

Kanmani Poultry Farm

March 26, 2026

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	50.80 (Reduced from 52.00)	CARE B; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating assigned to the bank facilities of Kanmani Poultry Farm (KPF) is constrained by moderate scale of operations, leveraged capital structure, elongated operating cycle, presence in highly competitive and fragmented industry and capital withdrawal risk associated with partnership constitution of the firm. However, the rating derives strength from experience of the promoters in the poultry business and relatively stable operating margins.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Successfully complete the ongoing capacity addition and increase the scale of operations with income above Rs.100 crore.
- Improvement in net worth base above Rs.10 crore

Negative factors

- Decline in income below Rs.50 crore with PBILDT margin below 4%.
- Elongation of operating cycle above 90 days
- Significant delay in the execution and completion of ongoing project lead to stretch in liquidity

Analytical approach: Standalone

Outlook: Stable

The stable outlook reflects expectations that the firm will sustain its income growth, supported by ongoing capacity expansion and the phased commissioning of additional capacities.

Detailed description of key rating drivers:

Key weaknesses

Moderate scale of operations

The scale of operations of KPF has remained moderate, though it has shown improvement over the years. The firm reported an operating income of Rs. 54.73 crore in FY25 (refers to the period April 1 to March 31), reflecting a CAGR of 5.38% over the five-year period ending FY25. Further, the firm has achieved revenues of Rs. 42.26 crore during H1FY26 (Provisional) (refers to the period April 1 to September 30).

Leveraged capital structure

The firm's capital structure remained moderate, with overall gearing at 1.89x as on March 31, 2025, compared with 2.00x as on March 31, 2024, reflecting continued reliance on bank borrowings on account of its modest net-worth base. The firm is currently undertaking a capex of Rs. 42.60 crore, funded by term debt of Rs. 37.80 crore and the balance through promoter contribution, for the construction of Environmentally Controlled (EC) sheds to house additional layer birds. The project is relatively large in proportion to the firm's net worth and remains at an early stage of execution. To date, Rs. 10.00 crore has been incurred, financed through Rs. 8.00 crore of term loans and the remainder from promoter funds. The project is expected to be completed by end-FY27, and gearing is likely to moderate further in the near term.

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

Elongated operating cycle

The operating cycle elongated from 33 days in FY23 to 83 days in FY25 due to higher inventory holding. The firm has a feed mill of capacity of 100 MT / day and the average inventory days stood high at 105 days in FY25 (PY: 85 days) due to higher feed raw material ingredients.

Presence in highly competitive and fragmented industry

The firm operates in a highly competitive and fragmented market which consists of large and small sized players. Moreover, low entry barriers in the industry further intensifies the already prevailing competition in the market. This competitive and fragmented nature of the industry can have an impact on the profit margin of the company and may lead to adopt liberal credit policies in the market.

Capital withdrawal risk associated with partnership constitution of the firm

The partnership nature of the firm has inherent risk of withdrawal of capital by the partners at the time of their personal contingencies resulting in reduction of capital base leading to adverse effect on capital structure.

Key strengths

Experience of the promoters in the poultry business

The firm is constituted by three family partners—Mr. P. Arumuga Gounder, Mr. A. Balusamy (son of Mr. P. Arumuga Gounder), and Mrs. B. Suseela (wife of Mr. A. Balusamy). The business is currently managed by Mr. A. Balusamy, a Chemistry graduate with over 25 years of experience in the poultry sector. He is an active member of the Tamil Nadu Poultry Farmers Association and serves as the Chairman of the Paramathi Zone of the National Egg Coordination Committee (NECC). Dr. A. B. Prasath (MD, Pharmacology), son of Mr. Balusamy, is also involved in the poultry operations, although he is not a partner in the firm

Relatively stable operating margins

The PBILDT margins stood stable in the range of 3% to 5% in the past 5 years ended FY25 and is expected to improve going forward due to efficient feed management and production processes.

Liquidity: Stretched

The liquidity position of KPF is stretched with tightly matched accruals against repayment obligations and moderate cash balance of Rs.1.34 crore as on March 31, 2025. The firm has been sanctioned with working capital limit of Rs.13.00 crore and the average utilisation stood at 65% for the past 12 months period ended February 2026.

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](#)

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

KPF based out of Namakkal, Tamil Nadu is specialized in poultry farming, was promoted by Mr. P. Arumugam as a proprietorship firm in 1990. In 2004, the firm transitioned into a partnership, focusing on the cultivation of egg-laying poultry birds and the trading of eggs

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	H1FY26(UA)
Total operating income	54.34	54.74	42.26
PBILDT*	2.64	2.77	NA
Profit after tax (PAT)	0.98	1.00	NA
Overall gearing (x)	2.00	1.89	NA
Interest coverage (x)	2.23	2.09	NA

A: Audited UA: Unaudited; NA: Not Available. 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 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		-	-	-	13.00	CARE B; Stable
Fund-based - LT-Term Loan		-	-	September 2032	37.80	CARE B; Stable

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	37.80	CARE B; Stable	1)CARE B; Stable (02-May-25)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (21-Nov-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (12-Oct-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (13-Sep-22)
2	Fund-based - LT-Cash Credit	LT	13.00	CARE B; Stable	1)CARE B; Stable (02-May-25)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (21-Nov-24)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (12-Oct-23)	1)CARE B-; Stable; ISSUER NOT COOPERATING* (13-Sep-22)

*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 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

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