

## Rating Rationale

**KIZ Foods Ltd**

13<sup>th</sup> July 2017

**Brickwork Ratings reaffirms the ratings for the Bank Loan Facilities of Rs.11.63 Crores of KIZ Foods Ltd.**

### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
<b>Fund Based Cash Credit Term Loan</b>	<b>11.00 1.61</b>	<b>11.00 0.63</b>	<b>Long Term</b>	<b>BWR BB (Pronounced as BWR Double B) Outlook : Stable</b>	<b>BWR BB (Pronounced BWR Double B) Reaffirmation Outlook:Stable</b>
<b>Total</b>		<b>Rs. 11.63 Crores (Rupees Eleven Crores Sixty Three Lakhs Only.)</b>			

^ Please refer to BWR website [www.brickworkratings.com/](http://www.brickworkratings.com/) for definition of the ratings

### Rating Reaffirmed

BWR has essentially relied upon audited financial results up to FY16, provisional financials for FY17 & Projection FY18, FY19 publicly available information and information provided by the management.

The rating continues to factor in the promoter's experience in Dehydrated Food Industry. However, the ratings are constrained by the low margins, weak debt protection metrics and competition from established players, High Dependency on Working capital requirements, dependency on rainfall for availability of Raw materials, Low Tangible Net worth and modest scale of operations.

Going forward, the Company's ability to register consistent growth in turnover with an increase in profitability margins, gearing and prudent management of its working capital will be the key rating sensitivities

### Rating Outlook: Stable

BWR believes the KIZ Foods Ltd business risk profile will be maintained over the medium term. The ‘Stable’ outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

### About the Company

KIZ Foods Ltd was incorporated in 2008 by Mr. Altaf Hussain Badami and his family members. There are three directors of the Company named as Mr. Zardarraza.A.Badami, Mr. Murtuza.L.Badami and Nisarali.M.Keshwani. KIZ Foods Ltd business activity includes manufacturing and exporting of Dehydrated and spices products. KIZ Foods Ltd is located in Mahuva District of Gujarat which has a geographical advantage of producing onion, garlic, cumin, sesame, coriander, onion, fenugreek, fennel, celery and garlic which are raw materials for the company. The Company has an installed capacity of 12 Metric Tons per day. The company has Accreditations to ISO 22000:2005.

### Company Financial Performance

Company generated total operating income of ₹ 68.20 Crores in FY16 as compared to ₹ 55.49 Crores in FY 15. Profit after tax of company stood at ₹.0.74 Crores in FY16 against ₹ 0.77 Crores in FY15. The Company’s tangible net-worth stood at ₹ 6.95 Crores in FY16. As per Provisional, FY 17 financial, the firm has achieved Net sales turnover of ₹. 82.11 Crores with PAT ₹.0.38 Crores.

### Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term / Short Term)	Amount (Rs Crs)	Rating	2016	2015	2014
1	Cash Credit	Long Term	11.00	BWR BB	BWR BB	BWR BB	-
2	Term Loan	Long Term	0.63	BWR BB	BWR BB	BWR BB	-

Status of non-cooperation with previous CRA (if applicable) -NA

Any other information: NA



## Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Companies](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

Analytical Contacts	Media
<a href="#">Dinesh Mahabal</a> General Manager-Ratings <a href="mailto:analyst@brickworkratings.com">analyst@brickworkratings.com</a>	<a href="mailto:media@brickworkratings.com">media@brickworkratings.com</a>
	Relationship Contact
	<a href="mailto:bd@brickworkratings.com">bd@brickworkratings.com</a>
<b>Phone: 1-860-425-2742</b>	

### For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.

### Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at [www.brickworkratings.com/download/ComplexityLevels.pdf](http://www.brickworkratings.com/download/ComplexityLevels.pdf) Investors queries can be sent to [info@brickworkratings.com](mailto:info@brickworkratings.com).

### About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, has also been accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a Nationalized Bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 cities.

### DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.