October 23, 2025 (Revised)

Japfa Comfeed India Private Limited: Ratings downgraded to [ICRA]BBB+(Stable)/[ICRA]A2

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Fund-based – Term loans	170.00	170.00	[ICRA]BBB+(Stable); downgraded from [ICRA]A-(Stable)
Long-term – Fund-based – Working capital/ Cash credit	100.00	100.00	[ICRA]BBB+(Stable); downgraded from [ICRA]A-(Stable)
Short-term – Interchangeable	(100.00)	(100.00)	[ICRA]A2; downgraded from [ICRA]A2+
Total	**270.00**	**270.00**	

**Instrument details are provided in Annexure-I*

Rationale

The ratings downgrade considers the weaker-than-expected revenue and profit recorded by Japfa Comfeed India Private Limited (JCIPL) in FY2025, resulting in continued pressure on debt coverage indicators and sustained breach of the previously specified negative trigger. The company's poultry feed business, which contributes more than 70% to the company's revenue, has witnessed a gradual decline over the years and has become less lucrative due to increase in competition. However, ICRA expects the overall revenue from the feed business to grow in the current fiscal, given the expected ramp-up in operations of the cattle feed and aqua feed, commissioned in February 2025. Commissioning of the slaughterhouse in May 2025 would further enable the entity in growing its top line. The ratings also take into consideration the company's established position in the poultry feed business, and operational and financial support/ flexibility derived from its parent, Singapore-based Japfa Group, a leading industrial agri-food company in Asia. Although the company's revenue witnessed a 10% decline in FY2025, its operating profit margin (OPM) improved to 1.4% in FY2025 from 0.2% in FY2024, primarily owing to recovery in broiler realisations, though the same still remained lower compared to its peers. ICRA expects the OPM of the company to improve gradually, given the facilities commissioned in the recent past and the parent breeder farm, which is expected to be commissioned in Q4 FY2026. The ratings also continue to positively factor in the company's comfortable capital structure and adequate liquidity position, given the equity infusion of more than Rs. 160 crore by the parent in the past three fiscals, including Rs. 65 crore in FY2025.

The ratings remain constrained by intense competition in the industry and vulnerability of JCIPL's profitability to volatility in prices of its key raw materials, maize and soya meals, which are driven by agro-climatic conditions and global demand and supply besides Government interventions in terms of setting the minimum selling prices (MSP), export-import policies, demand from other end-user sectors, among others. While arriving at the ratings, ICRA also notes the volatility in broiler realisations due to the seasonal nature of demand of poultry products in India, which has a significant bearing on the profitability of all integrators, including JCIPL. The ratings also factor in the moderate scale of operations of JCIPL's commercial poultry farming in an intensely competitive industry, coupled with high geographical concentration risk, evident from poultry operations, which are largely limited to western Maharashtra. JCIPL, like other entities in the poultry and related businesses, is also exposed to the inherent industry risk of disease outbreaks such as avian influenza.

The Stable outlook on the long-term rating reflects ICRA's expectations that despite volatility in margins and significant debt-funded capex, JCIPL will continue to benefit from its established position, strong parentage, and diversification initiatives, enabling it to report steady revenue and earnings growth, going forward.

Key rating drivers and their description

Credit strengths

Strong management, operational support and financial flexibility from the parent Group – JCIPL is a subsidiary of the Singapore-based Japfa Group, one of the largest integrated poultry players in Asia. The flagship company is the second-largest integrated poultry player in Indonesia with 16 feed mills, 78 breeding farms and 30 central hatcheries as on July 31, 2024. It has three major divisions, viz., poultry, cattle and aquaculture with the poultry division dominating the consolidated sales. The Group's presence across various countries and its diversification enable it to even out cyclicality in a specific region, to an extent. JCIPL benefits from operational and financial flexibilities for being a part of the Japfa Group. There was also an equity infusion of Rs. 78 crore and Rs. 65 crore by the parent company in FY2024 and FY2025, respectively, with the primary objective of funding the capex requirement.

Efforts to increase diversification in feed division and consolidate poultry business via forward integration, and foray into higher-margin products expected to provide stability to overall profitability – JCIPL has undertaken sizeable capex to expand and diversify its presence in the feed division by venturing into the cattle and aqua feed business. JCIPL has successfully commissioned the cattle and aqua feed projects in January 2024 and February 2025, respectively, with operations gradually ramping up. The company pursued a forward integration strategy as well by initiating a project to establish a slaughterhouse, which was successfully commissioned in May 2025. Although there had been some delays in project execution, the projects did not incur any cost overrun. The company has one ongoing capex with relation to setting up of the parent breeding farm, which is expected to be commissioned in Q4 FY2026. The projects which have been commissioned in the recent past, along with the upcoming breeder farm, will enable the company to scale up its revenue and provide some stability to the inherently volatile poultry business.

Comfortable capital structure and liquidity position – Despite a significant increase in debt levels over the past two fiscals, JCIPL's capital structure continues to remain comfortable, as reflected by a gearing of 0.3 times in FY2024 as well as in FY2025. The gearing and the liquidity of the company, which continue to remain adequate, are supported by the equity infusion of more than Rs. 160 crore in the past three fiscals, by the parent.

Credit challenges

Profitability exposed to inherent volatility in the poultry business – In line with the nature of the industry, JCIPL's profitability remains exposed to the volatility in the poultry business, especially in case of any disease outbreak as well as the inherent seasonality in the industry. JCIPL's revenue declined by around 10% on a YoY basis in FY2025, driven by a drop in revenue from the poultry feed business owing to heightened competition. Though its OPM improved to 1.4% in FY2025 from 0.2% in FY2024 owing to recovery in broiler realisations, it still remained lower compared to its peers. Weak earnings led to a moderation in JCIPL's debt coverage indicators, with DSCR remaining low at 1.0 times in FY2025 against 3.0 times in FY2024 and is expected to moderate further in the current fiscal owing to high repayment obligations. Sizeable debt availed to fund the ongoing capex impacted JCIPL's debt protection metrics in the past two fiscals and its TD/OPBDITA stood at 10.3 times in FY2025. Although the same is expected to improve significantly in the current fiscal, with the likely improvement in the operating profit, the same would still remain at a high level. Broiler realisations vary considerably across geographies and are impacted by the seasonality as well as local supply dynamics. Volatility in broiler realisations has a bearing on the profitability of all integrators. This was also reflected by segmental losses in FY2024 and FY2025 on account of a decline in broiler realisations, which impacted the overall operating margin of the company. However, broiler realisations have recovered in Q1 FY2026 and the performance of the overall poultry segment is expected to improve in the current fiscal.

Moderate scale of operations of commercial poultry farming in intensely competitive industry with high geographical concentration – JCIPL operates in the highly fragmented and intensely competitive poultry industry, which is characterised by many small and medium-sized players. As a major part of JCIPL's poultry operations is limited to the western regions of India, JCIPL is exposed to high geographical concentration. Moreover, its poultry division continued to exhibit a moderate scale of operations in FY2025. Nonetheless, the ongoing and recently concluded capex programmes aimed at adding capacity to the poultry division are expected to expand the division's scale of operations, to an extent.

Feed business remains exposed to volatility in maize and soya meal prices along with availability, which is driven by agro-climatic conditions and global demand-supply scenario – The raw material cost (soya and maize) is a major expense head of the company, and accounts for around 70% of its total cost. The prices of these commodities (maize and soya seeds) remain volatile on the back of fluctuation in domestic production due to dependence on agro-climatic conditions, international prices, Government regulations, and demand from the animal husbandry sector, which is susceptible to seasonality.

Liquidity position: Adequate

The liquidity profile of JCIPL remains adequate. The company's cash flow from operations remained negative in FY2025 due to the thin margin posted by the company and increase in the working capital requirement. ICRA expects the same to turn positive in the current fiscal, driven primarily by the likely increase in the company's profitability. JCIPL has incurred a capex of more than Rs. 230 crore in FY2024 and FY2025, which was funded through a mix of debt and equity infusion. A significant buffer of around Rs. 100 crore as on March 31, 2025, in working capital borrowings and healthy free cash and bank balance of around Rs. 109 crore as on March 31, 2025, are likely to keep the liquidity position adequate, as debt repayment stands at around Rs. 37 crore and Rs. 50 crore in FY2026 and FY2027, respectively. Moreover, JCIPL's status of being a part of the Japfa Group enhances its financial flexibility, as evident from the equity infusion of more than Rs. 160 crore by the parent in the previous three fiscals.

Rating sensitivities

Positive factors – The ratings could be upgraded if there is a sustained growth in the company's earnings and revenue, leading to a material improvement in the coverage indicators.

Negative factors – The ratings could be downgraded if any material decline in revenues or earnings results in a deterioration of debt protection metrics and impacts the liquidity position of the company. Further, pressure on the ratings could emerge if the company is unable to ramp up its recently commenced projects profitably. Total Debt/OPBIDTA above 2.5 times, on a sustained basis, may also warrant ratings downgrade.

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 standalone financials of JCIPL

About the company

JCIPL, established in 1995, is a 100% step-down subsidiary of the Singapore-based Japfa Group with the major portion of the parent's revenues derived from Indonesia. JCIPL is involved in poultry feed manufacturing, broiler breeding, rearing, sale of live broiler birds, sale of day-old chicks, hatching eggs and has also ventured into the chilled chicken and meat segment. The company is based out of Pune, with poultry breeding operations concentrated mainly in western Maharashtra, while its feed mills are in the western, eastern, northern and southern parts of India. JCIPL operates seven feed mills (including newly added cattle feed mill and aqua feed mill, which were commissioned in January 2024 and February 2025) with an annual production capacity of 5,21,550 MT as on March 31, 2025. The company has its own parent stock breeding farms, while commercial growing farms are on contract basis with around 150 farmer partners across Maharashtra.

Key financial indicators (audited)

Japfa Comfeed India Private Limited	FY2024	FY2025
Operating income	1,063.4	958.5
PAT	(8.0)	1.5
OPBDITA/OI	0.2%	1.4%
PAT/OI	-0.8%	0.2%
Total outside liabilities/Tangible net worth (times)	0.6	0.5
Total debt/OPBDITA (times)	67.8	10.3
Interest coverage (times)	1.7	3.7

Source: Company, ICRA Research; All ratios 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: None

Rating history for past three years

	Instrument	Current ratings (FY2026)			Chronology of rating history for the past 3 years		
		Type	Amount rated (Rs. crore)	Oct 23, 2025	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023
					Sep 26, 2024	Jul 27, 2023	Sep 29, 2022
1	Term loans	Long-term	170.00	[ICRA]BBB+(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
2	Working capital/ Cash credit	Long-term	100.00	[ICRA]BBB+(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)
3	Interchangeable	Short-term	(100.00)	[ICRA]A2	[ICRA]A2+	[ICRA]A2+	[ICRA]A2+
4	Interchangeable^	Long-term	-	-	[ICRA]A-(Stable)	[ICRA]A-(Stable)	[ICRA]A-(Stable)

^ sublimit within cash credit limits

Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Fund-based – Term loans	Simple
Long-term – Fund-based – Working capital/ Cash credit	Simple
Short-term – Interchangeable	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	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Term loans**	FY2023	7-9%	FY2030	170.00	[ICRA]BBB+(Stable)
NA	**Working capital/ Cash credit**	NA	NA	NA	100.00	[ICRA]BBB+(Stable)
NA	**Interchangeable**	NA	NA	NA	(100.00)	[ICRA]A2

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

Corrigendum

Rationale dated October 23, 2025, has been corrected with revision as detailed below:

Change made in the 'Rationale' on page no. 01.

Replaced "While arriving at the ratings, ICRA also notes the volatility in broiler realisations due to the seasonal nature of demand of poultry products in India, which has a significant bearing on the profitability of all integrators, including **the IB Group**."

Replaced with "While arriving at the ratings, ICRA also notes the volatility in broiler realisations due to the seasonal nature of demand of poultry products in India, which has a significant bearing on the profitability of all integrators, including **JCIPL**."

ANALYST CONTACTS

Jitin Makkar
+91 124 4545 368
Jitinm@icraindia.com

Kinjal Shah
+91 22 6114 3442
kinjal.shah@icraindia.com

Sujoy Saha
+91 33 6521 6805
sujoy.saha@icraindia.com

Aditya Lade
+91 22 6114 3451
aditya.lade@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Naznin Prodhani
+91 124 4545 860
communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

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

ICRA Limited

Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45

Branches