

Mani Zaver Industries Private Limited

November 06, 2024

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	33.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category

Details of instruments/facilities in Annexure-1.

*Issuer did not cooperate; based on best available information.

Rationale and key rating drivers

CARE Ratings Ltd. has been seeking No default statement (NDS) for the month of August 2024, Sep 2024 and October 2024 from Mani Zaver Industries Private Limited (MZPL) to monitor the rating(s) vide e-mail communications dated September 26, 2024, September 27, 2024, November 04, 2024 and November 05, 2024 and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information (i.e. NDS for the said months) for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. (CARE Ratings) has reviewed the rating based on the best available information which however, in CARE Ratings' opinion is not sufficient to arrive at a fair rating. The rating on bank facilities of MZPL will now be denoted as "CARE B; Stable; ISSUER NOT COOPERATING".

Users of this rating (including investors, lenders and the public at large) are hence requested to exercise caution while using the above rating(s).

Ratings have been revised on account of non-availability of the requisite information to conduct the review.

Rating assigned to the bank facilities of MZPL continued to remain constrained on account of project implementation and stabilization risk associated with on-going debt-funded capex and stretched liquidity. Rating also factors in presence of MZPL in fragmented, competitive, and highly regulated packaged food industry along with susceptibility of operating margin to volatile agro-based raw material prices. Rating, however, derives strength from experienced promoters and favourable industry outlook. At the time of last rating on February 08, 2024 the following were the rating strengths and weaknesses.

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects that MZPL is likely to successfully complete its debt funded capex within time and cost parameters and achieve envisaged results.

Detailed description of key rating drivers:

Key weaknesses

Project implementation and stabilization risk associated with on-going debt-funded capex

MZPL is setting up a greenfield project for manufacturing of packaged foods with an installed capacity of 15,450 metric tonnes per annum from its sole manufacturing facility at Kheda district, Gujarat. The project is expected to cost Rs.40.30 crore funded through bank term loan of Rs.21 crore and remaining Rs.19.30 crore from promoters through equity and Unsecured loans (USL). Considering USL from promoters and related parties amounting to Rs. 14.22 crore as quasi equity, project gearing remained at 1.53 times while operations are expected to commence from October 2025. Till December 31, 2023, ~Rs.4.50 crore costs have been incurred towards project. Hence with majority of costs yet to be incurred, project implementation and stabilization risks persists.

Presence in fragmented and competitive packaged food industry

The packaged food industry is highly fragmented with presence of several regional players apart from few large players like Haldiram, Bikaji, Balaji, etc. Over the years, many small regional players have started across the country which has added to competitive intensity of the industry. The business is also susceptible to changing preferences of consumers.

Highly regulated industry

The food sector and personal care segment is regulated by FSSAI (Food Safety and Standards Authority of India) and FDA (Food and Drug Administration), respectively to ensure the quality and standards of the products. Any failure or non-compliance with the rules and regulations laid down by regulatory bodies, eventually will have an impact on the business operations of the organization. MZPL has applied for FSSAI certification.

¹Complete definition of ratings assigned are available at www.careedge.in and other CARE Ratings Limited's publications.

Susceptibility of operating margin to volatile agro-based raw material prices

The raw material that will be procured by MZPL primarily consists of potatoes, peanuts, edible oil, spices, flexipacks (packaging), etc. MZPL does not have any long-term contracts with its suppliers, which exposes the company to raw material price fluctuation risk. Moreover, due to intense competition, the mid-sized players have limited flexibility over pricing its products which also results in low to moderate profit margin.

Key strengths

Experienced promoters

MZPL, part of Mani Zaver group, is promoted by Mr. Nirav Patel with more than decade of experience in the field of exports of processed Foods, and Software and Mr. Kashyap Patel with around decade of experience in food industry. Mani Zaveri Group, promoted by Mr. Mani Zaver Patel, initially commenced its activities with cold storage of potatoes in 1969. Later on, it expanded its storage facility with adding other vegetables. Mr. Nirav Patel and Mr. Kashyap Patel- promoters of ZMPL are the grandsons of Mr. Mani Zaver Patel. Further, in 2011, Mr. Nirav Patel incorporated MZ Food Products Private Limited for processing frozen fruits and vegetables. Mr. Uday Bhan with over a decade of industry experience is appointed as product development manager and technical specialist of MZPL. Operations of ZMPL will be managed by promoters jointly along with experienced tier-II staff and employees.

Favourable industry outlook

The long-term demand outlook is favorable on the expectations of increasing population, increase in per capita consumption which in turn would be driven by changing lifestyles and growing urbanization. Further, with increase in demand in rural areas with investments in rural infrastructure development, extension of farm credit provisions, and focus on job creation will trigger a consumption boom and boost growth momentum which is showing strong signs of recovery with Covid-induced disruptions having eased out entirely. Further, Indian packaged food (snacks) industry still has untapped segments and an underpenetrated rural market which ensures growth prospects for the industry.

Assumptions/Covenants: Not applicable

Environment, social, and governance (ESG) risks: Not applicable

Applicable criteria

[Definition of Default](#)

[Policy in respect of non-cooperation by issuers](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast Moving Consumer Goods	Fast Moving Consumer Goods	Food Products	Packaged Foods

Kheda, Gujarat based MZPL is incorporated in March 2022 by Mr. Nirav Patel and Mr. Kashyap Patel. MZPL, a part of Mani Zaver group, is setting up a greenfield project for manufacturing of packaged foods with an installed capacity of 15,450 metric tonnes per annum. The project is expected to cost Rs.40.30 crore with project gearing of 1.53 times and is expected to commence its operations from October 2025.

Brief financials: Not applicable since operations are expected to commence from October 2025.

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

Complexity level of instruments rated: Annexure-4

Lender details: Annexure-5**Annexure-1: Details of instruments/facilities**

Name of the Instrument	ISIN	Date of Issuance	Coupon Rate (%)	Maturity Date	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit	-	-	-	-	12.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan	-	-	-	October 30, 2032	21.00	CARE B; Stable; ISSUER NOT COOPERATING*

*Issuer did not cooperate; based on best available information.

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 2024-2025	Date(s) and Rating(s) assigned in 2023-2024	Date(s) and Rating(s) assigned in 2022-2023	Date(s) and Rating(s) assigned in 2021-2022
1	Fund-based - LT-Term Loan	LT	21.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (08-Feb-24)	-	-
2	Fund-based - LT-Cash Credit	LT	12.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (08-Feb-24)	-	-

*Issuer did not cooperate; based on best available information.

LT: Long term

Annexure-3: Detailed explanation of covenants of rated instruments/facilities; Not applicable**Annexure-4: Complexity level of instruments rated**

Sr. No.	Name of the Instrument	Complexity Level
1	Fund-based - LT-Cash Credit	Simple
2	Fund-based - LT-Term Loan	Simple

Annexure-5: Lender details

To view the lender wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CARE 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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About us:

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