

Saaras Breeding Farm Private Limited

March 05, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	48.22	CARE BB-; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE BB; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking information from Saaras Breeding Farm Private Limited (SBFPL) to monitor the rating(s) vide e-mail communications dated November 27, 2024, January 03, 2025, February 06, 2025, February 14, 2025 among others and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. Further, SBFPL has not paid the surveillance fees for the rating exercise as agreed to in its Rating Agreement. The rating on SBFPL's bank facilities will now be denoted as **CARE BB-; Stable; ISSUER NOT COOPERATING***.

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

The ratings have been revised on account of lack of clarity on future growth strategy and inability to monitor the performance of the company, which is critical for assessing the credit risk profile of the company. The rating assigned to the bank facilities of Saaras Breeding Farm Private Limited (SBFPL) is constrained by moderate capital structure and coverage indicator with large size debt funded capex in its existing entity (SBFPL) and greenfield entity Saaras Allied Agro And Food Private Limited (SAAFPL), vulnerability of profit to raw material price movements, cyclical nature of poultry industry and vulnerability of industry's performance to outbreak of flu and other diseases. However, the ratings derive strength from experience of promoters in the same industry, consistent increase in scale of operation over the last few years in SBFPL with moderate profitability margin and eligibility for government grant.

Analytical approach: Combined

Combined financials of 2 entities – Saaras Breeding Farm Private Limited (SBFPL) and Saaras Allied Agro and Food Private Limited (SAAFPL) defined as Saaras Group, belong to the same promoter group operate under common management team.

Outlook: Stable

Detailed description of key rating drivers

At the time of last rating on April 03, 2024, the following were the rating strengths and weaknesses (updated for the information available from Registrar of Companies).

Key weaknesses

Ongoing large debt funded capex:

Saaras group is setting up a commercial broiler plant with a capacity of 6 lakh broiler per month and pellet feed plant with a capacity to produce feed of 48000 MT per annum in its existing unit under Saaras Breeding Farm Private Limited (SBFPL) with a project cost of Rs.45.20 crore (incl. working capital requirement) funded through debt of 23 crore and remaining through equity/unsecured loan. The pellet feed plant will reduce the cost and also improve the quality and weight of bird. The Saaras Group is also setting up broiler processing unit with integrated cold chain facilities under Saaras Allied Agro and Food Private Limited (SAAFPL) as a forward integration wherein 1500 broilers per hour will be processed to frozen chicken which shall be marinated with different ingredients and sold to restaurants & hotels. The same will be set up at a project cost of Rs. 38.84 crore funded through debt of Rs. 22 crore and remaining through unsecured loan/ equity. The combined project cost for both entity is Rs. 84.03 crore funded through debt of Rs. 45 crore and rest through promoters' contribution. However, the financial tie up is under process for both the entities (TL of Rs.45 crore and CC of Rs.13 crore). The promoters have incurred around Rs. 3 crores for acquisition of land in both the entities.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Moderate capital structure and coverage indicators:

On a combined basis, the capital structure is marked by overall gearing ratio at 1.79x as on Mar 31, 2023 and 1.60x as on Dec 31, 2023 as against 1.90x as on Mar 31, 2022. The same is expected to moderate to 2.09x as on Mar 31, 2025, due to debt funded capex. The Group's debt coverage indicator remains satisfactory marked by interest cover of 2.66x in FY23 as against 2.63x in FY22 and 3.93x in 9MFY24, whereas TD/GCA stood at 3.52x in FY23 as against 4.81x in FY22. Both are expected to moderate in FY25 due to debt funded capex.

On a combined level, the overall gearing stood at 1.64x as on Mar 31, 2024 and debt coverage indicator remains satisfactory marked by interest cover of 3.02x in FY24.

Vulnerability of profits to raw material price movements:

The major raw material for any poultry company is the poultry feed which consist of soya and maize. The profitability of the poultry companies is vulnerable to feed cost prices. Maize is the primary source of energy, and it constitutes about 65% of the feed, whereas soybean is the primary source of protein and forms about 25% to 30% of the feed. Maize is relatively a small crop in India and being a rain-fed crop, any failure in monsoon will affect its harvest. The poultry industry consumes more than 50% of the domestic maize production. In case of soybean, although there is adequate availability, its prices remain volatile on account of movement in global prices and production and monsoon. Currently SBFPL is procuring feed from its one group company namely, Saaras Poultry Private Limited (SPPL) and from outside market. In FY23, the SBFPL procured feed for birds of Rs. 39.93 crore from its group entity i.e., SPPL. After commencement of operations of the Pellet Feed plant in SBFPL with a capacity of 4000 MT feed per month, the raw material cost is expected to reduce.

Cyclical nature of poultry industry:

The Group operates in a cyclical industry on account of outbreaks of bird flu and other diseases which can affect demand and cause prolonged impact on margins and turnover. The company margins are also susceptible to volatility in feed prices in the poultry business.

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

Avian flu outbreaks such as bird flu can lead to drastic fall in demand followed by crash in poultry prices. At the time of outbreak of the coronavirus the poultry industry was impacted in the major chicken consuming states. Such scenario could pressurize the company's revenue flows as well as profitability.

Key strengths

Experienced Promoters:

The promoter includes Mr. Sarat Chandra Meher and Mr. Sachidanand Meher both are lead promoter in Saaras group along with his family members. They hold directorship in Saaras Poultry since 2012 and Saaras Breeding since 2017. They have been actively involved in day-to-day operations of the companies and in hands on with the industry practices for more than 1 decade. They are able to build strong technical team to establish end-to-end integrated supply chain through breeding farms, poultry, hatcheries and feed milling to support the proposed processing infrastructure.

Consistent increase in scale of operations over the last few years with moderate profitability margins in SBFPL:

Income from operations have grown at a CAGR of 75.5% between FY19 and FY23 led by increase in sale of Broiler (Bird) which contributed around 78.87% of the total revenue of 82.16 crore in FY23 (74.16% of the total revenue of Rs. 65.96 crores FY22). In 9MFY24 the revenue from sale of Broiler (bird) constitutes around 71.86% of total revenue of Rs. 53.37 crore. PBILDT margin of company remains moderate at 7.35% in FY23 as against 7.62% in FY22. After setting up of pellet feed plant and processing facility in Saaras Allied Agro and Food Private Limited, the PBILDT margins are expected to improve. In FY24, TOI of SBFPL stood at 69.66 crore with PBILDT margin of 8.30%.

Eligibility for Government Grant:

The green field under construction entity Saaras Allied Agro and Food Private Limited is also eligible for government grant for its broiler procession unit with integrated cold chain facility from Odisha government.

The sanction letter of government grant of Rs. 5.5 crore has already been received by the entity and the sanctioned amount shall disburse into 3 instalments based on completion of project.

Applicable criteria

[Policy in respect of non-cooperation by issuers](#)

[Definition of Default](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Consolidation](#)

[Project Stage Entities](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Meat Products including Poultry

SBFPL

Saaras Breeding Farm Private Limited (SBFPL) is an Odisha based company incorporated in November 2016. The company is promoted by Mr. Sarat Chandra Meher and Mr Sachidanand Meher along with other family members. SBFPL is engaged in production and selling of hatching of eggs, chick and commercial broiler. The entity is having a capacity of 12 lakh hatching egg per month out of which 7 lakh egg sold in the open market and 5 lakh remaining egg is converted to chicks wherein 1 lakh chicks sold in market and 4 lakhs converted to commercial broiler through integration. Currently, the company is setting up commercial broiler plant with a capacity of 6 lakh broiler per month and pellet feed plant with a capacity to produce feed of 48000 MT per annum with a project cost of Rs.45.20 crore (incl. working capital requirement) funded through debt of 23 crore and remaining through equity/unsecured loan. The pellet feed plant will reduce the cost and also improve the quality and weight of bird. The expected COD of the projects is April 2025.

SAAFPL

Incorporated in June 2023, promoted by Mr. Sarat Chandra Meher and Mr Sachidanand Meher along with other family members. The company is green filed entity and is currently under construction. The company is setting up a commercial broiler processing unit with integrated cold chain facilities as a forward integration for Saaras group where 1500 broiler per hour will be processed to frozen chicken which shall be marinated with different ingredients and sold to restaurants & hotels. The same will be set up at a project cost of Rs. 38.84 crore funded through debt of Rs. 22 crore and remaining through unsecured loan/ equity. Expected COD is April 2026.

Combined financials of SBFPL & SAAFPL*

Brief Financials (₹ crore)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	82.09	69.66
PBILDT	6.04	5.78
PAT	1.76	1.73
Overall gearing (times)	1.79	1.64
Interest coverage (times)	2.66	3.02

A: Audited UA: Unaudited; Note: these are latest available financial results

* SAAFPL is incorporated in June 2023, it is green-field entity with expected COD is April 2026.

Standalone financial of SBFPL

Brief Financials (₹ crore)	March 31, 2023 (A)	March 31, 2024 (A)
Total operating income	82.09	69.66
PBILDT	6.04	5.78
PAT	1.76	1.73
Overall gearing (times)	1.79	1.64
Interest coverage (times)	2.66	3.02

A: Audited UA: Unaudited; Note: these are latest available financial results

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not applicable

Rating history for last three years: Annexure-2

Detailed explanation of covenants of rated instrument / facility: Annexure-3

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5

Annexure-1: Details of instruments/facilities

Name of the Instrument	ISIN	Date of Issuance (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	30-06-2029	33.22	CARE BB-; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

Annexure-2: Rating history for last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating History			
		Type	Amount Outstanding (₹ crore)	Rating	Date(s) and Rating(s) assigned in 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	33.22	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB; Stable (03-Apr-24)	-	-	-
2	Fund-based - LT-Cash Credit	LT	15.00	CARE BB-; Stable; ISSUER NOT COOPERATING*	1)CARE BB; Stable (03-Apr-24)	-	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE Ratings has classified instruments rated by it based on complexity. Investors/market intermediaries/regulators or others are welcome to write to care@careedge.in for clarifications.

Contact us

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