

July 03, 2025

Jamuna Hatcheries Private Limited: Rating reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term – Fund-based – Term loans	41.50	37.73	[ICRA]B+ (Stable); reaffirmed
Long-term – Fund-based – Cash Credit	31.25	50.00	[ICRA]B+ (Stable); reaffirmed/assigned for enhanced amount
Long-term – Unallocated	3.25	4.27	[ICRA]B+ (Stable); reaffirmed/assigned for enhanced amount
Total	76.00	92.00	

*Instrument details are provided in Annexure-I

Rationale

The rating reaffirmation for the bank lines of Jamuna Hatcheries Private Limited (JHPL) considers the extensive experience of the promoters in the poultry business spanning over 30 years, and JHPL's partially integrated poultry operations including breeder farms, contract farming, feed mill enabling the company to streamline its operations in line with the industry trends. ICRA notes that the company outsources its hatchery operations to the third party.

However, the rating remains constrained on account of the company's modest scale of operations. reflecting in the operating revenue of Rs. 70.6 crore in FY2025. The rating is further constrained by the company's subdued financial profile, as indicated by its leveraged capital structure and stretched coverage metrics with total debt/OPBITDA of 9.9 times and DSCR of 0.7 times as on March 31, 2025. Nonetheless, regular infusion of funds from the promoters has supported the company's liquidity. The rating further remains vulnerable to the fluctuations in raw material prices, mainly maize and soya, volatility in broiler realisations, risks arising from disease outbreaks, along with the cyclical and the fragmented nature of the poultry industry.

The Stable outlook on the rating reflects ICRA's opinion that JHPL will benefit from the prospects of increase in revenue on the back of improved capacity utilisation of feed mill operations coupled with the industry's favourable demand prospects.

Key rating drivers and their description

Credit strengths

Significant experience of the promoters in the poultry industry – The promoters have an established presence with over three decades of experience in the poultry industry, resulting in long relationships with customers and suppliers.

Partially integrated poultry operations with diverse product mix – The company has breeder, contract farming, broilers and feed operations. The company has its own feed mill and plans to increase its sales to third parties, resulting in enhanced revenue mix, going forward. The hatcheries operations are outsourced, but other operations are integrated that is in line with the industry standards.

Credit challenges

Modest scale of operations and weak financial profile – The firm's scale of operations remains modest, with revenues of Rs. 70.6 crore in FY2025. However, the scale is expected to grow, going forward, with increased revenues likely to be derived from the higher capacity utilisation of feed mill operations. The company's capital structure remains leveraged with TD/TNW of 14.0

times as on March 31, 2025, owing to low accruals. Moreover, its coverage metrics are stretched with total debt/OPBIDTA of 9.9 times and DSCR of 0.7 times as on March 31, 2025. This apart, given the high inventory holding, the company's liquidity position is stretched. Nevertheless, ICRA notes that the company's promoters have infused funds on a regular basis to support the company's working capital requirements.

Stretched working capital cycle – JHPL's working capital cycle is stretched as the company procures healthy volumes of raw materials such as maize and soya during the procurement season for its requirement, reflecting in working capital intensity (NWC/OI) ratio of 99.2% as on March 31, 2025. The company is managing its working capital cycle through an extended credit period offered by its suppliers and fund infusion by promoters.

Vulnerability to rise in feed prices and cyclicity associated with the Indian poultry industry, including exposure to disease outbreaks – Maize and soya, which account for ~70% of raw material consumption, form the key components in poultry feed. Thus, fluctuation in price of these agro commodities would impact the company's profitability. The company's operations are also affected by the cyclicity associated with the Indian poultry industry and are exposed to the inherent industry risk of disease outbreak (bird flu or avian influenza).

Liquidity position: Stretched

The company's liquidity position is stretched with limited buffer in the working capital limits and low free cash balance of Rs. 3.5 crore as on March 31, 2025. The company is expected to generate retained cash flows of Rs. 1-2 crore against the repayment obligations of Rs. 10-11 crore over the next 12 months and therefore require funding support from banks and promoters to meet its working capital obligations. The company has a cash credit facility with a sanctioned amount of Rs. 50 crore, which was enhanced from Rs. 31.25 crore in February 2025. The average utilisation of the working capital limits was high during FY2025.

Rating sensitivities

Positive factors – ICRA could upgrade JHPL's rating in case of a healthy growth in revenues and earnings, leading to an improvement in the liquidity position and debt coverage metrics. Specific credit metric that could lead to a rating upgrade includes DSCR of over 1.1 times on a sustained basis.

Negative factors – Pressure on the rating could arise if there is any material decline in revenues or margins, adversely impacting JHPL's cash flows or debt metrics on a sustained basis. A deterioration in the working capital cycle, further impacting the company's liquidity position, could also be a trigger for a rating downgrade.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not Applicable
Consolidation/Standalone	Standalone

About the company

Jamuna Hatcheries Private Limited (JHPL) was incorporated in February 2018 by Mr. Etela Jamuna Reddy and Mr. Etela Nithin Reddy and commenced operations in September 2018. It is involved in the business of poultry breeding, hatching of eggs, broiler farming (through contract farming) and selling day-old chicks. The company's broiler contract farming capacity is ~11.4 lakh birds per batch (140 sheds). The company also has own feed mill, which suffices its internal feed requirements and provides additional source of revenue through third-party sale.

Key financial indicators (audited)

Standalone	FY2024	FY2025*
Operating income	65.4	70.6
PAT	0.0	0.1
OPBDIT/OI	20.3%	19.2%
PAT/OI	0.0%	0.1%
Total outside liabilities/Tangible net worth (times)	16.2	15.6
Total debt/OPBDIT (times)	10.3	9.9
Interest coverage (times)	1.7	1.8

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current year (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount Rated (Rs Crore)	July 03, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Term Loan	Long Term	37.73	[ICRA]B+ (Stable)	Nov 29, 2024	[ICRA]B+ (Stable)	-	-	-	-
Cash Credit	Long Term	50.00	[ICRA]B+ (Stable)	Nov 29, 2024	[ICRA]B+ (Stable)	-	-	-	-
Unallocated	Long Term	4.27	[ICRA]B+ (Stable)	Nov 29, 2024	[ICRA]B+ (Stable)	-	-	-	-

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund based – Term loan	Simple
Long-term – Fund based – Cash Credit	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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2019	NA	FY2030	37.73	[ICRA]B+ (Stable)
NA	Cash Credit	NA	NA	NA	50.00	[ICRA]B+ (Stable)
NA	Unallocated	NA	NA	NA	4.27	[ICRA]B+ (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 – Not Applicable

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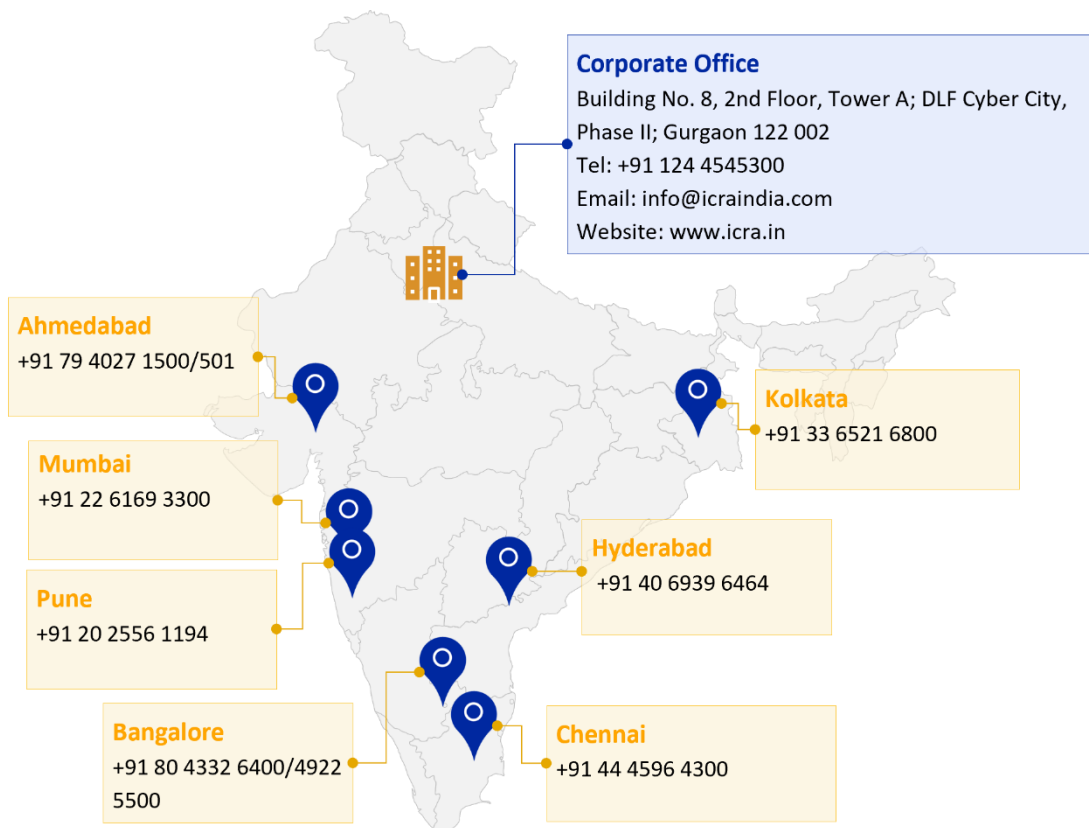
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