

October 07, 2026

Swami Feeds Private Limited: Ratings upgraded to [ICRA]BBB (Stable)/ [ICRA]A3+; outlook revised to Stable

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator#
Long-term - Cash Credit	130.00	155.00	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- (Positive) and outlook revised to Stable from Positive	RBI
Long-term - Term Loan	77.07	41.60	[ICRA]BBB (Stable); upgraded from [ICRA]BBB- (Positive) and outlook revised to Stable from Positive	RBI
Short-term Unallocated Limits	8.93	13.40	[ICRA]A3+; upgraded from [ICRA]A3	RBI
Total	216.00	210.00		

*Instrument details are provided in Annexure I

#SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

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, given the close business, financial and managerial linkages between them.

The ratings upgrade of the Swami Group's bank lines considers its healthy improvement in financial performance in FY2026, and expectation that the momentum would be sustained over the medium term. The Swami Group is an integrated poultry player with presence across the chain viz. breeder farming, hatching, broiler farming through contract farmers, and production of poultry feed for captive consumption. The ratings favourably consider the experience of the promoters in the poultry industry spanning over three decades, stable demand for broiler and strong prospects for chicken processing. The Group's integrated nature of operations with presence across various stages in the value chain strengthens its competitive position, supports cost optimisation and improves efficiency. Also, with increasing revenue share from margin-accretive processing operations, the blended margins are likely to improve over the medium term.

The Swami Group's operating income increased by 18.7% on a YoY basis to Rs. 1,312.3 (provisional) crore in FY2026, primarily supported by growth in volumes. The margins also witnessed a 30-bps expansion (led by scale benefits and increasing share of chicken processing revenues) and improved debt coverage metrics. While the revenue is expected to rise in FY2027, supported by stable demand and better realisations, the margins are likely to remain range-bound, given the rising input prices (soya and maize).

The ratings, however, remain constrained by the Swami Group's exposure to high geographical concentration risk, with around 90% of its revenues from Tamil Nadu. The ratings also consider proposed large debt-funded capital expenditure of Rs. 140-150 crore, planned over FY2027 and FY2028, which is likely to moderate the capitalisation and coverage metrics although the same will be mitigated by increased cash accruals. Also, the Swami Group is susceptible to volatile broiler realisations and key raw material prices due to demand supply and agro-climatic conditions, including maize, soya de-oiled cake and day-old chicks, which can impact profitability. Further, the Group's operations remain exposed to inherent poultry industry risks, including disease outbreaks (bird flu).

The Stable outlook on the long-term rating factors in ICRA's expectation that the company's revenues and earnings are likely to improve in the near-to-medium term, benefiting from better scale of operations and realisations. Besides, in the absence of major debt-funded capex plans in the near-to-medium term, debt-protection metrics are expected to improve, going forward.

Key rating drivers and their description

Credit strengths

Established operational and financial track record – Incorporated in 1997, the Swami Group is an integrated poultry player with presence across the value chain. The Swami Group's revenue and net profits rose at a CAGR of 17.4% and 17.1%, respectively in the last five years ending FY2026. Its operating income grew by around 18.7% on a YoY basis to Rs. 1,312.3 crore (provisional) in FY2026, supported by growth in volumes (around 16%) on the back of stable demand and new client additions.

Long experience of the promoters in the poultry business – The Swami Group was established by Mr. P. Muthusamy (Managing Director). 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 has an integrated nature of operations across various stages of poultry value chain, including manufacturing of poultry feed, breeder farming, hatchery, broiler farming (through contract farming), and chicken processing. Further, backward integration into feed manufacturing supports cost optimisation and results in savings on feed procurement cost. It allows to have better control over quality and availability.

Credit challenges

Large debt-funded capital expenditure coupled with loan repayments impacts credit metrics – The Group has undertaken large debt-funded capital expenditure of around Rs. 200 crore over the last three fiscals towards increasing its scale of operations, backward integration and processing facilities. Given the favourable demand, it has a debt-funded capital expenditure plan of Rs. 140-150 crore over FY2027 and FY2028 towards setting up EC breeder farms, increasing the chicken processing capacity in SCPL and installing a windmill. The capex will be funded through a term loan of around Rs. 60 crore and the balance through internal accruals. While this is likely to moderate the capitalisation and coverage metrics in the near term, the same is expected to be neutralised over the medium term with scheduled debt repayments and increased cash accruals.

Exposed to geographical concentration risk – The Group derived around 90% of its operating income from Tamil Nadu in FY2026. 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 – The Swami Group's susceptibility to volatile broiler realisations and key raw material prices due to demand supply and agro-climatic conditions, including maize, soya de-oiled cake and day-old chicks, can impact profitability. Further, the Group's operations remain exposed to the inherent risks of the poultry industry, including disease outbreaks (bird flu).

Liquidity Position: Adequate

The liquidity position of the Swami Group is adequate. While free cash and liquid investments are minimal, the company's cash flow from operations stood at around Rs. 16 crore in FY2026 and expected to improve going forward. Apart from this, the Swami Group's liquidity is supported by undrawn working capital limits of Rs. 4.0 crore as of March 31, 2026 against the sanctioned limits of Rs. 170 crore with average working capital utilisation stood at around 88% over the last twelve months. Further, the Group is expected to incur a capex of Rs. 140-150 crore in FY2027 and FY2028 funded through a term loan from banks for around Rs. 60 crore and balance through internal accruals. Against these sources of funds, the entity has a term loan repayment obligation of around Rs. 28.9 crore in FY2027 and around Rs. 30.0 crore in FY2028, which is expected to be serviced comfortably.

Rating sensitivities

Positive factors - ICRA could upgrade the rating if there is a sustained and significant improvement in the company's scale of operations and earnings through capacity expansion, while maintaining a comfortable liquidity profile and debt protection metrics.

Negative factors - ICRA could downgrade the rating if there is a significant deterioration in earnings or any large 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 DSCR of less than 1.7 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 and has been involved in the poultry business for more than three decades. It is present across the poultry food processing integration chain viz. breeder farming, hatching, broiler farming through contract farmers, and production of poultry feed for captive consumption. It has eleven breeder farms, three hatcheries, and three feed mills in Tamil Nadu. SFPL holds a 14.3% stake in SCPL as on March 31, 2026.

SCPL was incorporated in 2010 and commenced operations in March 2022. It is involved in processing and marketing of chicken meat. It markets chicken under the brand, Swa Fresh. SCPL's entire live bird requirement is met from SFPL. SCPL holds a 6.5% stake in SFPL as on March 31, 2026.

Key financial indicators

Consolidated	FY2025	FY2026*
Operating income	1,105.9	1,312.3
PAT	38.5	58.0
OPBDITA/OI	7.5%	7.8%
PAT/OI	3.5%	4.4%
Total outside liabilities/Tangible net worth (times)	1.4	1.2
Total debt/OPBDITA (times)	2.7	2.8
Interest coverage (times)	5.7	6.2

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	FY2025	FY2026*
Operating income (Rs. crore)	1,039.3	1,188.4
PAT (Rs. crore)	29.2	41.1
OPBDITA/OI	6.1%	5.8%
PAT/OI	2.8%	3.5%
Total outside liabilities/Tangible net worth (times)	1.4	1.0
Total debt/OPBDITA (times)	2.8	2.8
Interest coverage (times)	5.0	4.8

Source: Company, ICRA Research; * Provisional numbers; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after Tax; OPBDITA: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Standalone -SCPL	FY2025	FY2026*
Operating income	219.2	245.9
PAT	9.3	16.9
OPBDITA/OI	9.0%	14.0%
PAT/OI	4.2%	6.9%
Total outside liabilities/Tangible net worth (times)	2.1	2.2
Total debt/OPBDITA (times)	2.9	3.3
Interest coverage (times)	10.6	15.1

Source: Company, ICRA Research; *Provisional numbers; 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 rating (FY2027)			Chronology of rating history for the past 3 years					
	FY2027			FY2026		FY2025		FY2024	
	Type	Amount rated (Rs crore)	October 07 2026	Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	155.00	[ICRA]BBB (Stable)	Dec 11, 2025	[ICRA]BBB- (Positive)	Sep 27, 2024	[ICRA]BBB- (Stable)	Jun 05, 2023	[ICRA]BBB- (Stable)
				-	-	Mar 28, 2025	[ICRA]BBB- (Stable)	Feb 15, 2024	[ICRA]BBB- (Stable)
Fund-based-Term loan	Long Term	41.60	[ICRA]BBB (Stable)	Dec 11, 2025	[ICRA]BBB- (Positive)	Sep 27, 2024	[ICRA]BBB- (Stable)	Jun 05, 2023	[ICRA]BBB- (Stable)
				-	-	Mar 28, 2025	[ICRA]BBB- (Stable)	Feb 15, 2024	[ICRA]BBB- (Stable)
Unallocated limits	Short Term	13.40	[ICRA]A3+	Dec 11, 2025	[ICRA]A3	Sep 27, 2024	[ICRA]A3	Jun 05, 2023	[ICRA]A3
				-	-	Mar 28, 2025	[ICRA]A3	Feb 15, 2024	[ICRA]A3

Complexity level of the rated instruments

Instrument	Complexity Indicator
Cash Credit	Simple
Term Loan	Simple
Unallocated limits	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	Financial Sector Regulator [#]
NA	Cash Credit	NA	NA	NA	155.00	[ICRA]BBB (Stable)	RBI
NA	Term Loans- 1	FY2024	NA	FY2028	8.00	[ICRA]BBB (Stable)	RBI
NA	Term Loans -2	FY2024	NA	FY2028	1.50	[ICRA]BBB (Stable)	RBI
NA	Term Loans -3	FY2026	NA	FY2034	25.00	[ICRA]BBB (Stable)	RBI
NA	Term Loans -4	FY2026	NA	FY2039	7.10	[ICRA]BBB (Stable)	RBI
NA	Unallocated Limits	NA	NA	NA	13.40	[ICRA]A3+	RBI

Source: Company

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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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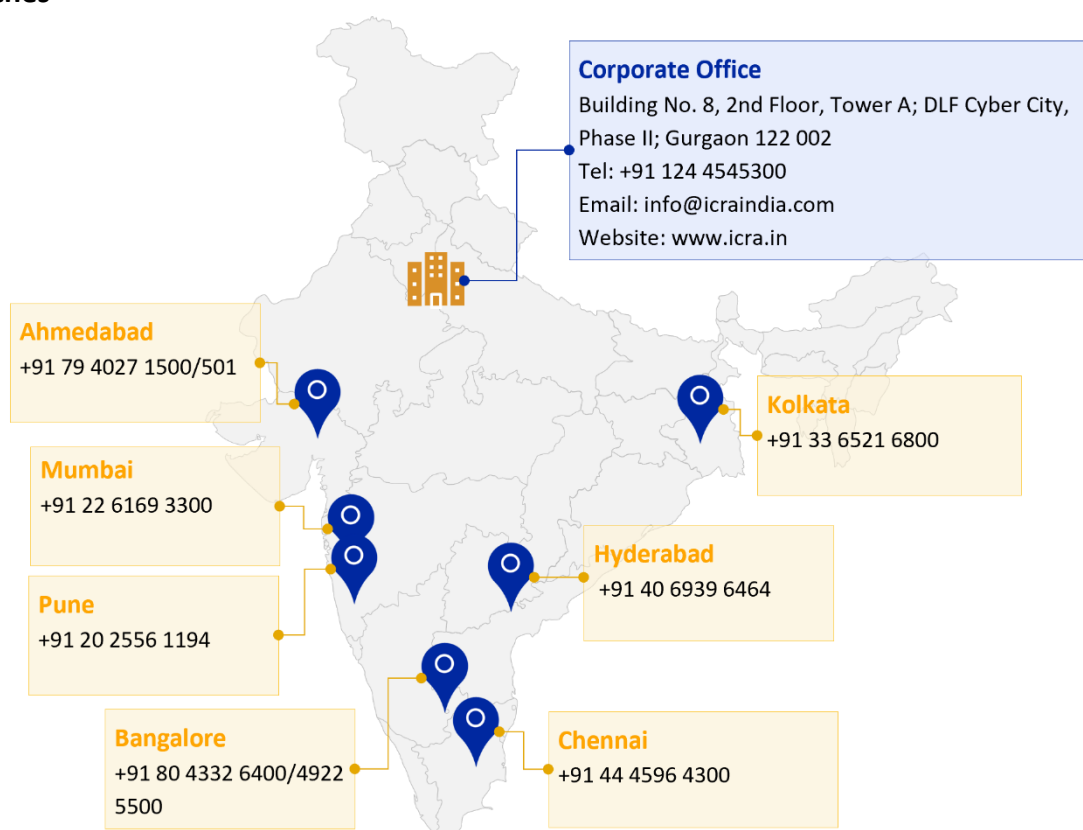
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