

December 31, 2025

Aachi Masala Foods Private Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term-Fund-based-working capital	253.00	235.20	[ICRA]BBB (Stable); reaffirmed
Long-term-Fund-based-Term loan	83.63	168.22	[ICRA]BBB (Stable); reaffirmed
Long-term-Unallocated limits- Unallocated limits	68.37	0.00	-
Total	405.00	403.42	

**Instrument details are provided in Annexure-I*

Rationale

While arriving at the ratings, ICRA has considered the consolidated financial profiles of Aachi Masala Foods Private Limited (AMFPL), Nazareth Foods Private Limited (NFPL), Aachi Spices and Foods Private Limited (ASFPL) and Aachi Special Foods Private Limited (Aachi Special), collectively referred to as the Aachi Group (the Group).

The rating reaffirmation for the bank lines of AMFPL factors in its steady business profile, strong brand equity and well-entrenched distribution network that it has built over the years. The Group's operating profit margins improved to 11.6% (compared to 9.7% in FY2024) in FY2025 due to change in procurement practices (higher share of mandi purchase vs traders purchase), despite a marginal revenue decline of 11.6% during the year (primarily on account of a decline in commodity prices). The improvement in earnings, coupled with efforts to manage working capital efficiently supported a reduction in the Group's interest cost to Rs. 78.9 crore in FY2025 [previous year (PY): Rs. 85.0 crore], though the year end debt levels remained at similar levels. The rating continues to factor in the strong presence of the 'Aachi' brand in its key markets and extensive experience of the promoters in the manufacturing and distribution of masala powders and other related products, spanning over two decades. The rating also considers the Group's integrated structure, covering the entire value chain from raw material procurement to end sales, its well-entrenched distribution network and established market position in South India, as well as its expanding footprint across other domestic and export markets. ICRA also notes that the Group has received Rs. 25.0 crore in H1 FY2026 (FY2025: Nil, FY2024: Rs. 15.4 crore) as a part of the Government's Production Linked Incentive (PLI) scheme for the food processing industry. The company has also streamlined creditors, partially from promoter infusion (Rs. 50.0 crore in FY2025). While the company has obtained additional loans for planned capex, brand promotion and working capital requirements in the current fiscal, which has resulted in an increase in the overall debt for the Group, the benefits of the same are expected to accrue over the medium term.

The ratings, however, remain constrained by the inherent competition in the industry, which limits its pricing power, and high geographical concentration risk with 72% of its revenues derived from a single market (Tamil Nadu) in FY2025, although its presence in markets beyond Tamil Nadu is gradually increasing. The Group's financial profile is characterised by moderate profit margins due to intense competition, expenses towards sales and marketing, as well as continued high interest outgo due to working capital intensive operations. AMFPL has high dependence on working capital loans and has availed long-term debt towards project capex including for PLI, brand development and expansion, thus resulting in moderate coverage and leverage levels despite equity infusions from the promoter in FY2024 and FY2025. The Group's consolidated total debt/OPBDITA, interest cover and net outside liabilities to the tangible net worth stood at 3.5 times, 2.5 times and 1.3 times, respectively, as of March 2025 (3.6 times, 2.2 times and 1.7 times, respectively in the previous year). While the debt metrics are expected to improve gradually, supported by improvement in cash accruals and absence of any significant debt-funded capex plans, the same would be closely monitored.

The Stable outlook on AMFPL's long-term rating reflects ICRA's expectation that the company will be able to sustain its credit profile, supported by the Group's well-entrenched brand and limited debt-funded capex plans.

Key rating drivers and their description

Credit strengths

Strong brand equity and extensive experience of promoter – The Aachi Group has established itself as one of the dominant players in the processing and marketing of powdered spices, instant mixes, pickles, spices, whole wheat flour, oil, clarified butter, etc. mainly in the South Indian market. Aided by the extensive experience of its promoter, Mr. Padmasingh Isaac, stable demand and strong brand equity, the Group's revenues rose at a compounded annual growth rate (CAGR) of 3.7% over the last five years ending in FY2025.

Integrated Group structure and well-entrenched distribution network – The Group's operations are integrated, supporting its business profile. Aachi Special ([ICRA] BB+ (Stable)/ [ICRA] A4+) is the raw material procurement arm of the Group. It procures raw materials like chillies, coriander, pepper, turmeric, cardamom, etc, and preserves them in cold storage facilities for onward supply to AMFPL, NFPL and ASFPL. AMFPL markets the products manufactured by the Group, including NFPL and ASFPL. It also has a manufacturing division to cater to the rising demand for its products. The integrated nature of operations across the value chain supported by a well-entrenched distribution network has supported supply chain efficiency and sales growth. AMFPL has a strong distribution network of seven supreme/large distributors, 3,500 direct distributors and has presence in over 12 lakh retail outlets. Coupled with the Group's diversified and affordable product range, this has supported its stable sales volume and widespread product acceptance across geographies.

Credit challenges

Exposed to high geographical concentration risk and stiff competition – The Aachi Group continues to derive most of its revenues (approximately 90%) from the southern states, especially Tamil Nadu (72% of revenues in FY2025). The Group has been carrying out focused marketing campaigns in other regional markets, aided by the launch of new, ready-to-cook and ready-to-eat variants. While it has been expanding its presence beyond South India, the extent of contribution from the same remains minimal at present and its ability to achieve meaningful diversification remains to be seen. The Group's earnings are exposed to high fragmentation and competition in the industry. Accordingly, it witnesses pricing pressure from both organised and unorganised players.

Average financial profile, characterised by high working intensity – While the Group's operating profit margins improved to 11.6% in FY2025 from 9.7% in FY2024, the revenues contracted by 11.6% to Rs. 1,690.7 crore in FY2025 on account of commodity price decline, partially offset by volume growth. The Group's working capital intensity remained high at 57.6% in FY2025, impacting cash flows and liquidity, and resulting in continued reliance on external borrowings. Consequently, the Group's coverage indicators remain moderate, with an interest coverage of 2.5 times in FY2025 (PY: 2.2 times), and Total debt/OPBDITA and DSCR at 3.5 times and 1.4 times, respectively. While the company has modified its procurement policy by entering into forward contracts with large-scale farmers and dealers, its ability to optimise the working capital cycle will be critical for the overall improvement in cash flow position.

Liquidity position: Adequate

The Group's liquidity is adequate, supported by expected cash flow from operations of Rs. 125.0 crore-Rs. 150.0 crore in FY2026 and FY2027. The working capital utilisation remains high in excess of 90% of the sanctioned limit of Rs. 220.2 crore on a standalone basis, while the average utilisation at the Group level stood at 80% in the 12 months period ended in September 2025. The Group has free cash and bank balances of Rs. 10.8 crore as of March 2025. The company is expected to incur Rs. 70.0-90.0 crore capex in FY2026 on warehouse construction and solar plant construction (majorly funded through term loans)

and Rs. 25.0 crore maintenance capex annually thereafter in FY2027 and FY2028, to be funded through internal accruals. Against this, the Group has a consolidated repayment of Rs. 39.3 crore in H2 FY2026 and Rs. 72.1 crore in FY2027 for its existing loans. ICRA expects the same to be serviced comfortably from its cash flow for operations.

Rating sensitivities

Positive factors – A sustained and significant growth in earnings and better working capital management, leading to improved debt metrics and liquidity position could lead to an upgrade. Specific credit metrics that could lead to ratings upgrade include an interest coverage of more than 3.5 times on a sustained basis.

Negative factors – Pressure on the rating will emanate with a sustained and sharp deterioration in earnings and/or elongation in the working capital cycle impacting debt metrics and liquidity profile of the company. Specific credit metric that could lead to a downgrade of rating includes an interest coverage below 2.4 times on a sustained basis.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	The ratings are based on the consolidated profile of Aachi Masala Foods Private Limited, Nazareth Foods Private Limited, Aachi Spices and Foods Private Limited and Aachi Special Foods Private Limited. All entities share strong strategic and operational inter-linkages between themselves. The companies have different ownership structures under the family and function as separate legal entities in the same business sector.

About the company

The Aachi Group has an established presence in the food products industry for over a decade with its various entities operating throughout the industry value chain—from raw material procurement to end sales. The Group has five manufacturing facilities in and around Chennai, with a total installed processing capacity of 280 metric tonnes per day (MTPD) for chilli powder, coriander powder and mixed spices. AMFPL sells masala products, instant mixes, pickles, spices, turmeric powder, whole wheat flour, oil, clarified butter, water bottles, etc., through its established dealership network.

Key financial indicators (Unaudited)

Consolidated	FY2024	FY2025
Operating income	1,912.0	1,690.7
PAT	44.1	67.9
OPBDITA/OI (%)	9.7%	11.6%
PAT/OI (%)	2.3%	4.0%
Total outside liabilities/Tangible net worth (times)	1.7	1.3
Total debt/OPBDITA (times)	3.6	3.5
Interest coverage (times)	2.2	2.5

Amount in Rs. crore; Source: Company, ICRA Research; The numbers are consolidated by ICRA by adjusting the inter-company transactions. Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Key financial indicators – AMFPL (Audited)

Standalone	FY2024	FY2025
Operating income	2,305.4	2,164.3
PAT	25.7	49.4
OPBDITA/OI (%)	4.6%	5.7%
PAT/OI (%)	1.1%	2.3%
Total outside liabilities/Tangible net worth (times)	1.3	0.9
Total debt/OPBDITA (times)	3.3	3.0
Interest coverage (times)	2.4	2.9

Amount in Rs. crore; Source: Company, ICRA Research; Financial ratios in this document are ICRA adjusted figures and may not be directly comparable with numbers reported by the company in some instances; PAT: Profit after Tax; OPBDIT: Operating Profit before Depreciation, Interest, Taxes and Amortisation

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2026)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	December 31, 2025	FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating
Fund-based-Cash credit	Long Term	235.20	[ICRA]BBB (Stable)	Oct 16, 2024	[ICRA]BBB (Stable)	Oct 06, 2023	[ICRA]BBB+ (Stable)	Dec 05, 2022	[ICRA]BBB+ (Stable)
Fund-based-Term loan	Long Term	168.22	[ICRA]BBB (Stable)	Oct 16, 2024	[ICRA]BBB (Stable)	Oct 06, 2023	[ICRA]BBB+ (Stable)	Dec 05, 2022	[ICRA]BBB+ (Stable)
Unallocated limits-Unallocated limits	Long Term	0.00	-	Oct 16, 2024	[ICRA]BBB (Stable)	Oct 06, 2023	[ICRA]BBB+ (Stable)	Dec 05, 2022	[ICRA]BBB+ (Stable)

Complexity level of the rated instruments

Instrument	Complexity indicator
Long-term-Fund-based-Cash credit	Simple
Long-term-Fund-based-Term loan	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
NA	Term loan – I	FY2020/FY2023	9.5-10.75%	FY2028/FY2029	19.81	[ICRA] BBB (Stable)
NA	Term loan – II	FY2022/FY2023	10.55-12.05%	FY2026/FY2028	15.85	
NA	Term loan – III	FY2023	10.40%	FY2029	37.78	
NA	Term loan – IV	FY2022	7.85%	FY2027	0.37	
NA	Term loan – V	FY2021	9.25%	FY2027	0.33	
NA	Term loan – VI	FY2022	9.25%	FY2027	2.69	
NA	Term loan – VII	FY2022	9.25%	FY2027/FY2028	2.43	
NA	Term loan – VIII	FY2026	11.50%	FY2030	62.67	
NA	Term loan – IX	FY2025	11.00%	FY2030	26.29	
NA	Cash Credit – I	NA	NA	NA	30.00	
NA	Cash Credit – II	NA	NA	NA	40.00	
NA	Cash Credit – III	NA	NA	NA	60.00	
NA	Cash Credit – IV	NA	NA	NA	55.20	
NA	Cash Credit – V	NA	NA	NA	30.00	
NA	Cash Credit – VI	NA	NA	NA	20.00	

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis

Company Name	Ownership	Consolidation Approach
Aachi Masala Foods Private Limited (Rated entity)	NA	Full Consolidation
Nazareth Foods Private Limited	NA	Full Consolidation
Aachi Spices and Foods Private Limited	NA	Full Consolidation
Aachi Special Foods Private Limited	NA	Full Consolidation

Source: Company

ANALYST CONTACTS

Jitin Makkar

+91 124 4545 368

jitinm@icraindia.com

Srikumar Krishnamurthy

+91 44 4596 4318

ksrikumar@icraindia.com

Sruthi Thomas

+91 80 4332 6430

sruthi.thomas2@icraindia.com

Swaminathan S

+91 44 4596 4316

swaminathan.s@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar

+91 22 6114 3406

shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani

Tel: +91 124 4545 860

communications@icraindia.com

HELPLINE FOR BUSINESS QUERIES

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)

info@icraindia.com

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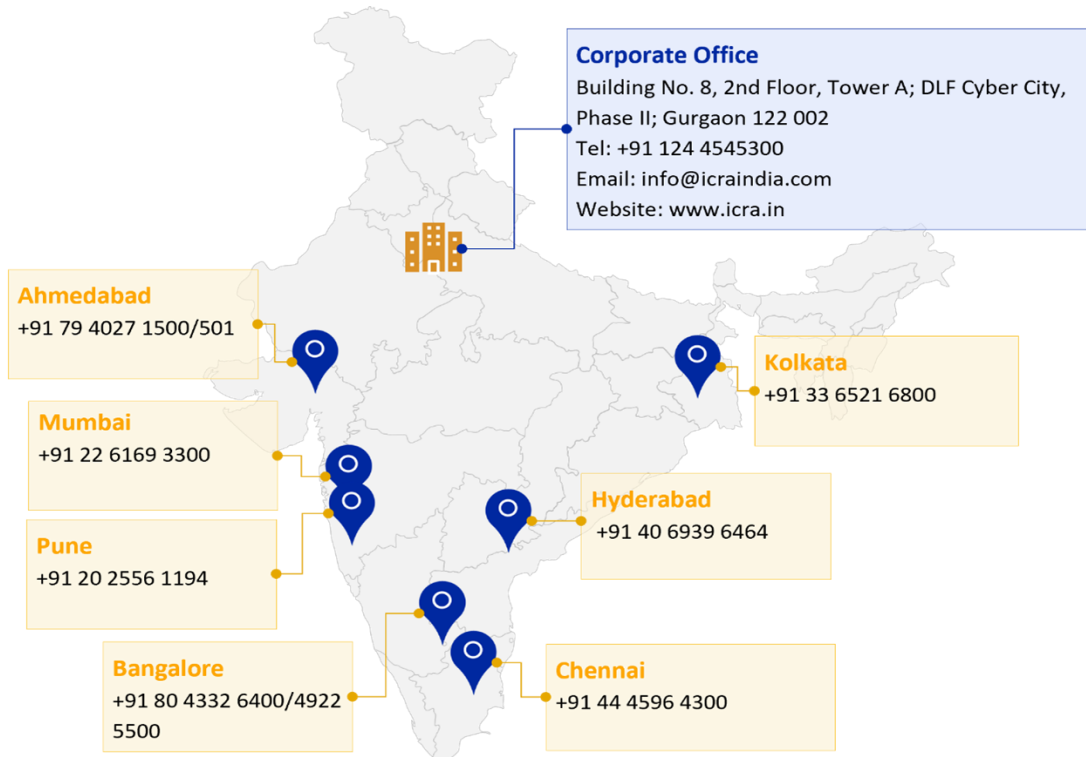


Registered Office

B-710, Statesman House, 148 Barakhamba Road, New Delhi-110001
Tel: +91 11 23357940-45



Branches



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