

December 11, 2025

Swami Feeds Private Limited: Ratings reaffirmed and outlook revised to Positive; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term - Cash credit	135.00	130.00	[ICRA]BBB- (Positive); reaffirmed and outlook revised to Positive from Stable
Long-term - Term loan	55.78	77.07	[ICRA]BBB- (Positive); reaffirmed and outlook revised to Positive from Stable; assigned for enhanced amount
Short-term – Unallocated limits	0.22	8.93	[ICRA]A3; reaffirmed and assigned for enhanced amount
Total	191.00	216.00	

*Instrument details are provided in Annexure I

Rationale

For arriving at the ratings, ICRA has considered the consolidated business and financial risk profiles of Swami Feeds Private Limited (SFPL) and Swami Chickens Private Limited (SCPL), referred to as the Swami Group (SG), given the close business, financial and managerial linkages among them.

The revision in the outlook on the long-term rating of the Swami Group considers the increase in the scale of operations and operating margins in FY2025, and expectation that the same would sustain over the medium term, aided by the capacities being added by the Group. The ratings remain supported by the experience of the promoters in the poultry business spanning over three decades and favourable demand prospects of the organised poultry sector. The ratings also consider the Swami Group's integrated nature of operations with presence across various stages of the value chain, including manufacturing of poultry feed, breeder farming, hatchery, broiler farming (through contract farming), and chicken processing, which strengthens its competitive position in the poultry industry. The operating income of the Swami Group increased by around 7% on a YoY basis to Rs. 1,105.9 crore in FY2025, with a rise in sales volume. Further, backward integrated nature of operations with presence in feed manufacturing and better margins received from chicken processing operations supported a 164-bps improvement in the operating margin on a YoY basis to 7.5% in FY2025 and is likely to remain healthy over the medium term. With an increase in the operating margin, the interest coverage ratio for the Swami Group improved to 5.7 times in FY2025 from 5.2 times in FY2024. Although some moderation is expected in the near-to-medium term due to the ongoing debt-funded capex towards setting up of new breeder farms in FY2026, the same is expected to remain healthy.

The ratings, however, remain constrained by the Swami Group's exposure to high geographical concentration risk as it derived around 84% of its revenues from Tamil Nadu in FY2025 and the balance from other southern states. The ratings also remain constrained by the proposed large debt-funded capital expenditure of Rs. 150-160 crore, planned over FY2026 and FY2027, which is likely to moderate the coverage indicators and exposes the entity's operations to project and stabilisation risks. ICRA also notes the withdrawal of loans from related parties for around Rs. 24.4 crore in FY2025 and any further repayment of loan to related parties would remain a key monitorable. The ratings also remain constrained as the Swami Group's margins are susceptible to volatility in broiler realisations and raw material prices. Broiler prices are often volatile due to seasonal demand and external influences. Moreover, the prices of key raw materials such as soya de-oiled cakes, day-old chick (DOC), and maize

depend on the agro-climatic conditions, international prices, and the Government policies in relation to the minimum selling prices (MSP), export-import norms among others, resulting in volatility in the Swami Group's margins over the past few fiscals. The Swami Group, like other entities in the poultry and related businesses, is also exposed to the inherent industry risk of disease outbreak (bird flu).

Key rating drivers and their description

Credit strengths

Established operational track record – Incorporated in 1997, the Swami Group has been involved in the poultry business for more than three decades. Over the years, the Group has expanded its operations across the poultry value chain.

Long experience of promoters in the poultry business – The Swami Group was established by Mr. P. Muthusamy (Managing Director), and the promoters of the Swami Group have been involved in the poultry business for more than three decades. Long experience of the promoters has fostered a strong understanding of the local market dynamics and healthy relationships with customers and suppliers.

Integrated nature of operations – The Swami Group operates across various stages of the poultry value chain, including manufacturing of poultry feed, breeder farming, hatchery, broiler farming (through contract farming), and chicken processing, enabling them to have an integrated nature of operations. The main raw material required in poultry farms is poultry feed, which accounts for the major cost, with others being the cost of DOC, medicines, etc. The Swami Group meets its entire poultry feed requirement internally, which allows it to have better control over quality, availability, and cost of feed. Further, the Swami Group's presence in chicken processing provides the benefits of forward integration. SFPL has 11 breeding farms with a capacity to raise 6 lakh birds per year. Additionally, it has three feed mills, three hatcheries, and undertakes broiler rearing through contract farmers spread across Tamil Nadu and Andhra Pradesh. SCPL has a capacity of processing 1,200 MT of finished chilled and frozen chicken per month and is in the process of setting up three new breeder farms, which are expected to commence its operations by the end of FY2026.

Credit challenges

Large debt-funded capital expenditure coupled with loan prepayments impacts liquidity profile – The Swami Group has undertaken large debt-funded capital expenditure over the last three fiscals. Further, the Group has proposed a debt-funded capital expenditure for Rs. 150-160 crore, planned over FY2026 and FY2027, mainly towards setting up three new breeder farms, increasing the chicken processing capacity in SCPL, installing a windmill and setting up a godown. This capex is to be funded through a term loan of around Rs. 110 crore and the balance through internal accruals. Further in FY2025, in addition to the bank term loan repayments, the Group has repaid loans from related parties worth Rs. 24.4 crore. This has affected the liquidity profile of the Group in FY2025 and resulted in an increase in working capital borrowings. The promoters have also given an undertaking that no further promoter loans would be withdrawn from the business. Further the aforesaid capex planned in FY2026 and FY2027 is likely to result in a moderation in the Group's coverage indicators in the near term. However, with expected repayment of term loans, the Group's coverage indicators are expected to improve over the medium term.

Exposed to geographical concentration risk – The Swami Group derived around 84% of its operating income from Tamil Nadu in FY2025. The major portion of broiler chicken sales is derived from Tamil Nadu, and income from the sale of processed chicken is received from Karnataka, Tamil Nadu and Kerala. Going forward, South India is expected to be the key market for the Swami Group, exposing its operations to high geographical concentration risk.

Margins susceptible to broiler realisations and raw material price fluctuations; exposed to inherent industry risk of disease outbreak – In the poultry industry, the prices of key raw materials such as maize, soya de-oiled cakes and DOC remain volatile on the back of fluctuation in domestic production owing to agro-climatic conditions, international prices, Government

regulations, and demand from the animal husbandry sector, which is susceptible to seasonality. The Swami Group’s profitability, like other entities in the poultry sector, will remain vulnerable to the movement in raw material prices. Further, volatility in broiler realisations, due to the seasonal nature of demand/supply of poultry products in India, has a bearing on the profitability of all integrators. ICRA notes that the Swami Group’s margins have been volatile in the past and its OPM stood in the range of 2.0% to 7.5% between FY2022 and FY2025. The Swami Group, like other entities in the poultry industry, is also exposed to the inherent industry risk of disease outbreak (bird flu). However, ICRA considers various bio-security measures adopted over the years that have helped mitigate the risk to an extent.

Liquidity position: Adequate

The liquidity position of the Swami Group is expected to remain adequate, supported by expected cash flow from operations of Rs. 40-45 crore in FY2026, cash and cash equivalents of Rs. 6.2 crore, and unutilised working capital limits of Rs. 6.0 crore as of March 31, 2025. Its average working capital utilisation stood at around 85% on the sanctioned lines of Rs. 145.0 crore during the 12-month period ending in September 2025. In addition to the above, SFPL has received an enhancement of Rs. 25.0 crore within its working capital limits in October 2025. Further, the Group is expected to incur a capex of Rs. 150-160 crore over the next two fiscals funded through a term loan from banks for around Rs. 110 crore, unsecured loans from promoters and internal accruals. Against these sources of funds, the entity has a term loan repayment obligation of around Rs. 13 crore in FY2026 and around Rs. 25 crore in FY2027. The liquidity of the Swami Group continues to be supported by unsecured loans from the promoters worth Rs. 16.2 crore as on March 31, 2025 (reduced from Rs. 40.6 crore as on March 31, 2024) and comfort derived from willingness of promoters to bring in funds when required. Any further reduction in unsecured loans from promoters would remain a key monitorable.

Rating sensitivities

Positive factors – ICRA could upgrade the Group’s ratings if there is a sustained improvement in the liquidity position, backed by an increase in earnings.

Negative factors – ICRA could revise the outlook to Stable or downgrade the ratings if there is a significant deterioration in earnings or any large unanticipated debt-funded capital expenditure undertaken by the group that exerts pressure on its liquidity or impacts its coverage metrics. Specific metrics that could lead to ratings downgrade include an interest coverage of less than 2.8 times on a sustained basis.

Analytical approach

Analytical approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	For arriving at the ratings, ICRA has consolidated the business and financial risk profiles of SCPL and SFPL (collectively referred to as the Group), owing to common management and strong operational and financial linkages between them. Details are enlisted in Annexure-II

About the company

SFPL, based out of Tamil Nadu, is an integrated poultry player in India. The company started operations in 1997 and has expanded and diversified over the years. It is present across various avenues of poultry and related businesses, viz. breeder farming, hatching, broiler farming through contract farmers, and poultry feed manufacturing (almost entirely captively consumed). It has eleven breeder farms of which nine are in Hosur and two are in Mulanur. It has three hatcheries, one in

Hosur and the other two in Mulanur. Its three feed mills are situated near the head office in Mulanur, Tamil Nadu. SFPL holds a 14.3% stake in SCPL as on March 31, 2025.

SCPL was incorporated in 2010 and commenced operations in March 2022. It is involved in processing and marketing of chicken meat. It has a processing capacity of 3,000 birds per hour. It markets chicken under the brand, Swa Fresh. SCPL's entire live bird requirement is met from SFPL. SCPL holds a 6.9% stake in SFPL as on March 31, 2025.

Key financial indicators (audited)

Consolidated	FY2024	FY2025	6M FY2026*
Operating income	1,032.6	1,105.9	640.7
PAT	23.5	38.5	NA
OPBDIT/OI	5.8%	7.5%	7.0%
PAT/OI	2.3%	3.5%	NA
Total outside liabilities/Tangible net worth (times)	1.9	1.4	NA
Total debt/OPBDIT (times)	3.8	2.7	NA
Interest coverage (times)	5.2	5.7	5.6

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Standalone – SFPL	FY2024	FY2025	6M FY2026*
Operating income (Rs. crore)	967.5	1,039.3	530.9
PAT (Rs. crore)	20.0	29.2	-
OPBDIT/OI	5.1%	6.1%	6.2%
PAT/OI	2.1%	2.8%	-
Total outside liabilities/Tangible net worth (times)	1.8	1.4	-
Total debt/OPBDIT (times)	3.6	2.8	-
Interest coverage (times)	4.8	5.0	4.5

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

Current rating (FY2026)				Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs crore)	December 11, 2025	Date	Rating	Date	Rating	Date	Rating
Fund-based-cash credit	Long Term	130.00	[ICRA]BBB-(Positive)	Mar 28, 2025	[ICRA]BBB-(Stable)	Feb 15, 2024	[ICRA]BBB-(Stable)	-	-
				Sept 27, 2024	[ICRA]BBB-(Stable)	Jun 05, 2023	[ICRA]BBB-(Stable)	-	-
Fund-based-term loan	Long Term	77.07	[ICRA]BBB-(Positive)	Mar 28, 2025	[ICRA]BBB-(Stable)	Feb 15, 2024	[ICRA]BBB-(Stable)	-	-
				Sept 27, 2024	[ICRA]BBB-(Stable)	Jun 05, 2023	[ICRA]BBB-(Stable)	-	-
Unallocated limits	Short Term	8.93	[ICRA]A3	Mar 28, 2025	[ICRA]A3	Feb 15, 2024	[ICRA]A3	-	-
				Sept 27, 2024	[ICRA]A3	Jun 05, 2023	[ICRA]A3	-	-

Complexity level of the rated instruments

Instrument	Complexity indicator
Cash Credit	Simple
Term Loan	Simple
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	Cash Credit	NA	NA	NA	130.00	[ICRA]BBB- (Positive)
NA	Term Loans- 1	FY2022	NA	FY2029	18.37	[ICRA]BBB- (Positive)
NA	Term Loans -2	FY2024	NA	FY2030	16.00	[ICRA]BBB- (Positive)
NA	Term Loans -3	FY2024	NA	FY2032	15.00	[ICRA]BBB- (Positive)
NA	Term Loans -4	FY2026	NA	FY2033	20.70	[ICRA]BBB- (Positive)
NA	Term Loans -5	FY2025	NA	FY2039	7.00	[ICRA]BBB- (Positive)
NA	Unallocated Limits	NA	NA	NA	8.93	[ICRA]A3

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
Swami Chickens Private Limited	14.3%	Full Consolidation

Source: Company

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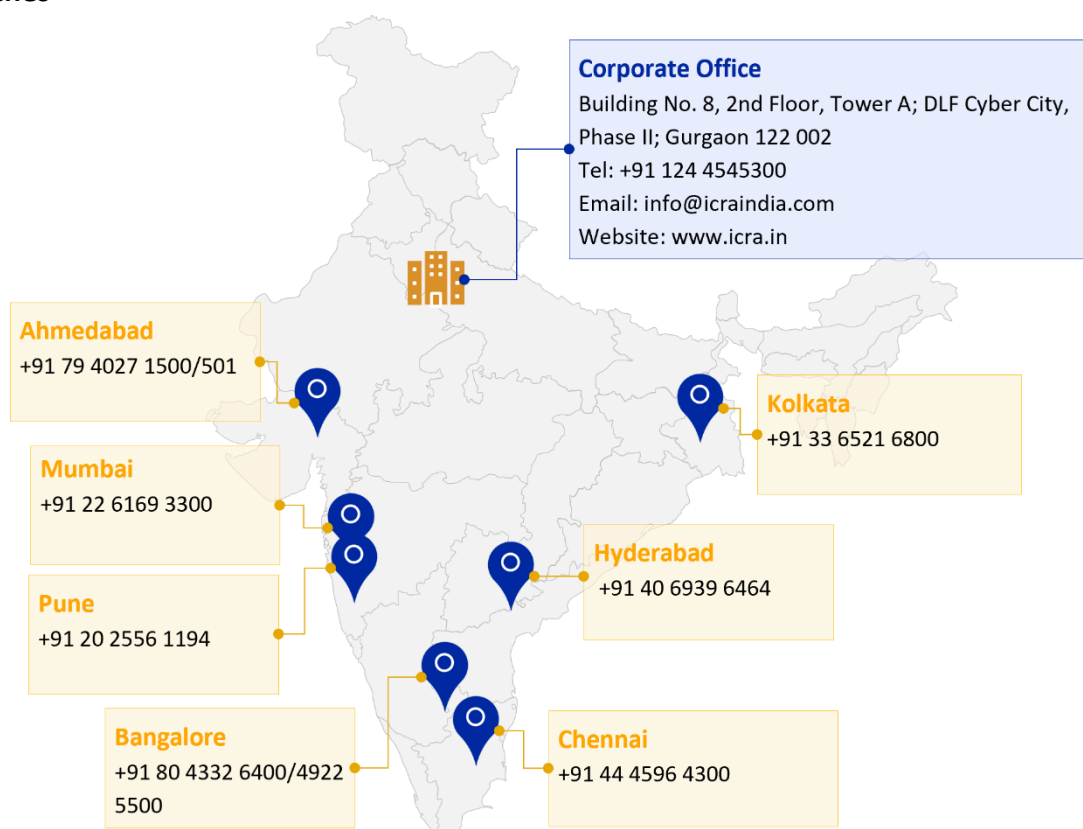
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