

## Anjani Foods Limited

September 26, 2025

Facilities/Instruments	Amount (₹ crore)	Rating <sup>1</sup>	Rating Action
Long Term Bank Facilities	10.21	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

### Rationale and key rating drivers

The reaffirmation of the rating assigned to the bank facilities of Anjani Foods Limited (AFL) continue to be constrained due to moderate scale of operations albeit increase witnessed in FY25 (Audited) [FY refers to the period April 01 to March 31], moderate financial risk profile, working capital intensive nature of operations, high utilization of working capital limits having negligible cushion and low unencumbered cash balances as of account closing date leading to stretched liquidity, profitability susceptible to raw material price fluctuations, and intense competition in confectionary industry.

The rating, however, derive comfort from experienced and resourceful promoters, consistent growth profitability in FY25 (Audited) and Q1FY26 (Unaudited), established regional presence of brand "Fresh Choice", satisfactory operating cycle, favourable plant location and stable industry outlook. The rating also factors in the additional outlets and a new manufacturing facility which is likely to enable the company in increasing the scale going forward.

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

#### Positive factors

- TOI increasing to more than Rs 100 crore while maintaining PBILDT margins at 8% on a sustained basis.
- TOL/ TNW improving to less than 1.2x

#### Negative factors

- Overall gearing deteriorating to above 1x, in future
- Significant decline in TOI or profits by more than 10% y-o-y

### Analytical approach: Consolidated

AFL has formed a Joint venture (JV) namely Senta Foodwork Private Limited where AFL has bought equity shares aggregating to 51% of the total equity share capital and balance 49% held by Quennelle 36 Foodworks Private Limited. Considering operational and financial linkages with Senta Foodworks Private Limited.

### Outlook: Stable

The 'Stable' outlook reflects CARE Rating's expectation to sustain its financial risk profile and improve profitability with healthy cash flow generation from operations. Sufficient cash balances and low term debt repayment obligations shall aid the liquidity profile of AFL.

### Detailed description of key rating drivers:

#### Key weaknesses

**Moderate scale of operation despite growth reported in FY25:** AFL witnessed a growth of ~16% in FY25 and stood at Rs 59.77 crore as compared to Rs 51.59 crore in FY24. However, the scale of operations continues to remain moderate. The growth in the revenue is driven by increasing per capita consumption due changing lifestyles, growing urbanization, and steadily rising affluence levels. The company is also rapidly expanding its retail outlet business. It had opened three new outlets in Visakhapatnam, Kakinada, Rajahmundry as of August 31, 2025, and planning to open 7 more in the current FY i.e. FY26.

In Q1FY26, the company has achieved a revenue of Rs 15.37 crore. The company is expected to continue expanding its outlets, which would increase its operational capacity, and, in turn, help increase its revenue in the future.

**Moderate financial risk profile and working capital intensive operations:** The moderate financial risk profile of the company is characterised by low net worth base of Rs 13.50 crore as on March 31, 2025. The debt levels are relatively lower with overall gearing at 0.86x as on March 31, 2025 increased from 0.74X as on March 31, 2024 due to increase in term debt. The working capital utilisation for its fund-based facilities for the past 12 months ended June 2025 remains almost fully utilized, however, given the scale of operations, the working capital limits are relatively low. The other debt coverage indicators marked

<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.

by PBILDT/ interest coverage remained at similar levels 5.17x in FY25 compared to 5.41x in FY24. The Total Debt/GCA moderated to 3.34x as on March 31, 2025 due to increase in debt levels in FY25.

**Profitability susceptible to raw material price fluctuations:** The major raw materials for manufacturing confectionaries are sugar, oil and flour. The company is exposed to price fluctuations as the supply of such agro commodities are exposed to vagaries of nature. Moreover, the prices of these commodities are dependent upon various factors including climatic conditions in the growing regions, substitutes for the crop (for farmers), government regulations for sugar pricing, as well as alternate demand drivers, this impacts the profitability margin which already are on a lower side. Furthermore, cookies and cakes being perishable in nature and having life span of 6 months to 12 months from the date of manufacturing, require more effort in selling the product before its expiry as the liability of the expired products rests with the company. Additionally, the company mostly procures raw material from the local traders, however, if the market is favourable, the company will enter into long term contracts with the vendors. The tenure of these contracts varies depending upon the favorable prices of the raw material.

**Intense competition in confectionary industry:** AFL faces competition from larger established companies like Britannia, Parle, ITC, and other regional brands. Most of these players have a large scale of operations, a pan-India presence and strong brand positioning. Apart from these, as entry and exit barriers in confectionery industry are low large local and regional players have also mushroomed across the country which has added to competitive intensity in the industry. Hence, the biggest challenge for the industry players would be retaining and growing not only their regional presence but also strategize to become a regional level player by maintaining quality standards.

## Key strengths

### Experienced and resourceful promoters

Anjani Foods Limited (AFL) has been promoted by Mr. K V Vishnu Raj and Mr. R. Ravichandran. Mr. K V Vishnu Raj (Chairman) is a postgraduate by qualification and having more than three decades experience in different business such as educational sector, tiles, food etc. and Mr. R. Ravi Chandran (whole time director and Chief Executive officer) is a postgraduate by qualification and having more than two decades of industry experience. By virtue of long presence in the market, the promoters have established healthy relationship with suppliers and customers. Recently in the year 2020, Mr. K. Aditya Vissam son of Mr. K V Vishnu Raj has joined as a Managing Director of Anjani Foods Limited, is a postgraduate by qualification and having more than a decade of industry experience. Furthermore, the company has hired qualified and experience professionals from food retail giants like McDonald, ITC etc., at top executive level to provide professional guidance.

### Consistent growth in profitability levels

The profitability of the company is improving consistently on account of growing revenues and increasing efficiency. Profitability in absolute terms marked by PBILDT and PAT improved to Rs 4.60 crore and Rs 1.34 crore respectively in FY25 as compared to Rs 4.23 crore and Rs 1.23 crore respectively in FY24. The PBILDT margin of the company moderated slightly by 52 bps to 7.69% in FY25. The PAT margin also remained at similar and moderated slightly by 14 bps to 2.24% in FY25. For Q1FY26, PBILDT margin stood at similar levels at 7.54% and operating PAT margin stood at 1.69%.

Established regional presence of brand "Fresh Choice": The brand Fresh Choice is an established brand in the cake segment in rural and towns of Andhra Pradesh region. AFL manufactures different varieties of cookies, cakes and breads. The company is also expanding its operation in more cities with its third manufacturing unit commencing operation in current financial year.

### Satisfactory operating cycle

AFL's operating cycle stands satisfactory with better working capital management. The company manufactures different varieties of cookies, cakes and breads. The average collection period improved from 10 days in FY24 and stood at 9 days in FY25 which is better than its competitors. The operating cycle of the company stood negative on account of improvement in inventory levels which dropped by 10% in FY25 compared to FY24. With established relationship with its suppliers, AFL is able to get a credit period of 2 months. The working capital utilisation for its fund-based facilities for the past 12 months ended June 2025 remains high at 99.98%.

### Favourable plant location

The manufacturing units of the company is strategically located in Modavalasa village near Visakhapatnam with which provides logistical advantage to the company. AFL procures most of its raw material like Maida, sugar and atta from local farmers/processors located in and around the unit. Considering the growing demand for AFL's products and scale of business, and for the ease of trade, company has set up a new production facility in Peddapuram with state-of-the-art machinery with Japanese Technology which will help increase production and further provide logistical advantage for sale in East Godavari which is a great untapped market for AFL. AFL has also commissioned an additional manufacturing facility in Kakinada with an additional capacity of 1100 MTPA 1,100 MT/year capacity for premium breads and buns, rusk, cookies and cup cakes. This will help in reducing the logistics cost by reducing the time taken to deliver the products.

### Stable industry outlook

The Indian food processing sector is rapidly expanding, projected to grow from USD 866 billion in 2022 to USD 1,274 billion by 2027, driven by rising incomes, urbanization, and evolving consumer preferences. Maintaining a steady annual growth rate of 7.3% between 2015 and 2022, it plays a vital role in both agriculture and manufacturing. Government initiatives like PMKSY,

PMFME, and PLISFPI are boosting capacity, formalizing micro-enterprises, and enhancing infrastructure. Recent developments include irradiation units, food testing labs, and mega food parks, improving efficiency and export potential. Exports of ready-to-eat and ready-to-cook products are rising, reflecting global competitiveness. Western food trends, urban lifestyles, and growing e-commerce are fuelling demand for bakery and convenience foods. With strong policy support and expanding infrastructure, the sector is poised to be a key contributor to India's economic growth and food security.

#### **Liquidity:** Stretched

The liquidity profile of the company is stretched characterized by tightly matched cash accruals of Rs.3.50 crore in FY25 vis-à-vis repayments obligation of Rs. 2.10 crore in FY26. AFL has low cash balance of Rs 0.35 crore as of March 31, 2025, and with working capital utilization remaining full as of August 31, 2025, there is less cushion in case of increase in WC requirements. However, comfort is derived from the strength of promoters and track record of support demonstrated by way of infusion of funds to support the company in case of any shortfall.

#### **Assumptions/Covenants:** Not applicable

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

	Risk factors
Environmental	No major issues; Proper waste disposal mechanism is in place along with all the required approvals from FSSAI.
Social	The company is associated with food products business, hence, product safety and quality is taken care of through testing of all products by R&D departments.
Governance	Company follows all compliances and has good internal control system, also continued support from promoters and Anjani Vishnu Group is available as and when required.

#### **Applicable criteria**

[Consolidation](#)

[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	Other Food Products

Andhra Pradesh based, Anjani Foods Limited (AFL) is a public limited company listed on BSE. The company is engaged in the business of manufacturing, distribution and trading of confectionery products. The company has its own manufacturing units located in Andhra Pradesh having an installed capacity of 6100 tons per year. The products of AFL are sold under the brand "Fresh Choice's". The company also runs retail outlets in Tier 1 and Tier 2 cities. AFL is a part of well known, Andhra based, Anjani Vishnu group, the group has its presence across varied sectors like education, tiles and security printing.

##### **Financials - Consolidated**

Particulars	March 31, 2025 (A)	March 31, 2025 (A)	Q1FY26 (UA)
Total operating income	51.59	59.77	15.37
PBILDT	4.23	4.60	1.14
Operating PAT	1.23	1.34	0.26
Overall gearing (times)	0.74	0.86	NA
Interest coverage (times)	5.41	5.17	5.15

A: Audited; UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results available'

##### **Financials - Standalone**

Particulars	March 31, 2024 (A)	March 31, 2025 (A)	Q1FY26 (UA)
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Total operating income	46.06	53.21	13.66
PBILDT	3.851	4.13	0.86
PAT	1.43	1.50	0.23
Overall gearing (times)	0.61	0.70	NA
Interest coverage (times)	5.19	4.77	4.30

A: Audited; UA: Unaudited; NA: Not available; Note: 'the above results are latest financial results available'

**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	-	-	-	-	1.80	CARE BB+; Stable
Fund-based - LT-Term Loan	-	-	-	March 31, 2027	8.41	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	1.80	CARE BB+; Stable	-	1)CARE BB+; Stable (09-Oct-24)	1)CARE BB+; Stable (09-Oct-23)	1)CARE BB+; Stable (30-Sep-22) 2)CARE BB+ (CW with Developing Implications) (08-Jun-22)
2	Fund-based - LT-Term Loan	LT	8.41	CARE BB+; Stable	-	1)CARE BB+; Stable (09-Oct-24)	1)CARE BB+; Stable (09-Oct-23)	1)CARE BB+; Stable (30-Sep-22) 2)CARE BB+ (CW with Developing Implications)

								(08-Jun-22)
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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](#)

**Annexure-6: List of entities consolidated**

Sr No	Name of the entity	Extent of consolidation	Rationale for consolidation
1	Senta Foodwork Private Limited	Proportionate	Joint Venture

**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.

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