



Press Release

Stork Foods Private Limited (SFPL)

June 07, 2024

Ratings

Instrument / Facility	Amount (Rs. Crore)	Ratings	Rating Action	Complexity Indicator
Long Term Fund Based Bank Facilities – Term Loan (Proposed)	38.65	IVR BB-/ Stable (IVR Double B Minus with Stable Outlook)	Assigned	Simple
Total	38.65 (Rupees Thirty-Eight Crore Sixty-Five Lakh only)			

Details of Facilities are in Annexure 1

Detailed Rationale

The rating assigned to the bank facilities of Stork Foods Private Limited (SFPL) factors in the experience of promoters and management team, integrated set-up, association with poultry farms.

The ratings, however, are constrained by project implementation risk, exposure to agro climatic risk and cyclical nature associated with Indian poultry industry along with highly fragmented and competitive nature of poultry industry with outbreaks of bird flu.

Key Rating Sensitivities:

Upward Factors

- Completion of project on timely basis without any cost overruns leading to improvement in liquidity.



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- Achieving the projected revenue and EBITDA margin leading to improvement in debt protection metrics.

Downward Factors

- Significant delay in implementation of project with significant cost-overruns.
- Non achievement of projected revenue and EBITDA margin.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Extensive experience of management: The promoters, Mr. Puthuparambil Joseph Chacko Mrs. Shiny Chacko and Mr. Joseph Chacko are professionally qualified and have experience in the field of business and agriculture. The promoters being from poultry and agriculture background have inherent advantages in developing and implementing successful marketing strategy for attracting potential investors. The promoters can also leverage from their network of the poultry farmers, related industries, and market players. Apart from this the total project cost is Rs. 68.66 crore which has been proposed to be funded by partners contribution of Rs. 20.00 crore, term loan of Rs. 38.66 crore and an eligible grant of Rs. 10.00 crore. The commercial operations are likely to begin from April 2025.

Association with poultry farms: Stork Foods Private Limited has plans to associate with the poultry farms available in nearby districts and that will act a strong point for backward linkage for the company. Association with the farms will make sure that there is continuous supply of raw material for continuous operation of the unit. Association through farmers which will also result in direct procurement of raw material from the farmers.

Integrated set-up: SFPL plans on using integrated method of farming which enables good quality birds as all feeds and chicks will be supplied by integrator (Stork Foods Pvt. Ltd.) and all these birds will be grown under supervision. The taste of chicken is highly dependent on the quality of chicks, feeds, and its growth.



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Key Rating Weakness

Project implementation risk: The company is a green field project and is currently under implementation stage which exposes it to execution risk including time and cost overrun risk. The commercial operations are likely to begin from April 2025. Successful completion and timely achievement of the commercial operations, without any time or cost overruns will remain key rating monitorable.

Exposure to agro climatic risk and cyclicity associated with Indian poultry industry:

Maize (constitutes about 60% of the feed) and soya (constitutes about 30% of the feed) form the major raw materials for poultry feed, which account for a significant portion of its total purchases. Maize is a relatively small crop in India and being a rain-fed crop, any failure in monsoon will affect its harvest. The company is also affected by the cyclicity associated with the Indian poultry industry.

Highly fragmented and competitive nature of poultry industry with outbreaks of bird flu:

Poultry, eggs, and meats are food articles of regular consumption and stable demand. This feature of poultry farm business attracts many unorganized players. Going further, low entry barriers in these highly competitive segments may lead to oversupply situation which in turn may affect the profitability of the company. Further, the intermittent outbreaks of bird flu have affected the poultry industry since 2006. Such contagious disease outbreaks will have a high impact on the industry thereby leading to crash in prices of table eggs. However, the company has taken appropriated measures for protecting its birds from bird flu by multi-level bio security measures.

Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies.](#)



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[Financial Ratios & Interpretation \(Non-Financial Sector\).](#)

[Criteria for assigning Rating outlook.](#)

[Policy on Default Recognition](#)

[Complexity Level of Rated Instruments/Facilities](#)

Liquidity: Adequate

The projected cashflow seems adequate to repay the debt obligation in the projected period. However, liquidity is largely depending on timely commencement of the commercial operation along with stabilization of operation. Overall, liquidity seems to be adequate in projected years with an average GCA of around Rs. 14 crore from FY26-28.

About the company

Incorporated in 2021, Stork Foods Private Limited was established in Kerala with a primary goal of establishing an integrated poultry meat processing facility with two distribution centres in Patthanmitta and Kottayam district, Kerala. The promoters Mr Puthuparambil Joseph Chacko, Mrs. Shiny Chacko and Mr. Joseph Chacko carry adequate experience mainly through poultry and agriculture background.

Financials (Standalone):

For the year ended* / As on	INR in Crores	
	31-03-2022	31-03-2023
	Audited	Audited
Total Operating Income	0.00	0.00
EBITDA	0.00	0.00
PAT	0.00	0.00
Total Debt	0.00	0.00
Tangible Net worth	0.01	-0.40
EBITDA Margin (%)	NM	NM
PAT Margin (%)	NM	NM
Overall Gearing ratio (X)	0.00	0.00

**Classification as per INFOMERICS' standards*



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Status of non-cooperation with previous CRA: Nil

Any other information: N.A.

Rating History for last 3 years:

Sr. No.	Name of Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding/Proposed (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24	Date(s) & Rating(s) assigned in 2022-23	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan (Proposed)	Long Term	38.65	IVR BB-/ Stable	-	-	-

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About Infomerics:

Infomerics Valuation and Rating Private Ltd (Infomerics) was founded in the year 1986 by a team of highly experienced finance professionals for research and risk evaluation. Infomerics commenced its activities as External Credit Assessment Institution after obtaining registration from Securities Exchange Board of India (SEBI) and accreditation from Reserve Bank of India (RBI).

Adhering to best international practices and maintaining high degree of ethics, the team of analysts at Infomerics deliver quality credit ratings. Infomerics evaluates wide range of debt instruments which helps corporates access to financial markets and provides investors credit ratings backed by in-depth research. The transparent, robust, and credible ratings have gained the confidence of investors and the banks.

Infomerics has a pan India presence with Head Office in Delhi and Corporate Office at Mumbai, with branches in major cities and representatives in several locations.

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Annexure 1: Details of Facilities:

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (INR Crore)	Rating Assigned/ Outlook
Long Term Fund Based Bank Facilities – Term Loan (Proposed)	-	-	-	38.65	IVR BB-/ Stable

Annexure 2: List of companies considered for consolidated analysis: NA.

Annexure 3: Facility wise lender details

<https://www.infomerics.com/admin/prfiles/len-StorkFoods-june24.pdf>

Annexure 4: Detailed explanation of covenants of the rated facilities: Not Applicable

Note on complexity levels of the rated instrument: Infomerics has classified instruments rated by it on the basis of complexity and a note thereon is available at www.infomerics.com.