

## Venky's (India) Limited

January 13, 2026

Facilities	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	52.00	CARE A+; Stable	Assigned
Long-term / Short-term bank facilities	257.00	CARE A+; Stable / CARE A1+	Reaffirmed
Short-term bank facilities	2.50 (Reduced from 32.50)	CARE A1+	Reaffirmed

Details of facilities in Annexure-1.

### Rationale and key rating drivers

Reaffirmation of ratings assigned to bank facilities of Venky's India Limited (VIL) factors in stable financial performance of the company despite volatility witnessed in profitability and the company's ability to prudently manage the liquidity and comfortable leverage profile. VIL reported moderation in scale of operation in FY25 (FY refers to April 1 to March 31) with better profitability. However, due to oversupply in the market and consequent decline in realisation, it reported in losses in H1FY26 (refers to April 1 to September 30). CARE Ratings Limited (CareEdge Ratings) expects margin to stabilise in second half and notes that the company has surplus liquidity available to tide through these fluctuations.

Ratings continue to derive strength from experienced promoters, strong brand under Venkateshwara Hatcheries Group (VH Group), and integrated presence across the poultry value chain in the poultry industry, including large share of pure line breed in the domestic market and wide geographical reach. Ratings continue to draw support from the company's strong liquidity position, comfortable capital structure, and debt coverage indicators.

However, rating strengths are constrained by susceptibility of margins to feed price volatility and limited pricing control in a fragmented industry, and inherent cyclical and risks associated with the poultry sector, which are likely to negatively impact volume and profitability.

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

#### Positive factors: Factors that could individually or collectively lead to positive rating action/upgrade:

- Increase in income from operations above ₹5,000 crore on a sustained basis.
- Sustained improvement in profitability leading to healthy reserve accretion and overall gearing at or below 0.10x.

#### Negative factors: Factors that could individually or collectively lead to negative rating action/downgrade:

- Decline in revenue and profitability, leading to lower-than-expected cash accrual of less than ₹50 crore on a sustained basis.
- Delayed realisation of debtors from group companies putting pressure on liquidity position for the company.
- Unanticipated increase in debt profile resulting in deterioration of overall gearing to 0.70x or higher.

### Analytical approach: Standalone

Although the company's standalone performance is analysed, CareEdge Ratings has factored in operational and managerial linkages with the VH Group.

### Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that VIL will sustain a comfortable financial risk profile over the medium term, supported by integrated operations, diversified product portfolio, and low debt levels.

### Detailed description of key rating drivers:

#### Key strengths

##### Part of VH group, India's largest fully integrated poultry player

VH Group's operations are fully integrated, covering the entire spectrum of poultry activities. The group's operations are vertically and horizontally integrated, ranging from pure line farms (PLF) rearing of parent chicks, broiler breeding, hatcheries, layer birds for table and value-added eggs, processing of chicken, retail stores, feed mills, vaccines, Animal Health Products (AHP), solvent extraction and others. It has pan-India presence in over 20 states. It has grown significantly from its first poultry business in 1971

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

as a small farm in Hyderabad to becoming one of the largest integrated poultry players in India. The group has a team of experienced scientists who conduct research and development (R&D) and ~350 veterinarian doctors. VH Group's integrated structure and R&D capabilities are expected to support operational stability and cost efficiency over the medium term.

### **Strong market position of the group with an established brand name and marketing network**

The group has a strong brand name of 'Venky's' in the field of poultry products and has ~14 express outlets for processed chicken under VIL in Tier-I and Tier-II cities. The group has developed a pan-India presence over the years, with VIL primarily concentrating on the northern and western regions and its flagship company – Venkateshwara Hatcheries Private Limited (VHPL) –concentrated in southern and eastern region of India. VIL is one of the largest producers of specific pathogen free (SPF) eggs in Asia. The breeds developed by group companies, Venco Research and Breeding Farm Private Limited (Venco) and Venkateshwara Research and Breeding Farm Private Limited (VRB) are the largest-selling breeds in India, as these are suited to Indian agro-climatic and market conditions. Breeds have a favourable Feed Conversion Ratio (FCR), which is a crucial factor for profitability. Feed preparation is undertaken by Uttara foods and Feeds Private Limited (UFFPL), and export is housed under Uttara Impex Private Limited (UIPL). Strong brand positioning and breed adaptability are expected to sustain VIL's competitive edge and support revenue growth in the medium term.

### **Significant experience of promoters in poultry business**

VIL is promoted and currently managed by second generation led by Anuradha Desai, Chairperson. She has over four decades of extensive experience within the company and has been chairperson of the National Egg Co-ordination Committee (NECC). She is supported by a well-qualified and experienced management team. Being in the industry for so long has helped the promoter and family in gaining adequate acumen about the industry. Experienced leadership and established industry relationships are expected to aid strategic decision-making and operational resilience.

### **Improvement in profitability despite moderation in scale of operations in FY25; H1FY26 witnesses challenge in profitability**

In FY25, total operating income (TOI) stood at ₹3,308.19 crore (FY24: ₹3,738.66 crore) primarily due to subdued top line of the Oilseed division caused by reduced volume in refined soybean oil and soybean de-oiled cake and lower realisation of soybean de-oiled cake, whereas Poultry and Animal Health Products divisions were steady. However, profit marked by PBILDT improved despite moderation in scale and remained at ₹173.05 crore (FY24: ₹124.89 crore) with a PBILDT margin of 5.23% (FY24: 3.34%), supported by lower feed/input costs (primarily maize and soya) and a better mix in core poultry products, translating to profit after tax (PAT) of ₹116.62 crore (FY24: ₹79.07 crore) and a 3.53% PAT margin (FY24: 2.11%).

In current year H1FY26, TOI stayed stable at ₹1,688.75 crore (H1FY25: ₹1,602.73 crore). However, PBILDT margin declined to 0.86% in H1FY26 and the company reported net level loss of ₹10.70 crore (H1FY25: ₹82.94 crore profit). Adverse impact on profitability is attributable to sharp declines in realisation of chick and broiler prices amid excess supply, early arrival of monsoon with extended rainy season in key markets, and muted festive-period demand. With most costs remaining fixed, the narrowed gap between selling price and production cost led to losses. CareEdge Ratings expects margin to stabilise in second half with improvement in realisation from October and lower feed price trend.

### **Comfortable capital structure and debt protection metrics**

With the absence of major new debts and improvement in tangible net worth supported by accretion to reserves, the company's capital structure remained comfortable in FY25. Overall gearing stood comfortable at 0.12x as on March 31, 2025, against 0.13x as on March 31, 2024. The debt coverage indicators marked by interest coverage has improved to 10.59x for FY25 (PY: 6.87x) and total debt to gross cash accruals (TD/GCA) improved to 1.06x as at the end of FY25 (PY: 1.48x).

In FY26, the company has been sanctioned term debt of ₹52 crore, for two capex aggregating to ₹76.20 crore. The first relates to the Foods Division with capex of ₹16.20 crore towards processed/frozen product capability (including nuggets, cutlets and burger formats). This project has been completed which is funded through a ₹12 crore term loan and balance with internal accruals. The second capex relates to the SPF platform with capex of ₹60 crore which expected to commence operations in phases in FY27 and FY28. The SPF capex is expected to reflect in higher sellable output after commissioning and subsequent biological ramp up. The SPF project is estimated to be funded via ₹40 crore term loan and balance from internal accruals, although term loan is yet to be disbursed. It is noteworthy that, despite increase in debt due to capex, the debt protection metrics and capital structure is expected to stay at comfortable level.

## Key weaknesses

### Vulnerability of profits to raw material price movements

Profitability in poultry is highly sensitive to feed costs because feed typically accounts for 60–70% of total production costs, with maize and soybean as the two critical ingredients. India's poultry sector also uses large share of the country's maize, so tightening in maize availability quickly shows up in feed costs and margins. Maize prices have been on increasing trend in FY25 which some stabilisation in 9MFY26, however, soybean prices are on declining trend. Looking ahead, the feed prices will continue to have bearing on the profitability of players, such as VIL. Poultry does not have minimum support price(MSP), and bird prices are set by demand. So, when feed gets costlier, producers have limited ability to pass on such hike.

### Inherent risks associated with poultry business

Poultry industry is vulnerable to risks such as cyclical, adverse climatic conditions and disease outbreaks (bird flu), which has bearing on consumer demand, product prices, and can cause inventory losses. Vulnerability of operations to such adverse scenario may impact the performance of the companies operating in the poultry sector including VIL. However, CareEdge Ratings notes that VIL has implemented measures to mitigate the risk related to disease outbreak to an extent and have also kept sufficient liquidity buffer to tide through adverse scenarios. It has developed farms at different locations maintaining sufficient distance to reduce contagion. Moreover, the group has established a nationwide contract-farming network to avoid local supply disruptions. VH Group adds protection through its own poultry vaccines, pharmaceuticals, biosecurity products, and disease-diagnostic labs, enabling early detection and faster response. Even after implementing these safeguards, adherence to the same remains key monitorable.

### Liquidity: Strong

VIL's liquidity remains strong, with free cash of ₹65.34 crore and current investments in mutual funds of ₹121.57 crore as on March 31, 2025. Net cash flow from operations was ₹68.55 crore in FY25. Average fund-based working capital utilisation stood at ~65% in the last 12 months ended September 2025, providing adequate headroom for incremental working capital requirement. The current ratio improved to 2.30x (FY24: 1.89x), while the working capital cycle, though moderated, remained comfortable at 77 days (FY24: 62 days). Although GCA in FY26 is likely to decline, it is expected to remain sufficient to meet the modest debt repayment obligation of ₹1.45 crore, indicating continued strong liquidity in the near term.

### Assumptions/Covenants: Not applicable

### Environment, social, and governance (ESG) risks:

Parameters	Risk factors
<b>Environmental</b>	The company obtained certification for its food processing unit from FSSC 22000 (Food Safety System Certification 22000; Version 5.1); ISO 22000: 2018 (Food safety management systems) and HACCP Management System. It follows practices to ensure safety and optimal resource use throughout the product life cycle. The company has also implemented waste recycling for biodegradable waste generated in live bird operations. Additionally, the AHP unit holds ISO 9001:2015 and GMP (Pune FDA), and the company has tie-ups with government-approved waste handlers for recycling, and it reports compliance with applicable Water/Air/Environment laws with no EIAs required in FY25.
<b>Social</b>	The company has a CSR policy in place and has been conducting CSR activities related to educational and medical services for upliftment of society, promotion of sports, and rural development projects among others. Directly procured agricultural produce such as soya from local farmers, eliminating intermediaries. FY25. CSR expenditure was ₹406.98 lakh versus an obligation of ₹270.86 lakh, with nil unspent and ₹136.12 lakh available for set-off.
<b>Governance</b>	Being a listed company, VIL complies with the regulatory requirement for disclosures. The company has all required committees in place such as corporate social responsibility, Internal Complaints Committees, which are constituted in terms of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, whistle blower and others. Its board of directors comprises 10 directors, which include five independent directors, including three women directors.

## Applicable criteria

- [Definition of Default](#)
- [Factoring Linkages Parent Sub JV Group](#)
- [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	Meat products including poultry

Incorporated in 1976, VIL (Corporate Identification Number [CIN]: L01222PN1976PLC017422) is a part of the Pune-based VH Group. The company is engaged in integrated poultry business and mainly deals in the broiler bird segment, solvent extraction and vegetable oil refinery segments and its activities are primarily concentrated in northern and western India. The VH Group was established and promoted by Padma Shree awardee Dr BV Rao and is the largest integrated poultry player in India, covering the entire spectrum of the poultry segment – from pure line breeding to processed chicken. Over the years, the group has created a strong brand named 'Venky's' and has a pan-India presence in organised and inorganically expanded poultry segments. VHPL is the flagship company of the group, which holds a 51.02% stake in VIL.

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26 (UA)
Total operating income	3,738.66	3,308.19	1,688.75
PBILDT*	124.89	173.05	14.49
Profit after tax (PAT)	79.07	116.62	-10.70
Overall gearing (x)	0.13	0.12	0.13
Interest coverage (x)	6.87	10.59	1.55

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

\*PBILDT: Profit before interest, lease rentals, depreciation, and tax

**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 facilities

Name of the Facility	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-Term Loan		-	-	August 2028*	52.00	CARE A+; Stable
Fund-based - LT/ ST-CC/PC/Bill Discounting		-	-	-	197.00	CARE A+; Stable / CARE A1+
Fund-based/Non-fund-based-LT/ST		-	-	-	60.00	CARE A+; Stable / CARE A1+
Non-fund-based - ST-BG/LC		-	-	-	2.50	CARE A1+

\*₹40 Crore term loan yet to be disbursed, hence maturity date not applicable for it.

**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	-	-	-	-	1)Withdrawn (05-Jan-24) 2)CARE A+; Stable (17-Nov-22)	1)CARE A+; Stable (30-Nov-22)
2	Fund-based/Non-fund-based-LT/ST	LT/ST	60.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (09-Jan-25)	1)CARE A+; Stable / CARE A1+ (30-Nov-22) 2)CARE A+; Stable / CARE A1+ (17-Nov-22)	1)CARE A+; Stable / CARE A1+ (30-Nov-22)
3	Non-fund-based - ST-BG/LC	ST	2.50	CARE A1+	-	1)CARE A1+ (09-Jan-25)	1)CARE A1+ (05-Jan-24)	1)CARE A1+ (30-Nov-22) 2)CARE A1+ (17-Nov-22)
4	Fund-based - LT/ST-CC/PC/Bill Discounting	LT/ST	197.00	CARE A+; Stable / CARE A1+	-	1)CARE A+; Stable / CARE A1+ (09-Jan-25)	1)CARE A+; Stable / CARE A1+ (05-Jan-24)	1)CARE A+; Stable / CARE A1+ (30-Nov-22) 2)CARE A+; Stable / CARE A1+ (17-Nov-22)
5	Fund-based - LT-Term Loan	LT	52.00	CARE A+; Stable				

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-Term Loan	Simple
2	Fund-based - LT/ST-CC/PC/Bill Discounting	Simple
3	Fund-based/Non-fund-based-LT/ST	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 for clarifications.

## Contact us

Media Contact	Analytical Contacts
<b>Mradul Mishra</b> Director <b>CARE Ratings Limited</b> Phone: +91-22-6754 3596 E-mail: <a href="mailto:mradul.mishra@careedge.in">mradul.mishra@careedge.in</a>	<b>Akhil Goyal</b> Director <b>CARE Ratings Limited</b> Phone: 022-67543590 E-mail: <a href="mailto:akhil.goyal@careedge.in">akhil.goyal@careedge.in</a>
<b>Relationship Contact</b>  <b>Saikat Roy</b> Senior Director <b>CARE Ratings Limited</b> Phone: 912267543404 E-mail: <a href="mailto:saiyat.roy@careedge.in">saiyat.roy@careedge.in</a>	<b>Darshan Shah</b> Assistant Director <b>CARE Ratings Limited</b> Phone: 022-67543408 E-mail: <a href="mailto:Darshan.shah@careedge.in">Darshan.shah@careedge.in</a>  <b>Abhijeet Dhakane</b> Lead Analyst <b>CARE Ratings Limited</b> E-mail: <a href="mailto:Abhijeet.Dhakane@careedge.in">Abhijeet.Dhakane@careedge.in</a>

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