

## Growel Feeds Private Limited

August 29, 2025

| Facilities/Instruments                 | Amount (₹ crore)                 | Rating <sup>1</sup>         | Rating Action |
|----------------------------------------|----------------------------------|-----------------------------|---------------|
| Long-term bank facilities              | 189.33<br>(Enhanced from 187.50) | CARE BBB+; Stable           | Reaffirmed    |
| Long-term / Short-term bank facilities | 25.00                            | CARE BBB+; Stable / CARE A2 | Assigned      |
| Short-term bank facilities             | 55.50<br>(Reduced from 65.50)    | CARE A2                     | Reaffirmed    |

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Growel Feeds Private Limited (GFPL) continues to derive comfort from adequate liquidity, growing profitability, experienced promoter group supported by a well-qualified team, and satisfactory operating performance. However, these strengths are partially offset by a decline in scale of operations, moderate capital structure and debt coverage indicators, the working capital intensive business, industry susceptibility to diseases and climatic conditions, intense competition in a highly fragmented market, and raw material price volatility.

### Rating sensitivities: Factors likely to lead to rating actions

#### Positive factors

- Profit before interest, lease rentals, depreciation and taxation (PBILDT) margin improving to above 8% with steady growth in revenue.
- Return on capital employed (ROCE) improving to above 17% on a sustained basis.

#### Negative factors

- Decline in PBILDT margin to less than 3%.
- Overall gearing deteriorating to beyond 1.2x, going forward.

### Analytical approach: Standalone

#### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will continue to benefit from vast experience of its promoters, and established market position in the industry.

### Detailed description of key rating drivers:

#### Key strengths

##### Experienced promoter group supported by a well-qualified team

GFPL is the flagship company of the Growel Group, currently led by M.V.N. Sessa Chary, C. Sudheer, and P. Srinivas. M.V.N. Sessa Chary, a qualified Chartered Accountant, has been associated with the Growel Group for over a decade. P. Srinivas, a key promoter, has over 15 years of experience in fish culture, managing 350 acres of aquaculture, and runs a successful fish feed ingredients trading business, M/s Vijay & Co, Kikaluru, which has been operating for over a decade in Krishna district. With their deep-rooted connections in the aquaculture industry, particularly in the coastal districts of Andhra Pradesh, promoters leverage their expertise and networks to strengthen GFPL's business operations. Currently, they oversee fish cultivation across ~600 acres. Promoters actively manage GFPL's day-to-day operations, supported by a team of experienced professionals, ensuring efficient business execution and growth.

#### Growth in profitability

Despite the decline in total operating income (TOI), PBILDT margin improved by 133 bps, rising from 3.45% in FY24 to 4.78% in FY25, driven by lower raw material costs while selling prices remained stable. Advancements in research and product development have strengthened product formulation and enhanced the overall product mix. Downturn in the poultry industry has led to a decline in soya prices, enabling the company to procure and store soya in its warehouses, which is expected to further support margin expansion. With the commencement of pet food manufacturing in August 2024-covering dog, cat, hatchery, and aquarium feed, a segment with a minimum profit margin of 25%, overall profitability is expected to improve further in the future.

<sup>1</sup>Complete definition of ratings assigned are available at [www.careedge.in](http://www.careedge.in) and other CARE Ratings Limited's publications.

### Satisfactory operating performance

GFPL commenced commercial operations in March 2010 with a fish feed manufacturing facility and later expanded into shrimp feed production in February 2014. Since then, the business grew rapidly, with shrimp feed contributing significantly to overall revenue. The company's installed capacity increased from 1.8 lakh MT to 3.63 lakh MT from FY19 onwards. However, capacity utilisation slightly declined in fish feed and shrimp feed segments due to subdued demand. GFPL specialises in pellet-based fish feed, which is in high demand due to its balanced nutritional profile, enabling optimal fish growth. Its floating feed offers superior productivity, better efficiency, and even distribution in ponds, making it highly relevant for competing fish farmers in the region. Notably, GFPL is among the few companies in the industry manufacturing floating feeds.

### Key weaknesses

#### Decline in scale of operations

The company's TOI declined by ~18.48%, from ₹1,063.99 crore in FY24 to ₹867.33 crore in FY25, primarily due to a reduction in quantity of feed sales. This decline was driven by decreased shrimp and fish cultivation in Andhra Pradesh, following the removal of the electricity subsidy. Exports declined in FY25 as buyers shifted to suppliers from neighbouring countries with lower transportation costs. Looking ahead, with the anticipated recovery of Andhra Pradesh's aquaculture sector, launch of leased warehouses and manufacturing plants in Northern and Eastern India, and an increase in export orders, the company expects significant turnover growth in FY26.

#### Moderate capital structure and debt coverage indicators

The company's debt profile is primarily composed of working capital borrowings and term loans. As on March 31, 2025, capital structure remained moderate, with an overall gearing of 1.26x (0.94x as on March 31, 2024) and total debt to gross cash accruals (TD/GCA) of 11.54x (9.43x as on March 31, 2024). Deterioration in FY25 was largely attributable to utilisation of unsecured Invoice Discounting facility on the TReDS platform for payments to micro, small and medium enterprise (MSME) suppliers. Against the sanctioned TReDS limit of ₹64.50 crore, the outstanding stood at ₹63.90 crore (~99% utilisation) as on March 31, 2025. However, interest coverage (PBILDT/Interest) improved slightly to 1.88x in FY25 from 1.64x in FY24, supported by better margins while interest costs remained stable. Going forward, capital structure and debt coverage indicators are expected to strengthen with higher profit retention considering improved profitability, scheduled term debt repayments, and reduced reliance on working capital facilities.

#### Working capital intensive business

GFPL's operations are working capital-intensive, driven by the need to maintain high raw material inventory amid price volatility and extended credit periods offered to customers. The company provides a credit period of 180–240 days to fish feed dealers and 120 days to shrimp feed dealers, aligning with natural growth cycle of fish and shrimp. Despite long credit cycles, GFPL has not faced significant bad debts in recent years, supported by its strong distribution network. The company's working capital cycle elongated to 109 days in FY25 (compared to 78 days in FY24). Average collection period increased from 124 days in FY24 to 159 days in FY25, primarily due to an extension in credit periods for select customers—from 90 days to 270 days. The average inventory period rose from 60 days in FY24 to 79 days in FY25, while average creditors' period increased from 106 days to 129 days.

#### Disease-prone industry with dependence on climatic conditions

Aqua farming, being an agro-based industry, is highly susceptible to climatic conditions, which can cause fluctuations in production and raw material prices. Shrimp farming is particularly disease-prone, with lethal viral and bacterial infections posing a significant risk. However, repeated studies have shown that Vannamei shrimp are more resistant to diseases compared to Black Tiger shrimp. Notably, the Indian seafood sector has not experienced a major disease outbreak in the last decade. Future outbreak could have a cascading effect on feed demand, negatively impacting the industry.

#### Highly fragmented industry with intense competition

The aqua feed industry is highly fragmented, with numerous organised and unorganised players, largely due to low entry and exit barriers. This results in intense competition among industry participants. Despite this, GFPL has managed to sustain its position through strong client relationships and a continuous focus on product quality improvement. The company deploys on-field aquaculture technicians to monitor and analyse product performance, ensuring consistent quality. GFPL boasts a dedicated in-house R&D and testing facility, further strengthening its competitive edge.

#### Volatility in raw material prices

Primary raw materials required for manufacturing aquafeed are soya meal, fish meal, wheat, and de-oiled rice bran (DORB). As most of these raw materials are agro based, their prices are highly sensitive to monsoon. Abnormal or weak monsoons can lead to price increases, which may negatively impact the company's profitability. To mitigate this, the company purchases raw materials in large quantities, maintaining a higher level of inventory to shield itself from price fluctuations. GFPL has been successful in passing on input price volatility to its customers, as reflected in its sales realisation.

#### Liquidity: Adequate

Liquidity remains adequate, supported by healthy GCA of ₹18.99 crore in FY25 against a debt repayment obligation of ₹5.99 crore. Average working capital limit utilisation was moderate at 84.31% for 12 months ending June 30, 2025, backed by a comfortable current ratio of 1.19x as of March 31, 2025. Net cash flows from operations stood negative by ₹27.43 crore in FY25 due to early payments to MSME suppliers, while unencumbered cash and bank balance was ₹5.37 crore as on March 31, 2025.

**Assumptions/Covenants:** Not applicable

**Environment, social, and governance (ESG) risks:** Not applicable

### Applicable criteria

[Definition of Default](#)

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

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Short Term Instruments](#)

### About the company and industry

#### Industry classification

| Macroeconomic indicator    | Sector                     | Industry      | Basic industry |
|----------------------------|----------------------------|---------------|----------------|
| Fast moving consumer goods | Fast moving consumer goods | Food products | Seafood        |

Incorporated in January 2008, GFPL is engaged in manufacturing extruded floating fish feed and shrimp feed. The company operates an ISO 9001:2008 certified feed manufacturing facility with an annual production capacity of ~270,000 tons of fish feed and 93,000 tons of shrimp feed at its manufacturing unit in Mudinepalli Mandal, Krishna District, Andhra Pradesh. GFPL is part of the Growel Group, founded by M.S. Ranga Chary and V.N. Sessa Chary. Other key companies in the group include Growel Formulations (P) Limited and Growel Processors Private Limited, both well-established in the aquaculture industry and closely associated with leading fish farmers.

| Brief Financials (₹ crore) | March 31, 2024 (A) | March 31, 2025 (UA) | 3MFY26 (UA) |
|----------------------------|--------------------|---------------------|-------------|
| Total operating income     | 1,063.99           | 867.33              | 271.29      |
| PBILDT                     | 36.73              | 41.48               | NA          |
| PAT                        | 6.54               | 10.04               | NA          |
| Overall gearing (times)    | 0.94               | 1.26                | NA          |
| Interest coverage (times)  | 1.64               | 1.88                | NA          |

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 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                            |      | -                             | -               | -                          | 175.00                      | CARE BBB+; Stable                  |
| Fund-based - LT-Term Loan                              |      | -                             | -               | July 30, 2027              | 14.33                       | CARE BBB+; Stable                  |
| Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing |      | -                             | -               | -                          | 25.00                       | CARE BBB+; Stable / CARE A2        |
| Non-fund-based - ST-BG/LC                              |      | -                             | -               | -                          | 55.50                       | CARE A2                            |

**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 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-Term Loan                              | LT              | 14.33                        | CARE BBB+; Stable           | 1)CARE BBB+; Stable (07-Apr-25)             | -                                           | 1)CARE BBB+; Stable (19-Feb-24)             | 1)CARE BBB+; Stable (25-Jan-23)             |
| 2       | Fund-based - LT-Cash Credit                            | LT              | 175.00                       | CARE BBB+; Stable           | 1)CARE BBB+; Stable (07-Apr-25)             | -                                           | 1)CARE BBB+; Stable (19-Feb-24)             | 1)CARE BBB+; Stable (25-Jan-23)             |
| 3       | Non-fund-based - ST-BG/LC                              | ST              | 55.50                        | CARE A2                     | 1)CARE A2 (07-Apr-25)                       | -                                           | 1)CARE A2 (19-Feb-24)                       | 1)CARE A2 (25-Jan-23)                       |
| 4       | Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing | LT/ST           | 25.00                        | CARE BBB+; Stable / CARE A2 |                                             |                                             |                                             |                                             |

LT: Long term; ST: Short term; LT/ST: Long term/Short 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           |
| 3       | Fund-based - LT/ ST-Bill Discounting/ Bills Purchasing | Simple           |
| 4       | Non-fund-based - ST-BG/LC                              | Simple           |

**Annexure-5: Lender details**

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

**Note on complexity levels of rated instruments:** 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](mailto:care@careedge.in) for clarifications.

### Contact us

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