



Press Release

S & P Feeds Private Limited (SPFPL)

January 6, 2025

Ratings

Instrument / Facility	Amount (Rs. crore)	Current Ratings	Previous Ratings	Rating Action	Complexity Indicator
Long Term Bank Facilities – Term Loan	25.94 (Enhanced from 5.03)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Positive (IVR Triple B Minus with Positive Outlook)	Rating upgraded and outlook revised	Simple
Long Term Bank Facilities – Cash Credit	72.00 (Enhanced from 42.00)	IVR BBB/ Stable (IVR Triple B with Stable Outlook)	IVR BBB-/ Positive (IVR Triple B Minus with Positive Outlook)	Rating upgraded and outlook revised	Simple
Short Term Bank Facilities – Short Term Loan	23.00	IVR A3+ (IVR A Three Plus)	IVR A3 (IVR A Three)	Rating upgraded	Simple
Total	120.94 (Rupees One Hundred Twenty crore and Ninety-Four lakh only)				

Details of Facilities are in Annexure 1. Facility wise lender details are at Annexure 2.

Detailed explanation of covenants is at Annexure 3.

Detailed Rationale

Infomerics has upgraded its rating assigned to the bank facilities of SPFPL as there is sustained improvement in scale of operations during FY24 and is expected to further improve in FY25 and onwards due to benefits of enhanced capacity of feed plant and ongoing capex for hatchery plant which is expected to commence operations from June 2025. Furthermore, SPFPL continues to derive strength from sustained improvement in revenue and stable margins, comfortable capital structure and long track record of operations with experienced management in poultry industry. The ratings are however constrained by project execution



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risk, vulnerability of the industry's performance to outbreaks of flu and other diseases and seasonal nature of demand for the poultry products and profitability susceptible to volatility in broiler realization rates.

The outlook is expected to remain stable through extensive support of promoters and comfortable debt protection metrics.

Key Rating Sensitivities:

Upward Factors

- Substantial and sustained increase in revenues and profitability leading to improvement in cash accruals and liquidity position.

Downward Factors

- Any decline in scale of operations and/or profitability leading to sustained deterioration of liquidity and/or debt protection parameters.

List of Key Rating Drivers with Detailed Description

Key Rating Strengths

Sustained improvement in revenue and stable margins

SPFPL's revenue has improved by 31.76% to Rs. 749.22 crore in FY24 (period refers from April 1, 2023 to March 31, 2024) due to increase in sales of broiler by 34.81% on account of high demand and better realisations. Further, SPFPL has achieved revenue of Rs. 404.31 crore in H1FY25 and is expected to achieve revenue of ~Rs. 900 crore in FY25 through expected increase in volume led by expanded feed plant capacity to 2,88,000 tonnes per annum from existing capacity of 1,44,000 tonnes. The project was completed in November 2024.

Though revenue has increased in FY24, EBITDA margin has remained stable at 4.56% - 4.36% in FY23-FY24 due to volatility in raw materials prices of soya and maize feed.

Comfortable capital structure

SPFPL's capital structure continued to remain comfortable as overall gearing and TOL/TONW continued to remain at similar level at 0.50x and 0.71x respectively in FY24 (FY23: 0.45x and 0.69x respectively). Further, SPFPL's interest service coverage has



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deteriorated to 14.72x in FY24 from 20.92x in FY23 due to increase in interest costs. However, Total debt/ NCA ratio has remained at similar level at 2.42x in FY24 from 2.30x in FY23.

Long track record of operations with experienced management in poultry industry

Being incorporated in 2010, SFPFL has a long track record of operations of more than one decade. Further, the promoters, Mr. Uddhav Ananda Ahire, managing director, having more than two decades of experience and Mrs. Vaishali Uddhav Ahire, director, having more than two decades of experience in the horticulture and poultry industry.

Key Rating Weaknesses

Project execution risk

SPFPL is incurring a capex of Rs. 22.00 crore to enhance its capacity of hatchery plant from existing capacity of 3.15 crore birds capacity per annum capacity to 6.30 crore birds capacity per annum respectively. As per management, hatchery plant is expected to be completed by June 2025 which will be fully funded through internal accruals. Additionally, SPFPL had also incurred capex of Rs. 36.80 crore for enhancement of feed plant from 1,44,000 tonnes capacity to 2,88,000 tonnes per annum which has been successfully completed and its operations have had commenced from November 1, 2024.

Vulnerability of the industry's performance to outbreaks of flu and other diseases

The poultry industry remains exposed to intermittent episodes of epidemics which also impacts demand for its products. However, the SPFPL has taken appropriate measures for protecting its birds from bird flu by multi-level bio security measures.

Seasonal nature of demand for the poultry products and profitability susceptible to volatility in broiler realization rates

As inherent in the industry, the broiler production cost and realization vary considerably across geographies and are impacted by seasonality as well as local supply dynamics. However, the movement in feed prices generally follow similar trends across geographies. Volatility in broiler realizations, due to the seasonal nature of demand of poultry products in India, has a bearing on the profitability indicators and keeps the same volatile.



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Analytical Approach: Standalone

Applicable Criteria:

[Rating Methodology for Manufacturing Companies](#)

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

[Criteria on assigning rating outlook](#)

[Criteria on Default Recognition and Post-Default Curing Period](#)

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

Liquidity – Adequate

The liquidity position of the company remains adequate as cash accruals are expected to match adequately with debt repayment obligations. The average working capital utilisation for 12 months ending October 2024 has been 34.19%. The current ratio and quick ratio stood at 2.04x and 0.42x respectively in FY24.

About the Company

SPFPL was incorporated in 2010 in Bhaur, Nasik. It is engaged in parent farming, commercial broiler producing and egg production activities with an installed capacity of feed plant and hatchery plant to 1,44,000 tonnes per annum (which has been enhanced to 2,88,000 tonnes per annum as on November 1, 2024) and 3.15 crore birds capacity per annum (which will be enhanced to 6.30 crore birds capacity per annum) respectively. Company purchase parent birds from Venkateshwara Hatcheries Private Limited. Mr. Uddhav Ananda Ahire is Managing director of the company and he has more than two decades of experience in poultry farming business.

Financials (Standalone):

For the year ended/ As on*	(Rs. crore)	
	31-03-2023	31-03-2024
	Audited	Audited
Total Operating Income	568.61	749.22
EBITDA	25.95	32.66
PAT	14.01	18.77
Total Debt	46.16	59.67
Tangible Net Worth	101.59	120.36
EBITDA Margin (%)	4.56	4.36
PAT Margin (%)	2.46	2.50



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For the year ended/ As on*	31-03-2023	31-03-2024
	Audited	Audited
Overall Gearing Ratio (x)	0.45	0.50
Interest Coverage (x)	20.92	14.72

*Classification as per Infomerics' standards

Status of non-cooperation with previous CRA: Nil

Any other information: Nil

Rating History for last three years:

Sr. No.	Name of Instrument/ Facilities	Current Ratings (Year 2024-25)			Rating History for the past 3 years		
		Type	Amount outstanding (Rs. Crore)	Rating	Date(s) & Rating(s) assigned in 2023-24 (December 1, 2023)	Date(s) & Rating(s) assigned in 2022-23 (September 20, 2022)	Date(s) & Rating(s) assigned in 2021-22
1.	Term Loan	Long Term	25.94	IVR BBB/ Stable	IVR BBB-/ Positive	IVR BBB-/ Stable	--
2.	Cash Credit	Long Term	72.00*	IVR BBB/ Stable	IVR BBB-/ Positive	IVR BBB-/ Stable	--
3.	Short Term Loan	Short Term	23.00	IVR A3+	IVR A3	IVR A3	--

*Sub-limit of Cash Credit: Rs. 0.25 crore and Working Capital Demand Loan: Rs. 72.00 crore.

Name and Contact Details of the Analytical team:

Name: Gaurav Jain

Tel: (022) 62396023

Email: gaurav.jain@infomerics.com

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



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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.

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Infomerics also has international presence with credit rating operations in Nepal through its JV subsidiary.

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Annexure 1: Details of Facilities

Name of Facility	Date of Issuance	Coupon Rate/ IRR	Maturity Date	Size of Facility (Rs. Crore)	Rating Assigned/ Outlook
Term Loan I	--	--	September, 2027	3.64	IVR BBB/ Stable
Term Loan II	--	--	March, 2030	22.30	IVR BBB/ Stable
Cash Credit	--	--	--	72.00*	IVR BBB/ Stable
Short Term Loan	--	--	--	23.00	IVR A3+

*Sub-limit of Cash Credit: Rs. 0.25 crore and Working Capital Demand Loan: Rs. 72.00 crore.

Annexure 2: Facility wise lender details:

<https://www.infomerics.com/admin/prfiles/len-SPFPL-jan25.pdf>

Annexure 3: Detailed explanation of covenants of the rated Security/facilities: Not Applicable



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Annexure 4: List of companies considered for consolidated/Combined analysis: 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.

