

## Sri Vaibhava Lakshmi Enterprises Private Limited

March 27, 2026

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long-term bank facilities	35.08 (Reduced from 39.94)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

Ratings assigned to bank facilities of Sri Vaibhava Lakshmi Enterprises Private Limited (SVLEPL) continue to remain constrained by leveraged capital structure, moderate debt coverage indicators in FY25 (refers to April 01 to March 31), stretched liquidity, working capital intensive operations, highly fragmented and competitive nature of industry, and risk associated with disease outbreak in poultry business.

However, ratings derive comfort from growing scale of operations with satisfactory profitability margins in FY25, which improved in the current year, and satisfactory track record with experienced and resourceful promoters.

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

#### Positive factors

- Increase in scale of operations by over ₹100 crore with maintaining return on capital employed (ROCE) at over 12% on a sustained basis.
- Significant improvement in overall gearing ratio from the existing level.

#### Negative factors

- Decline in total operating income (TOI) or profit before interest, lease rentals, depreciation and taxation (PBILDT) margin by over 30% y-o-y.
- Deterioration in capital structure marked by overall gearing of over 5x on a sustained basis.

**Analytical approach:** Standalone

#### Outlook: Stable

CARE Ratings Limited (CareEdge Ratings) believes that the entity will continue to benefit from industry experience of promoters and management.

### Detailed description of key rating drivers:

#### Key weaknesses

##### Leveraged capital structure and moderate debt coverage indicators

SVLEPL's capital structure although improved, considering accretion of profits, continued to remain leveraged marked by overall gearing ratio of 3.33x as on March 31, 2025, against 3.73x as on March 31, 2024, mainly due to high reliance on external debt in line with improvement in scale. However, with increase in overall debt mainly in form of working capital borrowing and interest cost, SVLEPL's debt coverage indicators moderated marginally and continues to remain moderate as marked by total debt to gross cash accruals (TD/GCA) at 13.45 years as on March 31, 2025 (PY: 12.66 years) and interest coverage of 2.03x in FY25 compared to 2.09x in FY24, however, considering improvement in PBILDT margins as a result of improved realisation of egg prices and moderated feedstock prices, PBILDT margins are expected to improve for FY26, translating to improved coverage indicators.

##### Working capital intensive operations

SVLEPL's business operations are working capital intensive marked by high utilisation of working capital limit as a result of an elongated working capital cycle. Utilisation of working capital limits remained near to full. This was mainly due to blockage of funds in inventory. Due to its nature of business operations, where SVLEPL is required to keep high inventory level of bird and raw material stock to feed the birds in different growing stages and to mitigate fluctuation in raw material prices leading to

<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.

elongated inventory days of 206 days in FY25 (PY: 196 days). This led to elongated operating cycle of 181 days in FY25 (PY:177 days). SVLEPL operates on cash & carry model. For few customers, it extends one-week credit period. SVLEPL makes payment to suppliers of chicks and other feed suppliers in 25-40 days. The ratio of net working capital to total capital employed remained high at 68% as on March 31, 2025.

#### Highly fragmented and competitive nature of industry

SVLEPL faces stiff competition in poultry business from numerous established and unorganised players in the market. Competition gets stronger with presence of unorganised players, leading to pricing pressures. However, improved demand scenario of poultry products in the country augurs well for the company.

#### Prevailing risk of disease outbreak in raising poultry

SVLEPL's margins are susceptible to volatility associated with realisations of eggs and inherent risk of disease outbreak associated with poultry industry, which can lead to demand collapse. Commercial poultry operations, especially in the broiler segment tend to be highly volatile, given the low level of capital investment required in the business and fragmented nature of the industry. Changes in prices of live birds, table eggs and feed costs impact profitability and cash flows of companies operating in poultry industry strongly. There are large variations in the production and consumption of poultry meat.

#### Key strengths

##### Growing scale of operations with satisfactory profitability margins

SVLEPL's scale of operations marked by total operating income grew by 8% in FY25 considering increase in sale of eggs and hens but remained modest of ₹84.03 crore in FY25 (PY: ₹78.04 crore). The company's clientele includes local sellers and dealers. The PBILDT margin remained satisfactory, having slightly deteriorated to 8.89% in FY25 (PY: ₹9.56%) considering an increase in cost of raw materials consumed. Resultantly, the profit after taxation (PAT) margin also declined marginally owing sizeable interest cost and remained moderate at 1.22% in FY25, compared to 2.05% in FY24. SVLEPL has reported revenue of ₹81.69 crore for 10MFY26, while PBILDT margin has improved to 13.32% considering decline in raw material prices and increase in egg prices. Scale of operations is expected to remain modest in the short-to-medium term, however its profitability is expected to remain satisfactory for the short term.

##### Satisfactory track record with experienced and resourceful promoters

SVLEPL was incorporated in 2011 and promoted by K Venkatanarayana (Managing Director), K Vasanta Sandhya Rani (Director) and family. He has over a decade of experience in the poultry business. Due to long-term presence in the market, promoters have good relations with suppliers and customers.

#### Liquidity: Stretched

SVLEPL's liquidity position remained stretched marked by high utilisation of its working capital limit, tightly matched cash accruals to meet debt repayment obligation, modest cash flow from operations, elongated operating cycle and low cash & bank balance. Utilisation of working capital limits remained near to full owing to blockage of funds in inventory, while unencumbered cash and bank balance was ~₹0.01 crore as on March 31, 2025 and cash flow from operations declined over previous year due to blockage of funds in inventory and was modest at ₹3.35 crore in FY25. Operations are highly working capital intensive and net working capital as a percentage of capital employed was 68% as on March 31, 2025. Cash accruals are expected to be enough to meet the FY26 debt repayment obligation, as only one external term loan remains unpaid and to be fully repaid by April 2026.

#### 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

SVLEPL was incorporated in 2011 and promoted by K Venkatanarayana (Managing Directors), K Vasanta Sandhya Rani (Director) and family. The company is engaged in egg farming, laying poultry birds (chickens) and trading of eggs, cull birds and their manure. The company has two units, one in Telangana (with 70-acre area) and the second in Nandigama (with 16 acres).

Brief Financials (₹ crore)	March 31, 2024 (A)	March 31, 2025 (A)	10MFY26 (UA)
Total operating income	78.04	84.03	81.69
PBILDT*	7.46	7.47	10.88
Profit after tax (PAT)	1.60	1.03	NA
Overall gearing (x)	3.73	3.33	2.21
Interest coverage (x)	2.09	2.03	4.75

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	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	34.25	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	April 2026	0.83	CARE BB-; 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-Cash Credit	LT	-	-	-	-	-	1)Withdrawn (13-Oct-22)
2	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (13-Oct-22)
3	Fund-based - LT-Term Loan	LT	-	-	-	-	-	1)Withdrawn (13-Oct-22)
4	Fund-based - LT-Proposed fund based limits	LT	-	-	-	-	-	1)Withdrawn (13-Oct-22)
5	Fund-based - LT-Term Loan	LT	0.83	CARE BB-; Stable	-	1)CARE BB-; Stable (28-Mar-25)	1)CARE BB-; Stable (15-Feb-24)	1)CARE B+; Stable (08-Feb-23)
6	Fund-based - LT-Cash Credit	LT	34.25	CARE BB-; Stable	-	1)CARE BB-; Stable (28-Mar-25)	1)CARE BB-; Stable (15-Feb-24)	1)CARE B+; Stable (08-Feb-23)

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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