

March 12, 2025

## Anmol Industries Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long term – Term Loan	120.00	147.00	[ICRA]AA- (Stable); reaffirmed
Long-term – Fund-based - Cash Credit	54.00	44.00	[ICRA]AA- (Stable); reaffirmed
Short-term – Fund Based Working Capital	10.00	5.00	[ICRA]A1+; reaffirmed
Short-term – Non-Fund Based Facilities (interchangeable)	(20.00)	(10.00)	[ICRA]A1+; reaffirmed
Long-term/ Short-term – Fund Based Working Capital	41.00	29.00	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
Long-term/ Short-term – Non-Fund Based Facilities (interchangeable)	(35.00)	(45.00)	[ICRA]AA- (Stable)/ [ICRA]A1+; reaffirmed
<b>Total</b>	<b>225.00</b>	<b>225.00</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The ratings reaffirmation for Anmol Industries Limited (AIL) considers an expected double-digit growth in the company's operating income (OI) in FY2025, following a revenue contraction of ~10% in FY2024. AIL's OI was aided by a gradual demand recovery in the company's addressable sub-segments in the Indian biscuit industry, primarily the rural and semi-urban markets, and the company's recent capacity expansion and marketing initiatives, which led to a 14% YoY growth in turnover in 9M FY2025. AIL commissioned its new plant at Thakurganj in North Bihar in March 2024, which contributed to an expansion in the company's sales volume by 12.4% in H1 FY2025 on a YoY basis. Improving demand and increasing production from the new facility, which would help the company expand its geographical coverage and cater to some of its existing markets in a cost-effective manner, are likely to keep AIL's revenue growth at a comfortable level of 10-11% in the medium term. While a lag in passing on the increased input costs to consumers is likely to squeeze the company's operating margin to ~6% in FY2025 from ~11% in FY2024, a gradual increase in realisation is likely to result in a margin expansion in FY2026. ICRA notes the significant increase in share buyback in FY2024 to ~Rs. 147 crore vis-a-vis Rs. 64-65 crore (amount including taxes) in each of the preceding two fiscals, which led to a decline in its free cash and liquid investments. Nevertheless, no further share buyback or sizeable dividend payout is expected till FY2026.

The ratings continue to consider the extensive experience of the promoters of AIL and the Group's established track record in the biscuit manufacturing business for nearly three decades. The ratings also consider the favourable demand outlook of the biscuit industry. Moreover, ICRA notes the company's strong market presence, particularly in eastern India and a part of the northern India, the established brand name of Anmol and a wide distribution network, which strengthen its operating profile. The ratings also consider the favourable financial risk profile of the company, characterised by a conservative capital structure and strong debt coverage indicators due to low borrowings. However, an increase in long-term loans due to the recent debt-funded capex and a dip in earnings in the current fiscal emanating from raw material cost inflation, had a bearing on the overall financial profile. The ratings are constrained by the susceptibility of AIL's profitability to fluctuations in raw material prices and the intense competition inherent in the industry due to the presence of many organised and unorganised players, which limits pricing flexibility and impacts margins. AIL's current market positioning, primarily in the price-sensitive product segments in the rural and semi-urban markets, amplify its sensitivity to input price fluctuations. AIL also remains exposed to high geographical concentration risk as the major portion of its revenues is derived from eastern India. The company's ability to

expand its geographical presence amid intense competition and capacity expansion by other organised players would remain critical from the credit perspective. AIL's low working capital intensity of operations and healthy earnings, despite a decline in the same in the current fiscal, are likely to support its liquidity in the absence of any major capex plan and moderate debt repayment obligations. However, the company has extended sizeable loans to unrelated body corporates, the amount of which stood at Rs. 55.2 crore as on December 31, 2024 vis-a-vis Rs. 49.5 crore and Rs. 62.6 crore as on March 31, 2023 and March 31, 2024, respectively, encumbering the liquidity to an extent and exposing the company to delinquency risks. Any significant increase in the same would remain a key monitorable.

The Stable outlook on the [ICRA]AA- rating reflects ICRA's opinion that AIL will continue to maintain a strong market presence in its addressable sub-segments in the Indian biscuit industry, amid increasing competition. The company's credit profile is likely to remain comfortable with a conservative capital structure, strong debt coverage metrics and healthy earnings, going forward, despite volatility in margins due to input cost fluctuations.

## Key rating drivers and their description

### Credit strengths

**Established brand name in eastern India and a part of northern India** – AIL primarily sells its products under the brand name, Anmol, through around 3,000 super-stockists, distributors and sub-distributors across eastern and northern India, which strengthen its operating profile. Over the years, Anmol has become an established brand in the biscuit and bakery segment and enjoys good brand recognition and customer acceptance particularly in rural and semi-urban markets of eastern India and a part of northern India.

**Comfortable financial profile, characterised by a conservative capital structure and strong coverage indicators** – AIL's capital structure remained conservative with limited debt and healthy tangible net worth. The company's working capital borrowing remains low (~Rs. 31 crore as on March 31, 2024). Its entire long-term loans of ~Rs. 120 crore (excluding lease liabilities) as on March 31, 2024 were availed in FY2024 for capacity addition and normal capex. The same led to an increase in its overall debt level but the gearing and TOL/TNW as on March 31, 2024 remained comfortable at 0.3 times and 0.6 times, respectively. The conservative capital structure and healthy profits at an absolute level kept AIL's debt coverage metrics strong, as reflected by an interest coverage of 51.5 times (190.9 times in FY2023) and DSCR of 11.0 times (21.2 times in FY2023). Its total debt/OPBDITA increased to 1.0 times in FY2024 from 0.2 times in FY2023 due to an increase in debt level, but remained comfortable. The company's debt coverage metrics are likely to moderate in FY2025 due to a contraction in the operating margin, but are expected to improve going forward, with normalisation in profitability.

**Low working capital intensity of operations supports liquidity** – Most of the company's sales are made against immediate/advance payments. It maintains a moderate level of raw materials and finished goods inventory to ensure smooth operation and distribution. This coupled with moderate credit availed from suppliers and advances from customers keep AIL's net working capital relative to the operating income at a low level (2-7% over the last three fiscals), supporting the liquidity position.

**Favourable demand outlook of the Indian biscuit industry** – With increasing urbanisation and changing lifestyle, the demand outlook for biscuits in the country is likely to remain favourable, given the low per-capita consumption at present. This is likely to support revenue growth for biscuit players like AIL that have an established brand presence.

### Credit challenges

**Profitability remains susceptible to volatility in raw material prices** – The raw materials required for manufacturing biscuits and bakery products are flour, sugar, palm oil, butter, skim milk powder (SMP), flavours, preservatives etc. The company also requires a significant volume of packaging materials. The prices of flour, sugar and palm oil are highly dependent on the level of harvest, which are impacted by agro-climatic conditions, Government policies relating to price control, import/exports etc. and are subject to considerable volatility, thus impacting AIL's margins. Prices of packaging materials like laminates remain

linked to crude oil prices, which also exhibit significant volatility. ICRA also notes AIL's current market position primarily in the price-sensitive product segments for rural and semi-urban markets, which hampers pricing flexibility and increases its vulnerability to input price fluctuations. AIL's operating margin improved significantly to 12.3% in FY2023 from 6.1% in FY2022, aided by a rise in realisations and higher subsidy receipt. However, the same moderated to 11.2% in FY2024 on the back of a decline in realisation by ~1%, lower incentives received and higher selling expenses in the form of trade discounts, rebates, etc. despite a significant softening of palm oil prices by ~22%. Palm oil prices increased again in H1 FY2025, which coupled with an increase in other raw material prices and the company's competitive pricing to boost sales resulted in a decline in AIL's operating margin to 8.9% in H1 FY2025. Palm oil prices firmed up further in Q3 FY2025, which would squeeze the company's profitability further in H2 FY2025 as well. AIL's operating margin in FY2025 is likely to slide to ~6%. However, the company has gradually passed on the increased input costs to consumers, which is likely to result in a normalisation of profitability, going forward.

**Limited geographical diversification** – At present, AIL has market presence in around 25 Indian states, and sells its products overseas like West Asian nations, North America, etc. However, the company's major market remains the eastern states of India, which together accounted for 67-69% of its revenues over the past three years, implying AIL's exposure to geographical concentration risks. AIL also has a firm footprint in Uttar Pradesh, which contributed 11% to the company's sales in FY2024. Stiff competition from other established players kept AIL's sales volume (in tonne) muted in the recent years. Nevertheless, the company's enhanced sales and marketing initiatives and commissioning of a new plant in Thakurganj in North Bihar led to a growth in its sales volume by ~12% in H1 FY2025 on a YoY basis. The company's geographical diversification is likely to improve due to commissioning of the new plant, which will help AIL cater to new areas, particularly in the northern India, in a cost-effective manner, and its plans to expand presence in the western region of India.

**Competitive nature of industry and AIL's presence in relatively price-sensitive product segments limit pricing flexibility** – The company remains exposed to stiff price-based competition from other established players and various small biscuit manufacturers, as a significant portion of its revenue is generated from the highly price-sensitive sub-brands. Hence, AIL's limited pricing flexibility is likely to keep its margins under check.

### Liquidity position: Adequate

The company's liquidity position is likely to remain adequate. Its cash flow from operations remained healthy at Rs. 134 crore in FY2024. The same is likely to almost halve in FY2025 due to a significant increase in input costs and muted realisations. However, absence of any share buyback or dividend payout plans in FY2025 and FY2026, vis-a-vis ~Rs. 147 crore share buyback in FY2024 and a significantly lower capex of Rs. 40-50 crore annually vis-a-vis ~Rs. 200 crore in FY2024 would support AIL's liquidity position in the near-to-medium term. AIL's free cash and liquid investments declined to ~Rs. 15 crore as on March 31, 2024 from ~Rs. 78 crore in the previous year-end, due to sizeable capex and share buyback. However, adequate undrawn working capital limits (~Rs. 53 crore with respect to the drawing power as of September 2024) and low-to-moderate debt repayment obligation in the near-to-medium term (~Rs. 9 crore in FY2025, ~Rs. 33 crore in FY2026 and ~Rs. 13 crore in FY2027, including lease liabilities) would keep the liquidity position adequate. AIL extended loans of Rs. 49.5 crore to body corporates in FY2023, which increased to Rs. 62.6 crore in FY2024 but declined to some extent to Rs. 55.2 crore as on December 31, 2024. Any significant increase in the loans given, along with any large share buyback or dividend payout, may adversely impact the liquidity position.

### Rating sensitivities

**Positive factors** – ICRA may upgrade AIL's long-term rating if the company is able to geographically diversify its operations and demonstrate a significant improvement in its scale of operations, leading to a sustained increase in revenue and cash accrual, strengthening its net worth and liquidity position.

**Negative factors** – Any significant deterioration in AIL's revenues and cash accruals on a sustained basis may trigger ratings downgrade. Pressure on AIL's ratings may also arise if sizeable unanticipated debt-funded capital expenditure, share

buyback/dividend payout or loans and advances extended to related/unrelated parties adversely impact the company's liquidity position. Total debt/OPBDITA of more than 1.5 times on a sustained basis may also trigger ratings downgrade.

## Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the standalone financial statements of the rated entity.

## About the company

Anmol Industries Limited (formerly known as Anmol Industries Private Limited) was incorporated by the Kolkata-based Choudhary family in 2009. Anmol Biscuits Limited (ABL), which was an erstwhile holding company of AIL, started operations in 1994. With effect from April 1, 2016, ABL merged with AIL. Anmol Bakers Private Limited (ABPL), which was a wholly-owned subsidiary of ABL, also merged with AIL with effect from April 2, 2016. Both ABL and ABPL were in the business of biscuits and bakery products. Subsequently, the name of Anmol Industries Private Limited was changed to Anmol Industries Limited with effect from March 2017.

The company manufactures biscuits, cakes, cookies and rusk under the Anmol brand that are mainly sold in eastern and northern India. AIL has eight manufacturing facilities located in northern and eastern states of India. The company's combined production capacity stands at 3,66,092 metric tonnes per annum (MTPA) with addition of a 60,600 MTPA capacity post commissioning of its new plant in Bihar, Thakurganj in March 2024.

## Key financial indicators (audited)

AIL (standalone)	FY2023	FY2024	H1 FY2025*
Operating income	1,699.5	1,524.9	805.7
PAT	126.6	122.1	38.5
OPBDIT/OI	12.3%	11.2%	8.9%
PAT/OI	7.4%	8.0%	4.8%
Total outside liabilities/Tangible net worth (times)	0.3	0.6	-
Total debt/OPBDIT (times)	0.2	1.0	-
Interest coverage (times)	190.9	51.5	11.7

PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Amount in Rs crore; \*Provisional

## Status of non-cooperation with previous CRA

Name of CRA	Date of Press Release	Rating Action
CRISIL	Oct 11, 2024	Long-term rating – CRISIL B/Stable (ISSUER NOT COOPERATING*; Rating continues at the same level); Short-term rating – CRISIL A4 (ISSUER NOT COOPERATING*; Rating continues at the same level)

\*Issuer did not cooperate; based on best-available information

**Any other information: None**

## Rating history for past three years

Instrument	Current rating (FY2025)			Chronology of rating history for the past 3 years			
	Type	Amount rated (Rs. crore)	Date & rating in FY2025	Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022	
			Mar 12, 2025	Dec 21, 2023	Sep 30, 2022	Jun 15, 2021	
1 Fund based – Term Loans	Long term	147.00	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	-	-	
2 Fund based – Cash Credit	Long term	44.00	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	[ICRA]AA-(Stable)	
3 Fund-based working capital <sup>^</sup>	Short term	5.00	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
4 Non-fund based – Letter of Credit (Interchangeable)	Short term	(10.00)	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	
5 Fund-based working capital*	Long term/short term	29.00	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable) / [ICRA]A1+	[ICRA]AA-(Stable) / [ICRA]A1+	
6 Non-fund based – Bank Guarantee/ Letter of Credit (Interchangeable)	Long term/short term	(45.00)	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable)/ [ICRA]A1+	[ICRA]AA-(Stable) / [ICRA]A1+	[ICRA]AA-(Stable) / [ICRA]A1+	
7 Unallocated limit	Long term/short term	-	-	-	[ICRA]AA-(Stable) / [ICRA]A1+	[ICRA]AA-(Stable) / [ICRA]A1+	

<sup>^</sup>Includes short-term working capital loan, overdraft, EPC/PCFC \*Combined limits including long-term/short term facilities like Cash Credit, WCDL, overdraft, short-term loans, EPC/PCFC, FBD, Purchase Invoice Finance, Bill Discounting

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term Loans	Simple
Long-term – Fund-based - Cash Credit	Simple
Short-term – Fund-based working capital	Simple
Short-term – Non-fund based facilities (interchangeable)	Very simple
Long-term/ Short-term – Fund-based working capital	Simple
Long-term/ Short-term – Non-fund based facilities (interchangeable)	Very simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
-	Term Loan -1	Feb-2023	NA	Dec-2028	40.00	[ICRA]AA- (Stable)
-	Term Loan -2	Jan-2023	NA	Mar-2028	40.00	[ICRA]AA- (Stable)
-	Term Loan -3	Aug-2023	NA	Nov-2029	40.00	[ICRA]AA- (Stable)
-	Term Loan -4	Mar-2024	NA	Apr-2025	25.00	[ICRA]AA- (Stable)
-	Term Loan -5	FY2024	NA	Mar-2025	2.00	[ICRA]AA- (Stable)
-	Cash Credit	NA	NA	NA	44.00	[ICRA]AA- (Stable)
-	Fund-based working capital <sup>^</sup>	NA	NA	NA	5.00	[ICRA]A1+
-	Letter of Credit (Interchangeable)	NA	NA	NA	(10.00)	[ICRA]A1+
-	Fund-based working capital*	NA	NA	NA	29.00	[ICRA]AA- (Stable) / [ICRA]A1+
-	Bank Guarantee/Letter of Credit (Interchangeable)	NA	NA	NA	(45.00)	[ICRA]AA- (Stable) / [ICRA]A1+

Source: Company; <sup>^</sup> Includes short-term working capital loan, overdraft, EPC/PCFC; \*Combined limits including long-term/short term facilities like Cash Credit, WCDL, overdraft, short-term loans, EPC/PCFC, FBD, Purchase Invoice Finance, Bill Discounting

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**Annexure II: List of entities considered for consolidated analysis – Not applicable**

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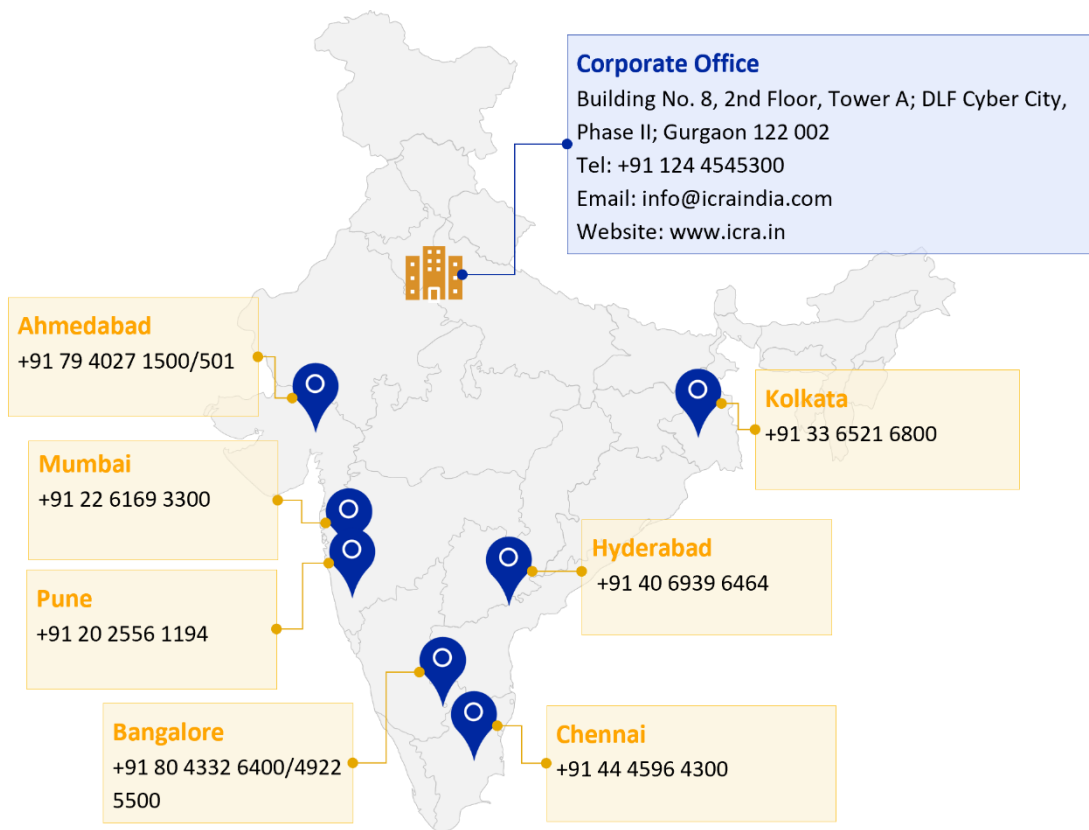
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