

Anjani Foods Limited

October 01, 2026

Facilities/Instruments	Name of the Regulator ¹	Amount (₹ crore)	Rating ²	Rating Action
Long-term bank facilities	RBI	10.21	CARE BB+; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

Reaffirmation of the rating assigned to bank facilities of Anjani Foods Limited (AFL) considers moderate scale of operation despite growth reported in FY26 (Audited) [FY refers to April 01 to March 31], stable operating performance, while net profitability remained constrained by impairment loss, moderate financial risk profile, working capital intensive operations, high utilisation 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.

However, the rating derives comfort from experienced and resourceful promoters, established regional presence of brand "Fresh Choice", short operating cycle, favourable plant location, and stable industry outlook. The rating also factors in the additional outlets and the new manufacturing facility which are likely to enable the company in increasing the scale going forward.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors:

- Total operating income (TOI) increasing to over ₹100 crore while maintaining profit before interest, lease rentals, depreciation and taxation (PBILDT) margins at 8% on a sustained basis.
- Total outside liabilities to total net worth (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 over 10% y-o-y.

Analytical approach: Consolidated

AFL has formed a joint venture (JV), 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. Entities consolidated are presented in Annexure-5.

Outlook: Stable

The 'Stable' outlook reflects CareEdge Ratings' expectation that AFL will sustain its financial risk profile and improve its profitability. AFL's sufficient cash balances and low term-debt repayment obligations are expected to support its liquidity profile.

Detailed description of key rating drivers

Key weaknesses

Moderate scale of operation despite growth reported in FY26

AFL reported ~5% growth in operating income, with revenues increasing to ₹62.73 crore in FY26 from ₹59.77 crore in FY25. However, the scale of operations continues to remain moderate. The growth in the revenue is driven by increasing per capita consumption, expanding digital presence, and its retail outlet business. The company is also rapidly expanding its retail outlet business. It had opened two new outlets in FY26, taking the total branded retail outlets count to 22. In Q1FY27, the company has achieved a revenue of ₹14.34 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.

¹SEBI: Securities and Exchange Board of India; RBI: Reserve Bank of India; MCA: Ministry of Corporate Affairs; IRDAI: Insurance Regulatory and Development Authority of India; PFRDA: Pension Fund Regulatory and Development Authority

²Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE Ratings Limited's publications.

Stable operating performance, while net profitability remained constrained by impairment loss

AFL's operating profitability exhibited a stable trend with the PBILDT margin remaining ~7-8% in the past three years ended FY26. PBILDT increased by ~9% to ₹5.02 crore in FY26 from ₹4.60 crore in FY25 driven by higher sales realisations. Consequently, the PBILDT margin improved to 8.01% in FY26 from 7.69% in FY25.

Profit before exceptional items and tax stood at ₹1.86 crore in FY26. After considering an exceptional goodwill impairment loss of ₹1.16 crore related to the amalgamation of Sai Aditya Foods and Retail Private Limited, profit before tax declined to ₹0.71 crore from ₹1.76 crore in FY25. Profit after tax (PAT) declined to ₹0.19 crore from ₹1.34 crore, while the PAT margin moderated to 0.30% from 2.24% in FY25. In Q1FY27, PBILDT stood at ₹0.95 crore, with a PBILDT margin of 6.62%, while PAT stood at ₹0.12 crore, with a PAT margin of 0.84%. Profitability remained constrained due to elevated input costs, particularly sugar and fuel gas.

Moderate financial risk profile and working capital intensive operations

The company's financial risk profile remains moderate, constrained by its relatively low net worth base of ₹14.96 crore as on March 31, 2026. Despite the modest net worth, overall gearing ratio remained comfortable at 0.70x as on March 31, 2026, improving from 0.86x as on March 31, 2025, owing to a decline in term debt and accretion to reserves. The utilisation of its fund-based working capital facilities remained almost full in the 12 months ended June 2026. However, the sanctioned working capital limits are relatively low considering the scale of operations. The PBILDT interest coverage ratio moderated but remained comfortable at 4.53x in FY26 compared to 5.17x in FY25. The total debt to gross cash accruals (GCA) ratio also moderated to 3.80x as on March 31, 2026, mainly due to lower PAT following goodwill impairment in FY26.

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. The prices of these commodities depend on factors, including climatic conditions in the growing regions, substitutes for the crop (for farmers), government regulations for sugar pricing, and alternate demand drivers, this impacts the profitability margin which already are on a lower side. Cookies and cakes being perishable in nature and having life span of six 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. The company mostly procures raw material from the local traders, however, if the market is favourable, the company will enter long-term contracts with the vendors. The tenure of these contracts varies depending upon the favourable prices of the raw material.

Intense competition in confectionary industry

AFL faces competition from larger established companies, such as 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 strategise to become a regional level player by maintaining quality standards.

Key strengths**Experienced and resourceful promoters**

AFL has been promoted by K. V. Vishnu Raj and R. Ravichandran. K. V. Vishnu Raj, Chairman, is a postgraduate with over three decades of experience across diverse businesses, including education, tiles, and food. R. Ravichandran, Whole-time Director and Chief Executive Officer, is a postgraduate with over two decades of industry experience.

By virtue of long-standing presence in the market, the promoters establish healthy relationship with suppliers and customers. In 2020, K. Aditya Vissam, son of K. V. Vishnu Raj, joined AFL as Managing Director. He is a postgraduate with over a decade of industry experience. AFL has also hired qualified and experienced professionals from leading food retail companies, including McDonald's and ITC, at senior executive positions to provide professional guidance.

Established regional presence of brand "Fresh Choice"

The Fresh Choice brand has an established presence in the cake segment across rural areas and towns in Andhra Pradesh. AFL manufactures varieties of cookies, cakes and bread. Over the years, the company has developed differentiated formats under the Fresh Choice brand, strengthened its distribution capabilities and increased its presence across digital channels to improve market penetration. These initiatives are expected to support AFL's market reach over the medium term.

Short operating cycle

AFL's operating cycle remained efficient at two days in FY26, compared to negative one day in FY25. The average collection period and inventory holding period remained stable at nine days and 24 days, respectively. However, the average creditor period reduced to 31 days in FY26 from 33 days in FY25, resulting in a marginal elongation of the operating cycle.

Favourable plant location

AFL's two manufacturing units are strategically in Modavalasa village, near Visakhapatnam, providing logistical advantages to the company. AFL procures most of its raw materials, such as maida, sugar, and atta, from local farmers and processors in and around the manufacturing facilities. Considering the growing demand for its products and increasing scale of operations, AFL had set up a new production facility at Peddapuram, Kakinada, to manufacture premium bread and buns, rusk, cookies and cupcakes. The facility is equipped with state-of-the-art machinery incorporating Japanese technology to boost production and provides logistical advantage for sale in East Godavari, which remained a largely untapped market for the company.

Stable industry outlook

The Indian food industry is rapidly expanding, projected to grow from USD 866 billion in 2022 to USD 1,274 billion by 2027, driven by rising incomes, urbanisation, 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, such as PMKSY, PMFME, and PLISFPI are boosting capacity, formalising 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

Liquidity is stretched, marked by weak current ratio, low quick ratio, high utilisation of its working capital limits and tightly matched cash accruals against debt repayment obligations. While the current ratio was at 0.66x, its quick ratio remained low at 0.29x as on March 31, 2026. AFL has low cash balance of ₹0.43 crore as on March 31, 2026, and with working capital utilisation remaining full as on June 30, 2026, there is less cushion in case of increase in working capital (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 shortfall.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks

	Risk factors
Environmental	No major issues; Proper waste disposal mechanism is in place and 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, AFL is a public limited company listed on BSE. The company is engaged in manufacturing, distribution, and trading of confectionery products. The company has its own manufacturing units in Andhra Pradesh having an installed capacity of 6100 tons per year. The products of AFL are sold under the brand "Fresh Choice". 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, such as education, tiles, and security printing.

Financials - Consolidated

Particular	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	59.77	62.73	14.34
PBILDT	4.60	5.02	0.95
PAT	1.34	0.19	0.12
Overall gearing (times)	0.86	0.70	NA
Interest coverage (times)	5.17	4.53	5.94

A: Audited; UA: Unaudited; NA: Not available; Note: these are latest financial results available

Financials - Standalone

Particular	March 31, 2025 (A)	March 31, 2026 (A)	Q1FY27 (UA)
Total operating income	53.21	55.30	12.43
PBILDT	4.13	4.66	0.91
PAT	1.50	0.49	0.15
Overall gearing (times)	0.70	0.58	NA
Interest coverage (times)	4.77	4.45	4.79

A: Audited; UA: Unaudited; NA: Not available; Note: these 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

For complexity level of instruments rated refer to Annexure-1

Lender details: Annexure-4

Disclosure on facilities/instruments and name of the regulators:

A list of facilities / instruments falling under the purview of various financial sector regulators (FSRs) along with the names of respective FSRs has been duly disclosed by CareEdge Ratings on its website. A link to the same has been provided below for ready reference:

https://www.careratings.com/activities_and_regulators

Note: For facilities or instruments falling under the purview of FSRs other than Securities and Exchange Board of India (SEBI), the grievance / dispute redressal mechanisms and investor protection mechanisms provided by SEBI shall not be available.

Annexure-1: Details of instruments/facilities

Name of the Instrument	Name of the Regulator	Complexity Level	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	RBI	Simple	-	-	-	-	1.80	CARE BB+; Stable
Fund-based - LT-Term Loan	RBI	Simple	-	-	-	31-07-2030	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 2026-2027	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
1	Fund-based - LT-Cash Credit	LT	1.80	CARE BB+; Stable	-	1)CARE BB+; Stable (26-Sep-25)	1)CARE BB+; Stable (09-Oct-24)	1)CARE BB+; Stable (09-Oct-23)
2	Fund-based - LT-Term Loan	LT	8.41	CARE BB+; Stable	-	1)CARE BB+; Stable (26-Sep-25)	1)CARE BB+; Stable (09-Oct-24)	1)CARE BB+; Stable (09-Oct-23)

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities: Not applicable**Annexure-4: Lender details**To view lender-wise details of bank facilities please [click here](#)**Annexure-5: 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 for clarifications.

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