching of eggs, frozen chicken, commercial layer farming and manufacture of poultry feed. SFPL sources soya de-oiled cake from its promoter-owned entity, Sneha Foods and Feeds Private Limited (SFFPL), in which it holds a stake of 8.3%.

In 2022, Sneha Gold Proteins Private Limited (SGPPL) was incorporated as a 100% subsidiary of SFPL to manufacture soya oil by constructing a soya SEP and a soya refinery with installed production capacities of 800 TPD and 150 TPD, respectively. In FY2024, the Sneha Group acquired Singh Poultry Private Limited, which has an installed capacity of one lakh breeder birds, for a consideration of Rs. 50.0 crore (funded through a mix of term debt and internal accruals).

Key financial indicators (audited)

Consolidated	FY2024	FY2025*
Operating income	5,089.1	5,925.4
PAT	233.9	65.1
OPBDIT/OI	9.7%	4.5%
PAT/OI	4.6%	1.1%
Total outside liabilities/Tangible net worth (times)	1.0	0.4
Total debt/OPBDIT (times)	2.6	2.7
Interest coverage (times)	5.3	2.8

*Source: Company, ICRA Research; Amounts in Rs. crore; *Provisional*

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)	Jul 23, 2025	Date	Rating	Date	Rating	Date	Rating
Fund based–Cash Credit	Long-term	8.25	[ICRA]AA- (Stable)	31-May-2024	[ICRA]BBB-; Rating Watch with Positive Implications	27-Oct-2023	[ICRA]BBB- (Stable)	-	-
Fund based–Term Loans	Long-term	12.23	[ICRA]AA- (Stable)	31-May-2024	[ICRA]BBB-; Rating Watch with Positive Implications	27-Oct-2023	[ICRA]BBB- (Stable)	-	-
Unallocated	Long-term	14.52	[ICRA]AA- (Stable)	31-May-2024	[ICRA]BBB-; Rating Watch with Positive Implications	22-Jan-2024	[ICRA]BBB- (Stable)	-	-

Complexity level of the rated instrument

Instrument	Complexity indicator
Long Term- Fund based- Cash Credit	Simple
Long Term- Fund based- Term Loan	Simple
Long Term - Unallocated	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/ Sanction	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Long Term- Fund based- Cash Credit	NA	NA	NA	8.25	[ICRA]AA- (Stable)
NA	Long Term- Fund based- Term Loan	FY2023	NA	FY2029	12.23	[ICRA]AA- (Stable)
NA	Long Term - Unallocated	NA	NA	NA	14.52	[ICRA]AA- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA]

Annexure II: List of entities considered for consolidated analysis:

Company Name	Ownership	Consolidation Approach
Sneha Farms Private Limited (SFPL)	Parent entity	Full Consolidation
Sneha Gold Proteins Private Limited (SGPPL)	100% stake held by SFPL	Full Consolidation
Singh Poultry Private Limited (SPPL)	Rated entity (100% stake held by SFPL)	Full Consolidation

Source: Company

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