

March 03, 2026

Life line Hatcheries: Rating reaffirmed

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term-Fund-based-Term loan	29.50	29.50	[ICRA]BBB+ (Stable); Reaffirmed
Total	29.50	29.50	

*Instrument details are provided in Annexure-I

Rationale

While assigning the rating, ICRA has taken a consolidated view of Life Line Feeds India Pvt. Ltd. (LLF) and Life Line Hatcheries (LLH), collectively referred to as the Group, given their operational synergies, financial linkages, common promoters and the corporate guarantee extended by LLF to LLH.

The ratings continue to factor in the Group's healthy and diversified revenue streams across both retail and institutional channels, supported by its integrated operations and consistent capex initiatives, including backward integration into soya extrusion. Its integrated business model, spanning breeder farms, hatcheries, contract farming, chicken processing and retail, enables the Group to streamline operations and remain aligned with evolving industry trends. ICRA also takes comfort from the extensive experience of the promoters in the poultry industry and the Group's established relationships with clients and local farmers. The Group enjoys a strong market share in Chikmagalur, Karnataka, which, along with a healthy institutional customer base, has resulted in healthy revenue growth at a CAGR of around 10% over the last five years ending FY2025.

The Group recorded revenue growth of around 9% in FY2025 and 19.2% in 9M FY2026, aided by strong growth in processed and frozen meat sales. Revenue growth is expected to remain healthy at 18-22% in FY2026 and 8-10% in FY2027, aided by continued demand and capacity additions. The company's operating margins are expected to remain healthy at 13-15% going forward, aided by a sizeable revenue contribution from the high-margin processed meat segment and backward integration. Going forward, sustained growth in scale and earnings is expected to strengthen the Group's financial profile, reflected in estimated total debt/OPBITDA of less than 2.0 times and a DSCR of over 2.3 times over the near to medium term.

The ratings are, however, constrained by the susceptibility of the Group's earnings to fluctuations in realisations and cost of production, largely driven by movements in the prices of key raw materials, soya bean and maize. Any adverse development or disease outbreak may adversely impact overall production levels. ICRA also notes the working capital-intensive nature of operations, accentuated by inherent volatility in raw material prices and the limited shelf life of the Group's products. Nevertheless, the Group has flexibility in converting its live birds into processed or frozen meat with a higher shelf life. The rating also considers the high geographical concentration risk, as the entire operation is limited to and around the Chikmagalur district of Karnataka.

The Stable outlook on the long-term rating reflects ICRA's expectation that the Group's overall scale will continue to grow, and its enhanced integration will help improve its earnings and debt metrics.

Key rating drivers and their description

Credit strengths

Experienced promoters with established relationships with stakeholders– The Group benefits from more than three decades of experience of its promoter in the poultry industry. The Group and its promoters enjoy goodwill among local farmers and

customers in and around the district of Chikmagalur. The Group also enjoys established relationships with its institutional clients in Karnataka, Goa, Tamil Nadu and Kerala.

Integrated poultry operations with diverse product mix – The Group’s operations are vertically integrated, encompassing segments from parent bird breeding and hatchery to processing and retailing. Thus, the Group has a diverse product mix, with revenues derived from live birds, processed and frozen chicken (which together accounted for around 80% of its total revenue in FY2025 compared with 81% in FY2024), poultry feed, hatchable eggs, breeder birds, etc. Sales and distribution are supported by an established retail network and institutional sales channels in Chikmagalur, nearby states and the export market (Bhutan). Moreover, the Group derives a healthy share of sales from the processed and frozen chicken segment (around 50% in FY2025), which commands higher margins.

Healthy financial profile – The Group’s financial profile has improved, with operating margins increasing to 14.5% in FY2025 from 13.3% in FY2024, despite fluctuations in bird realisations caused by market oversupply and the impact of bird flu. This improvement was driven by the Group’s focus on cost optimisation and backward integration, which helped enhance feed conversion ratios (FCR). Debt metrics also improved with the increase in scale and earnings. Total debt/OPBDITA improved to 2.8 times in FY2025 from 3.2 times in FY2024; DSCR improved to 2.2 times from 1.8 times; and the interest coverage ratio remained healthy at 4.9 times in FY2025. Its financial profile is expected to remain healthy going forward, given the anticipated healthy growth and likely sustenance of healthy margins.

Credit challenges

Exposed to high geographical concentration risk – The vertically integrated operations of the Group are largely concentrated in Chikmagalur and its nearby districts in Karnataka. While ICRA notes that the Group enjoys a strong market position in the region, any adverse natural events or any disease outbreaks in the region, will impact the Group’s operations.

Margins remain exposed to volatile feed prices – Feed cost in the poultry sector is one of the key cost components and constitutes around 70% of the total cost of production. The primary raw materials for feed are soya de-oiled cake (DOC) and maize. The prices of raw materials (maize and soya seeds) remain volatile on account of fluctuations 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 Group’s profitability, like that of 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 demand and supply of poultry products in India, has a bearing on the profitability of all integrators. However, flexibility in conversion into processed meat and stocking up of raw materials during the harvesting season aided the Group in recording healthy operating margins even during periods of stress in the industry.

Working capital intensive operations, led by high inventory levels – The operations of the company are working capital intensive, owing to elevated inventory levels which increased to 146 days as on March 31, 2025 from 134 days as on March 31, 2024. The company’s inventory requirements vary in line with the procurement and processing season of its commodities, i.e., soya bean and maize. Moreover, the soya extrusion plant has also necessitated high working capital requirements in the recent years.

Inherent risks in poultry business –The poultry industry is exposed to diseases such as avian influenza (bird flu) outbreaks and has also demonstrated cyclical and seasonality. Further, the poultry industry is fragmented, with intense competition leading to pressure on pricing and margins.

Liquidity position: Adequate

The Group’s liquidity position is adequate, supported by free cash balances of around Rs. 30.0 crore and unutilised working

capital lines of around Rs. 30-35 crore as on December 31, 2025. Its cumulative funding requirements for capex and debt repayments are estimated at around Rs. 18-22 crore in FY2027, which are expected to be funded through internal accruals.

Rating sensitivities

Positive factors – The ratings could be upgraded if the Group demonstrates healthy revenue growth while maintaining its earnings profile, leading to an improvement in capital structure and debt protection metrics, along with strengthening of its liquidity profile.

Negative factors – Pressure on the ratings may arise from any sharp deterioration in revenue or earnings or a weakening of the liquidity position. Further, any major debt-funded capex or high capital withdrawal, resulting in deterioration of the coverage indicators, may also trigger a rating downgrade. Specific credit metrics that may lead to a rating downgrade include a weakening of DSCR below 1.8 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 considered the consolidated view of LLF and LLH

About the company

Life Line Feeds India Pvt. Ltd. was founded by Mr K. Kishore Kumar Hegde in 1992. LLF is one of the leading poultry companies operating in the broiler segment in Karnataka, with its entire operational set-up concentrated in the Chikmagalur district. In 1985, the promoters started an animal feed distribution dealership through the company 'Om Traders'. The company later added table eggs and day-old chicks to its product portfolio. Subsequently, the promoter entered animal feed manufacturing under the brand name 'Nandan', followed by poultry breeder farming in 1998. Thereafter, the company ventured into value-added products such as processed and frozen chicken, which were sold through the retail chain brand 'Life Line's Tender Chicken'.

LLF's operations are vertically integrated, with infrastructure facilities comprising a feed mill, a processing facility, two hatcheries (through LLH), 12 breeder farms, 48 retail outlets and more than 650 broiler farms.

Key financial indicators (audited)

Consolidated	FY2024	FY2025
Operating income	585.5	640.4
PAT	30.1	35.8
OPBDITA/OI (%)	13.3%	14.5%
PAT/OI (%)	5.1%	5.6%
Total outside liabilities/Tangible net worth (times)	2.0	2.1
Total debt/OPBDITA (times)	3.2	2.8
Interest coverage (times)	4.8	4.9

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

Standalone	FY2024	FY2025
Operating income	104.2	89.7
PAT	5.5	3.4
OPBDITA/OI (%)	13.4%	21.2%
PAT/OI (%)	5.2%	3.8%

Total outside liabilities/Tangible net worth (times)	12.0	28.3
Total debt/OPBDITA (times)	5.0	4.0
Interest coverage (times)	4.0	4.2

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for past three years

Current rating (FY2026)				Chronology of rating history for the past 3 years					
Instrument	Type	Amount rated (Rs crore)	Mar 03, 2026	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based-Term loan	Long Term	29.50	[ICRA]BBB+ (Stable)	Dec 20, 2024	[ICRA]BBB+ (Stable)	Oct 31, 2023	[ICRA]BBB (Stable)	Jul 15, 2022	[ICRA]BBB (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term - Fund-based - Term loan	Simple

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 date	Amount rated (Rs. crore)	Current rating and outlook
NA	Term Loans	FY2023	NA	March 2032	29.50	[ICRA]BBB+ (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
Life Line Feeds India Pvt. Ltd.	NA*	Full consolidation
Life Line Hatcheries	NA**	Full consolidation

*Parent company**Promoter proprietary firm.

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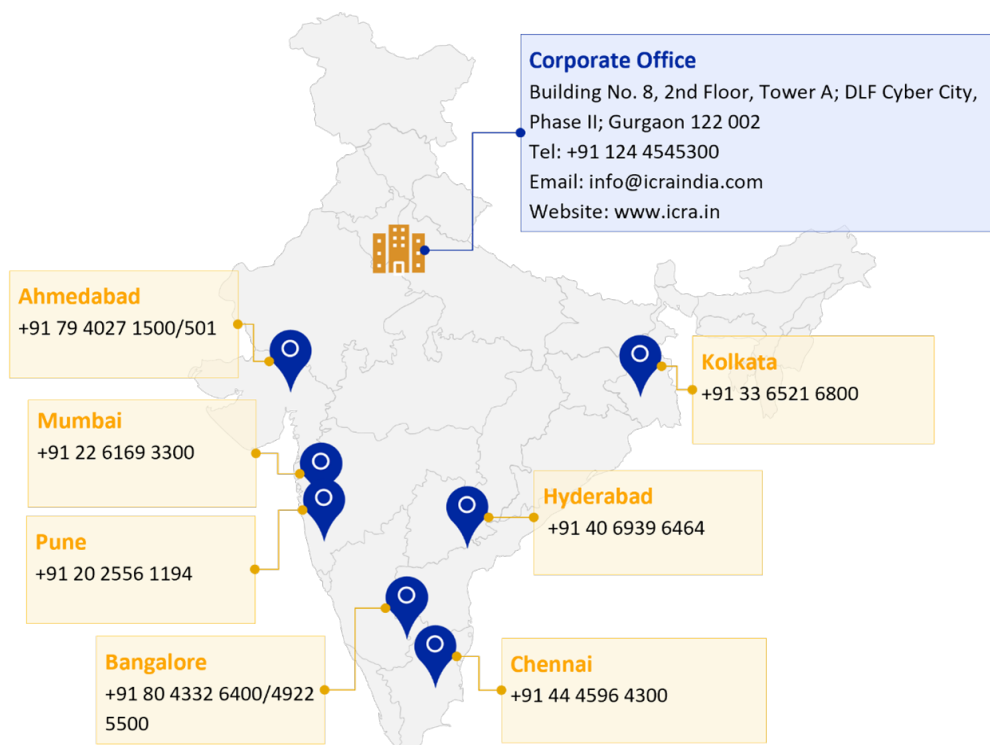


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