

October 08, 2026

Sneha Gold Proteins Private Limited: Ratings reaffirmed; rated amount enhanced

Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action	Financial Sector Regulator [#]
Long Term - Unallocated	6.45	303.89	[ICRA]AA-(Stable); reaffirmed and assigned for enhanced amount	RBI
Long-term - Fund-based - Term Loan	236.00	236.00	[ICRA]AA-(Stable); reaffirmed	RBI
Total	242.45	539.89		

*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 rating, ICRA considers the consolidated view of Sneha Farms Private Limited (SFPL) and its two wholly-owned subsidiaries, Sneha Gold Proteins Private Limited (SGPPL) and Singh Poultry Private Limited (SPPL) [together referred to as the Sneha Group (SG)], given the strong integration of their operations and financial linkages with the parent, and common management.

The ratings assigned to the bank facilities of SFPL factor in the Group's strong market position in the poultry industry, particularly in Telangana and Andhra Pradesh. The ratings also draw strength from the Group's established track record of over four decades and a well-integrated nature of operations with presence across various stages of the value chain, including manufacturing of animal feeds, breeder farming, hatchery, broiler farming, layer farming, chicken processing, ready-to-cook products, soya and rice bran oil extraction and refining. These strengthen the competitive position of the Group. The Group derives significant benefits from forward integration initiatives wherein it receives a material share of revenues from the processed meat segment. A sizeable proportion of the Group's broiler sales is made through its own channels including its own retail shops, and a strong dealer network. Longer shelf life of frozen meat partially shields the company from adverse movement in broiler realisations. The company's revenue witnessed a healthy compounded annual growth rate (CAGR) of around 17% in the five-year period ended in FY2026, on the back of strong demand in its key micro markets and the company's established position in the region.

The company's revenue rose by around 17% to Rs. 6,920 crore in FY2026 from Rs. 5,925 crore in FY2025 on the back of strong volume growth in the broiler segment, which accounted for around 77% of revenues in FY2026, and strong realisations. ICRA expects the company to record a healthy revenue growth of 10-15% in FY2027, driven by improvement in realisations and increase in volumes in the live bird segment along with a healthy growth in the processed meat segment. The company's operating margin sharply moderated to 4.7% in FY2025 owing to bird flu outbreak, which affected feed conversion ratio (FCR), broiler mortality rates, and realisations. The operating margin improved to 12.8% in FY2026 on the back of recovery in operating metrics, improved realisations and favourable raw material prices. Elevated maize and soya prices are likely to exert pressure on the company's margins in FY2027. However, improved realisations and the company's low-cost maize stock would support margins to an extent.

The ratings consider the company's comfortable financial profile. Its debt levels remained largely stable (increased only marginally) in the past three years, despite sizeable debt-funded capex, on the back of Rs. 1,118.0-crore equity infusion from Mitsui & Co. (Mitsui), Japan. Moreover, improved margins in FY2026 led to strengthening of debt metrics with Total debt /OPBITDA improving to 1.3 times (3.6 times in FY2025) and DSCR to 4.3 times (1.2 times in FY2025). While the company's

margins are likely to witness correction in FY2027 from the high levels recorded in FY2026, its debt metrics are expected to remain comfortable with Total debt/OPBITDA of less than 1.5 times.

The Group is exposed to the industry risks of disease outbreaks (bird flu), which is further exacerbated by the concentration of revenues in Telangana and Andhra Pradesh markets. However, ICRA notes that the company is scaling up its operations in Karnataka and expanding its presence to new markets such as Maharashtra, Madhya Pradesh and Chhattisgarh, which would reduce its geographical concentration over the medium term. Moreover, ICRA notes various bio-security measures adopted by the Group over the years, which limit the possibility of disease outbreaks.

ICRA also notes the sizeable debt-funded capex planned by the Group over the next two years. Execution of the capex within the budgeted cost and timeframe along with timely ramp-up of operations will remain critical.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will record a robust growth in revenues and earnings, aided by healthy demand, capacity expansion, and deeper vertical integration, while maintaining leverage metrics commensurate with the rating.

Key rating drivers and their description

Credit strengths

Strong brand position of the company in Telangana and Andhra Pradesh markets; established operational track record in poultry business – SG has an established operational track record of over three decades. In terms of geographical revenue mix, it is present in only three states, Karnataka, Andhra Pradesh and Telangana. It enjoys a market leadership position in Andhra Pradesh and Telangana, and is a prominent retail brand in the region. Its dominant market share in these areas enables it to charge a premium on broiler prices, protecting margins to an extent. Proximity of farms to hatcheries, feed mills, and processing plant allows the Group to monitor its farms more closely, prevent pilferage and reduce production costs.

Well-integrated presence across value chain and significant forward integration help in better margins – The Group has an integrated nature of operations across various stages of the poultry value chain, including manufacturing of animal feed, breeder farming, hatchery, broiler farming, layer farming, chicken processing, ready-to-cook, soya and rice bran oil extraction and refining. Further, it derives significant benefits from forward integration initiatives, utilising a sizeable portion of its broiler production in its processing plant, and routing broiler sales through own retail shops and its strong dealer network. Longer shelf life of frozen meat partially shields the company from adverse movement in broiler realisations.

Healthy financial profile – Integrated operations and the company's established market position supported its margins historically. While its operating margin declined sharply by around 500 bps in FY2025 owing to bird flu outbreak which impacted realisations, FCR and mortality, it improved in FY2026 on the back of favourable input cost movement and better realisations. However, elevated maize and soya prices are likely to exert pressure on the company's margins in FY2027. Mitsui infused Rs. 1,118 crore equity in SFPL in January 2025, which led to stable debt levels despite the sizeable debt-funded capex incurred in the last three years. Higher margins in FY2026 led to an improvement in debt indicators with total debt/OPBITDA of 1.3 times and DSCR of 4.3 times. While margins are likely to moderate to an extent in FY2027, Total debt/OPBITDA is expected to remain comfortable at less than 1.5 times.

Credit challenges

Profit margins vulnerable to price volatility and raw material price fluctuations – The major raw materials required for poultry feed are maize and soya de-oiled cake. SG procures soya de-oiled cake from the promoter-owned entity, SFFPL and its wholly owned subsidiary, SGPPL. The prices of raw materials (maize and soya seeds) remain volatile due to fluctuations in domestic production caused by agro-climatic conditions, international prices, Government regulations and demand from the animal husbandry and automobile (maize for ethanol blending) sectors. The Group's profitability, like 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 the demand and supply of poultry products in India, impacts the profitability of all integrators. However, forward integration and stocking up of raw materials during harvesting season have aided SG in recording healthy operating margins even during periods of stress in the industry.

Inherent risk in poultry business, exacerbated by revenue concentration in Telangana and Andhra Pradesh – The Group, like other entities in the poultry and related businesses, is exposed to the inherent industry risk of disease outbreaks (bird flu or avian influenza), which are exacerbated by the concentration of revenues (over 90% of revenues) in Telangana and Andhra Pradesh. However, ICRA notes that the company has taken several measures, such as having breeder farms with a capacity not exceeding 30,000 birds to ensure that any disease outbreak at a farm is contained and impacts a minimum proportion of its overall capacity, to mitigate the risk to an extent. Geographical concentration also exposes the company to the risks of demand slowdown or supply overhang in the region, which would affect the company's realisations.

Sizeable capex plans in the near term – SG is expected to incur a sizeable capex over the next three years towards multiple projects including feed mills, breeder farms, soya extraction plant, maize silos, and processing plant. The capex would be partly funded through debt. Completion of the capex within the budgeted cost without any time overrun, and successful ramp-up of the new capacity remain critical for improvement in the company's revenues and earnings.

Liquidity position: Adequate

The Group's liquidity position is Adequate, as indicated by cash balance of Rs. 418.8 crore and undrawn working capital lines of credit of Rs. 750-800 crore as on March 31, 2026, along with expected retained cash flows of Rs. 400-450 crore in FY2027. The company has repayment obligations of Rs. 120-140 crore and sizeable capex plans in FY2027, which would be funded through a mix of debt and internal accruals.

Rating sensitivities

Positive factors – ICRA could upgrade the company's rating, if it diversifies its geographical mix while recording sustained growth in revenues and maintaining healthy margins. This would lead to an improvement in the company's capital structure and debt protection metrics and strengthen its liquidity profile.

Negative factors – Pressure on the rating may stem from any material deterioration in revenue/earnings or weakening of the liquidity position, on a sustained basis. Specific credit metric that may lead to a rating downgrade includes TD/OPBITDA of more than 1.5 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 taken consolidated view of SFPL, SGPPL, and SPPL given the significant operational and financial linkages, and common management.

About the company

Sneha Farms Private Limited (SFPL), the flagship company of the Sneha Group, was established in 1982 as Ram Reddy Chicken Market, before being converted into a private limited company in 1994. It is involved in poultry farming, poultry breeding, broiler chicken producing, hatching of eggs, frozen chicken, commercial layer farming and manufacturing of poultry feed. SFPL sources soya de-oiled cake from its promoter-owned entity, Sneha Foods and Feeds Private Limited (SFFPL), in which it holds a stake of 8.3%.

In 2022, Sneha Gold Proteins Private Limited (SGPPL) was incorporated as a 100% subsidiary of SFPL to manufacture soya oil by constructing a soya solvent extraction plant (SEP) and a soya refinery with installed production capacities of 1,000 TPD and 150 TPD, respectively. In FY2024, SFPL acquired Singh Poultry Private Limited, which has an installed capacity of one lakh breeder birds, for a consideration of Rs. 50.0 crore (funded through a mix of term debt and internal accruals).

Key financial indicators (audited)

Consolidated	FY2025	FY2026
Operating income	5,925.4	6,920.0
PAT	53.1	521.9
OPBDIT/OI	4.7%	12.8%
PAT/OI	0.9%	7.5%
Total outside liabilities/Tangible net worth (times)	0.5	0.5
Total debt/OPBDIT (times)	3.6	1.3
Interest coverage (times)	2.7	13.4

Source: Company, ICRA Research; Amounts 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 (FY2027)				Chronology of rating history for the past 3 years					
				FY2026		FY2025		FY2024	
Instrument	Type	Amount rated (Rs. crore)	Oct 08, 2026	Date	Rating	Date	Rating	Date	Rating
Unallocated	Long-term	303.89	[ICRA]AA- (Stable)	Jul 23, 2025	[ICRA]AA- (Stable)	May 31, 2024	[ICRA]BBB-; Rating Watch with Positive Implications	Jan 22, 2024 Oct 27, 2023	[ICRA]BBB- (Stable)
Fund based - Term Loan	Long-term	236.00	[ICRA]AA- (Stable)	Jul 23, 2025	[ICRA]AA- (Stable)	May 31, 2024	[ICRA]BBB-; Rating Watch with Positive Implications	Jan 22, 2024	[ICRA]BBB- (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term - Unallocated	Not Applicable
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	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook	Financial Sector Regulator [#]
NA	Long Term - Unallocated	-	-	-	303.89	[ICRA]AA- (Stable)	RBI
NA	Long Term - Fund based - Term Loan	FY2024	NA	FY2030	236.00	[ICRA]AA- (Stable)	RBI

Source: Company

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Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Sneha Farms Private Limited (SFPL)	Rated entity	Full Consolidation
Sneha Gold Proteins Private Limited (SGPPL)	100.0% stake held by SFPL	Full Consolidation
Singh Poultry Private Limited (SPPL)	100.0% stake held by SFPL	Full Consolidation

Source: Company

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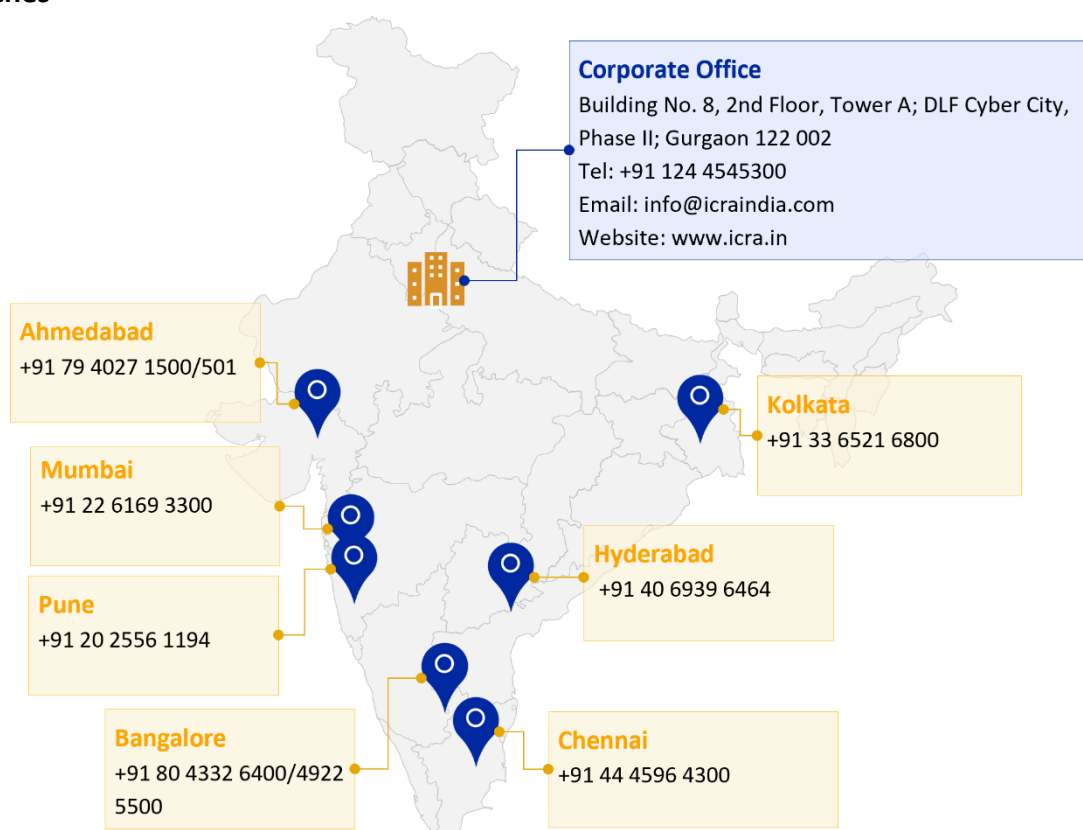
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