

Golden Hatcheries

April 01, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE BB; Stable; ISSUER NOT COOPERATING* and Withdrawn
Short Term Bank Facilities	-	-	Rating continues to remain under ISSUER NOT COOPERATING category; Reaffirmed at CARE A4; ISSUER NOT COOPERATING* and Withdrawn

Details of instruments/facilities in Annexure-1

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

Rationale & Key Rating Drivers

CARE Ratings Ltd. has reaffirmed and withdrawn outstanding rating of CARE BB; Stable; ISSUER NOT COOPERATING / CARE A4; ISSUER NOT COOPERATING (Double B; Outlook: Stable; ISSUER NOT COOPERATING/ A Four; ISSUER NOT COOPERATING) assigned to the bank facilities of Golden Hatcheries (GH) with immediate effect. The above action has been taken at the request of GH as well as declaration for non availment of rated proposed facility along with No Due Certificate and No Objection Certificates received from the lenders those have extended the facilities rated by CARE Ratings Ltd.

The rating assigned to the bank facilities of GH remained constrained on account of loans and advances extended to group companies and related parties, limited control on product (chicken) prices and exposure to raw material price movements with seasonal availability, moderate capital structure as well as debt coverage indicators, vulnerability of the industry's performance to outbreaks of flu and other diseases, highly fragmented industry with low entry barriers and susceptibility of generation to variation in climatic conditions. The ratings, however, continue to derive comfort from stable revenue generation from poultry division and improving profitability margins, extensive experience of promoters in poultry and poultry-related business.

Analytical approach: Standalone

Outlook: Stable

Detailed description of the key rating drivers

At the time of last rating dated October 25, 2024, the following were the rating strengths and weaknesses (updated based on information available from client).

Key Weaknesses

Loans and advances extended to group companies and related parties

GH has extended loans and advances to group companies of Rs.145.16 crore as on March 31, 2024 (Unaudited) compared with Rs.152.57 crore as on March 31, 2023 (Unaudited) and Rs.84.72 crore as on March 31, 2022 (Unaudited). These loans and advances contribute around 75% of the networth of the company as on March 31, 2024 as compare to that of 89% as on March 31, 2023. These advances were majorly given to utilise excess cash accruals of GOH for asset creation with lower reliance on debt.

Moderate capital structure and debt coverage indicators

GH's capital structure stood moderate as marked by overall gearing of 1.36x as on March 31, 2024 as against 1.22x as on March 31, 2023 due to high reliance on external debt. Further, due to increase in overall debt along with finance cost, the GH's debt coverage indicators deteriorated marginally and remained moderate as marked by interest coverage of 2.36x during FY24 against 2.90x during FY23 and Total Debt/GCA at 8.21years as on March 31,2024, compared to 6.63 years as on March 31, 2023.

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

Limited control on product (chicken) prices and exposure to raw material price movements with seasonal availability

GH's business is highly raw material intensive, and the raw material cost constitutes around 78% of the total cost of sales in FY23-24 period. GH's profitability is vulnerable to the volatility in raw material (key ingredients – maize and soybean) prices like other players in the industry. Maize is the primary source of energy, whereas soybean is the primary source of protein. These materials are available domestically, and the company procures the same through local mandis during the season and through brokers across Punjab, Haryana, Rajasthan, etc., during off-season. 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. In case of soybean, although there is adequate availability, its prices remain volatile on account of movement in global prices and production.

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

Disease outbreaks, particularly avian influenza (bird flu), significantly impact the profitability of the poultry industry by causing both direct and indirect losses. This results in lower sales volumes and prices, negatively affecting revenue and margins. Additionally, disease outbreaks lead to increased expenditure on biosecurity measures, vaccinations, and other preventive actions, further squeezing profitability and same continue to weigh down on the industry players

Highly fragmented industry with low entry barriers

The poultry industry is driven by regional demand and supply because of transportation constraints and perishable nature of the products. Low capital intensity and low entry barriers facilitate the entry of unorganised players, leading to high competition and fragmentation. The poultry industry is also vulnerable to the outbreaks of diseases, which may lead to reduction in demand, thus affecting the industry players adversely. Furthermore, poultry meat is predominantly sold in the form of live birds, as consumers prefer to buy live poultry and get it cleaned before consuming them. Majority of such sales can happen at small unorganised shops with their own slaughterhouses. This can be attributed to the fact that consumers believe that such meat is clean and germ-free in comparison to cold, processed, and stored meat. Similar is the case with table eggs, with the domestic market mainly dominated by large number of small and unorganised players.

Susceptibility of generation to variation in climatic conditions

Achievement of desired PLF and sustenance of the same going forward would be subject to the changes in climatic conditions, variation in wind patterns, solar irradiation at the site, amount of degradation of modules as well as other technological risks.

Key Strengths**Stable revenue generation from poultry division and improving profitability margins**

The poultry sector remains the dominant revenue driver, contributing over 65% of total sales while renewable energy (solar and wind power) together contributed approximately 35% to the total revenue mix during FY24. Further, the firm's total operating income has consistently grew over the past three years due to improved demand for poultry items and higher income generation through sale of solar power and remained modest as marked by total operating income of Rs.133.33 crore during FY23 to Rs.140.38 crore during FY24. Further, With increase in scale of operations, the profitability also improved and remained healthy marked by the PBILDT margins of 37.52% during FY24 as against 34.51% during FY23. Consequently, PAT margins also improved and remained comfortable at 16.79% during FY24 as against 15.79% during FY23.

Extensive experience of promoters in poultry and poultry-related business

GH was incorporated in 1987 by Kamal Pasha, Chairman and Managing Director of the firm. He is the first-generation entrepreneur and has more than three decades of experience in the poultry industry. He is a B.A and LLB graduate and is one of the founding members and Ex-Vice President of Karnataka Hatcheries Association. Syed Fahad, son of Kamal Pasha, is an MBA Finance graduate from the Ohio University, USA. He has been actively involved in the poultry business since 2003 and was instrumental in setting up the Wind Division of the company in 2011. The management is further supported by a team of qualified and experienced professionals. Golden Hatcheries is part of the Golden group which is in the business of covering most of the poultry value chain from rearing of the parent birds, hatching of eggs, broiler breeding and chicken meat processing.

Applicable criteria

[Withdrawal Policy](#)

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

About the Firm

Golden Hatcheries (GH), part of the Golden Group, is engaged in the business of production and sale of hatching eggs. The firm was founded by Kamal Pasha as a proprietorship concern in 1987. GH purchases Parent breeding stock from Vencobb chickens and rears these birds till they lay the Hatching eggs. GH is producing over 1.5 lakh hatching eggs per day and sales it across country. GH also operates renewable energy assets, including windmill of 8.3 MW and solar power of 46 MW.

Brief Financials (₹ crore)	March 31, 2022 (UA)	March 31, 2023 (UA)	March 31, 2024 (UA)
Total operating income	127.80	133.33	140.38
PBILDT	45.18	46.01	52.67
PAT	21.25	21.29	23.57
Overall gearing (times)	0.81	1.22	1.36
Interest coverage (times)	3.72	2.90	2.36

UA: Unaudited; Note: 'the above results are latest financial results available'

Status of non-cooperation with previous CRA: Not applicable

Any other information: Not Applicable

Rating history for last three years: Annexure-2

Covenants of rated instrument / facility: Annexure-3

Complexity level of various 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		-	-	-	0.00	Withdrawn
Fund-based - LT-Term Loan		-	-	June 2030	0.00	Withdrawn
Fund-based - ST-Bank Overdraft		-	-	-	0.00	Withdrawn

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	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-25) 2) CARE BB; Stable; ISSUER NOT COOPERATING* (25-Oct-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (15-Sep-23)	1)CARE BBB; Stable (04-Aug-22) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (14-Jun-22)	-
2	Fund-based - LT-Cash Credit	LT	-	-	1)CARE BB; Stable; ISSUER NOT COOPERATING* (01-Apr-25) 2) CARE BB; Stable; ISSUER NOT COOPERATING* (25-Oct-24)	1)CARE BB+; Stable; ISSUER NOT COOPERATING* (15-Sep-23)	1)CARE BBB; Stable (04-Aug-22) 2)CARE BB; Stable; ISSUER NOT COOPERATING* (14-Jun-22)	-
3	Fund-based - ST-Bank Overdraft	ST	-	-	1)CARE A4; ISSUER NOT COOPERATING* (01-Apr-25) 2) CARE A4; ISSUER NOT COOPERATING* (25-Oct-24)	1)CARE A4+; ISSUER NOT COOPERATING* (15-Sep-23)	1)CARE A3+ (04-Aug-22) 2)CARE A4; ISSUER NOT COOPERATING* (14-Jun-22)	-

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

LT: Long term; ST: Short term

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

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

Annexure-5: Lender details

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

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

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About us:

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