

Prabhat Poultry Breeding Farms Private Limited

July 08, 2025

Facilities	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	10.00	CARE BB+; Stable	Reaffirmed

Details of facilities in Annexure-1

Rationale and key rating drivers

Reaffirmation of rating assigned to bank facilities of Prabhat Poultry Breeding Farms Private Limited (Prabhat Poultry) continues to remain constrained by its small, though improving scale of operations, supported by healthy growth in total operating income (TOI) and profitability margins in FY25 (Provisional). The rating also remains tempered by the vulnerability of margins to raw material price fluctuations, limited pricing power due to the fragmented and unorganised nature of the poultry industry, cyclicality in demand, and the inherent risk of disease outbreaks affecting operations.

However, the rating continues to derive strength from the promoters' extensive experience and resourcefulness, and the company's satisfactory capital structure and debt coverage indicators.

CARE Ratings Limited (CareEdge Ratings) also notes that the fixed deposit-backed overdraft (OD) support from Venkateshwara Biofeed Private Limited (VH Group) has reduced during the year with repayment of earlier deposits, the company continues to benefit from an extended credit period from VH Group entities for the procurement of parent birds, medicines, and vaccines, reflecting ongoing operational linkages and support.

Rating sensitivities: Factors likely to lead to rating actions.

Positive factors -

- Improvement in scale of operations marked by TOI above ₹90 crore on a sustained basis.
- Improvement in profitability margins indicated by profit before interest, lease rentals, depreciation, and taxation (PBILDT) margin above 14% on a sustained basis.

Negative factors-

- Decline in profitability margins marked by PBILDT margin of below 5% on a sustained basis.
- Deterioration in capital structure indicated by overall gearing ratio of above 1.80x on a sustained basis.

Analytical approach: Standalone

Outlook: Stable

CareEdge Ratings believes that the company will continue to benefit from the promoters' extensive experience and management in the industry.

Detailed description of key rating drivers:

Key weaknesses

Small though improving scale of operations with improved profitability

Prabhat Poultry continues to operate at a relatively small scale, with a TOI of ~₹55.93 crore in FY25 (Provisional), reflecting a healthy growth from ₹42.46 crore in FY24. Over the past five years (FY21–FY25), the company's revenue has grown at a compounded annual growth rate (CAGR) of ~15%, driven by favourable demand for hatching eggs and day-old broiler chicks (DOBCs). On the profitability front, the PBILDT margin improved significantly to 28.71% in FY25 (Provisional) from 12.45% in FY24, supported by better realisations, operational efficiencies, and cost control measures such as procurement of feed from a feed mill which operates for Prabhat Poultry on job work basis which lower feed cost. Similarly, the profit after tax (PAT) margin improved to 18.68% in FY25 from 4.78% in FY24. CareEdge Ratings expects that the company's ability to sustain this improved scale and profitability while managing input cost volatility will remain a key monitorable going forward.

Inherent risks associated with poultry industry and high competition from local players

The poultry industry is driven by regional demand and supply considering the transportation constraints and perishable nature of the products. The industry has low capital intensity and low entry barriers which facilitate easy entry of players leading to a large unorganised sector. Cyclicality in the poultry industry emanates from outbreaks of diseases such as bird flu, extreme weather conditions, and contamination by pathogens leading to plummet in production of healthy chicks and prices subsequently. The poultry industry is highly fragmented and competitive marked by the presence of numerous players in India. Given the fact that the entry barriers to the industry are low, the players in the industry do not have pricing power and are exposed to competition-induced pressures on profitability.

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

Margins susceptible to fluctuation in raw material prices (poultry feeds)

The profitability of Prabhat Poultry remains inherently vulnerable to fluctuations in raw material prices, especially poultry feed, which forms a major portion of the operating cost in the breeding business. Prices of key feed ingredients such as maize and soyabean are market-driven and highly volatile, impacted by factors, such as monsoon conditions, global demand-supply dynamics, commodity price trends, and government policies on Agri-commodities. While the company primarily operates in the poultry breeding segment, where realisations on hatching eggs and chicks are relatively stable compared to broiler farming, any sharp increase in feed costs without a commensurate improvement in realisations can adversely impact margins. However, CareEdge Ratings expects that the company's ongoing cost-saving measures on feed procurement and the proposed solar power project, are likely to provide partial cushion against input cost pressures over the medium term.

Working capital intensive nature of operations

The company's operations remain working capital-intensive owing to seasonality associated with raw material availability. The company's working capital is largely funded by overdraft and internal accruals. The maximum fund-based utilisation remained in the range of 20%. Venkateshwara Biofeed Pvt Ltd is a major supplier for the company which provides extended credit period for the purchase of raw material, resulting in elongated payable days. The company maintained a high level of inventory (mainly parent birds) as at the end of FY25 (Provisional).

Key strengths

Experienced and resourceful promoters

Prabhat Poultry benefits from the extensive industry expertise and long-standing experience of its promoters. Sumit Pramod Mhatre is associated with the poultry industry for over 25 years, which helps the company strategically. Vimal Moreshwar Desai, a director of Prabhat Poultry, brings experience through her family's long-standing involvement in poultry farming. Due to long-term presence in the market, the company has established relations with suppliers and customers. While the quantum of fixed deposit-backed overdraft (OD) support from Venkateshwara Biofeed Private Limited (VH Group) has reduced in FY25, the company continues to benefit from operational support in the form of extended credit periods from VH Group entities, reflecting promoter resourcefulness.

Comfortable capital structure and debt protection metrics

The company's net worth improved to ₹18.31 crore as on March 31, 2025 (Provisional) from ₹8.06 crore as on March 31, 2024, reflecting profit accretion over the year. Over the past three years, the capital structure has strengthened, driven by declining debt levels and improved net worth base. As a result, overall gearing improved to 0.00x as on March 31, 2025 (Prov.), compared to 0.24x as on March 31, 2024, as the company became term debt-free in FY25. The debt coverage indicators have also improved, with total debt/gross cash accruals (GCA) at 0.00x as on March 31, 2025 (Prov.), against 0.43x in FY24 (A). The PBILDT interest coverage ratio remained comfortable, supported by healthy operating profitability and minimal finance costs during the year. CareEdge Ratings expects the capital structure and debt protection metrics to remain comfortable over the medium term, given the absence of term debt and no major debt-funded capex planned as of now.

Liquidity: Adequate

The company has adequate liquidity position marked by free cash balance and liquid investments of ₹5.27 crore as on March 31, 2025, and GCA of ₹12.97 crore against the minimal repayment obligation of ~₹0.15 crore (vehicle loan). The cash flow from operations stood at ~₹7.09 crore for FY25 against ₹5.57 crore in FY24. Prabhat Poultry has secured an FD-backed overdraft facility of ₹2.56 crore from banks, providing additional liquidity support.

Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

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

Established in 2018 as a private limited company by Sunil Promod Mhatre, Prabhat Poultry is a Mumbai-based company specialising in poultry breeding, engaged in rearing broiler birds for hatching eggs, commercial chicks, and egg trading. The company is primarily engaged in poultry breeding. The registered office is at Mumbai, with manufacturing unit in Taluka Roha, District Raigad, Maharashtra. Prabhat Poultry has capacity of 90,000 broiler parent laying across engaged in egg farming, laying poultry birds (chickens), and trading eggs and cull birds.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (UA)
Total operating income	42.46	55.93
PBILDT	5.28	16.06
PAT	2.03	10.45
Overall gearing (times)	0.23	0.00
Interest coverage (times)	9.65	638.80

A: Audited; UA: Unaudited NA: Not Available, 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 facility: Annexure-3

Complexity level of rated for this company: Annexure 4

Lender details: Annexure-5

Annexure-1: Details of 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-Proposed fund based limits		-	-	-	10.00	CARE BB+; Stable

Annexure-2: Rating history of 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 2025-2026	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
1	Fund-based - LT-Proposed fund based limits	LT	10.00	CARE BB+; Stable	-	1)CARE BB+; Stable (12-Jun-24)	-	-

LT: Long term; ST: Short term; LT/ST: Long term/Short term

Annexure-3: Detailed explanation of covenants of rated facilities: Not available

Annexure 4: Complexity level of facilities rated

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Proposed fund based limits	Simple

Annexure-5: Lender details

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

Note on complexity levels of rated instrument: CareEdge 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

<p>Media Contact</p> <p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: 912267543444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Analytical Contacts</p> <p>Akhil Goyal Director CARE Ratings Limited Phone: 022-67543590 E-mail: akhil.goyal@careedge.in</p> <p>Darshan Shah Assistant Director CARE Ratings Limited Phone: 022-67543408 E-mail: Darshan.shah@careedge.in</p> <p>Anup Purandare Assistant Director CARE Ratings Limited E-mail: anup.purandare@careedge.in</p>
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About us:

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