

## Rating Rationale

### Kanwhizz Industries Limited

30 May 2017

**Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs.6.00Crs of Kanwhizz Industries Limited “(KIL or the ‘Company’)”.**

#### Particulars

Facility Rated	Amount (Rs. Crs)	Tenure	Rating *
Fund Based Cash Credit	6.00	Long Term	BWR BB- Outlook: Stable
<b>Total</b>	<b>Rs 6.00 Crores (Rupees Six Crores Only.)</b>		

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

#### Rating assigned

#### Rationale/Description of Key Rating Drivers/Rating sensitivities:

The Ratings draw strength from the Promoters’ extensive experience in trading business and diversified product profile. The Ratings are however constrained by low profitability margins due to trading nature of business, highly competitive industry scenario, small scale of operation, management having no track record and the Company being new to FMCG industry, cyclicity nature of FMCG industry, geographical concentration risk as it is confined to only U.P, Jharkhand and Bihar. Going forward the Company’s ability to improve its profitability margins, expand its customer base and stabilize the business operation will be the key rating sensitivities.

#### Rating Outlook: Stable

BWR believes the Kanwhizz Industries Limited 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

Kanwhizz Industries Limited (KIL) was incorporated in the year 2016. It is the part of the Kanwhizz Group which was started in the year 2007. The Company has eighteen branch offices covered in U.P, Bihar and Jharkhand including the head office in Bareilly, U.P. KIL is engaged in marketing and distribution of FMCG product like personal care, household products, men accessories, health care products, food and beverages etc. It follows the direct marketing strategy where it becomes the direct contact between the manufacturer and seller by building a strong distribution channel. The Company outsources all the products according to the standardization and specification, the product is delivered after the branding and packaging. KIL is building their distribution channel by way of making general mass the member of the Company where they can earn income from retail profit, monthly performance bonuses, monthly and annual leadership bonuses, and other cash and business incentives based on personal performance. The product is sold under the brand name “ Kan Whizz” and is GMP, HALAL, FSSAI, ISO 9001:2008 and ISO 14001:2009 certified. The Company is managed by Mr. Kanhaiya Gulati, Mr. Ashish Mahajan and Mr. Rajat Agarwal.

## Company Financial Performance

FY 17 being the first full year of operation the company is expected to report sales of Rs. 25.00 Crs and PAT of approximately Rs. 0.43 Crs. The Net worth is likely to be Rs.1.12 Crs.

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/Short Term)	Amount (Rs Crs)	Rating	FY 2016	FY 2015	FY 2014
1.	Cash Credit	Long Term	6.00	BB-	-	-	-

Status of non-cooperation with previous CRA (if applicable): N/A

### Hyperlink/Reference to Applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)

For any other criteria obtain-  
hyperlinks from website



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**For print and digital media**

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**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**

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