

Kings Dried Foods Private Limited

February 12, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long Term Bank Facilities	66.00	CARE B; Stable; ISSUER NOT COOPERATING*	Downgraded from CARE B+; Stable and moved to ISSUER NOT COOPERATING category
Short Term Bank Facilities	1.65	CARE A4; ISSUER NOT COOPERATING*	Rating 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 information from Kings Dried Foods Private Limited (KDPL) to monitor the rating(s) vide e-mail communications/ letters dated February 04, 2025, January 29, 2025, January 24, 2025, January 21, 2025, January 17, 2025, and January 10, 2025, and numerous phone calls. However, despite our repeated requests, the company has not provided the requisite information for monitoring the ratings. In line with the extant SEBI guidelines, CARE Ratings Ltd. has reviewed the rating on the basis of the best available information which however, in CARE Ratings Ltd.'s opinion is not sufficient to arrive at a fair rating. The rating on KDPL's bank facilities will now be denoted as **CARE B; Stable/ CARE A4; 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 ratings.

The rating has been revised on account of non-availability of requisite information to conduct the review. The ratings continue to remain constrained on account of project implementation and stabilization risk associated with on-going debt funded green-field project as well as risk associated with volatility in key raw material prices i.e., onion.

The ratings, however, continue to derive comfort from extensive experience of promoters in same line of business with accessibility to existing selling and distribution network, favourable demand outlook, easy raw material availability and eligibility for subsidy under Ministry of Food Processing Industry (MoFPI).

Analytical approach: Standalone

Outlook: Stable

Stable outlook reflects CARE Ratings Limited's (CARE Ratings') expectation that KDPL shall continue to benefit from extensive experience of its promoters in the same line of business.

Detailed description of key rating drivers

At the time of last rating on February 06, 2024, following were the key rating drivers:

Key weaknesses

Implementation and stabilization risk associated with on-going debt-funded capex

KDPL is setting up a project for manufacturing of dried Onion, Onion Flax, Onion Powder and other form of Dehydrated onion products with installed capacity of 13,200 MTPA for dehydrated onion, 1,29,600 MTPA for processing of raw onion and inhouse cold storage facility of 5,000 MTPA at its factory located at Mahua, Bhavnagar, Gujarat. The total cost of the project is envisaged at Rs.74.15 crore which is proposed to be funded via term loan of Rs.41 crore, equity of Rs.21 crore, Rs.10 crore through Grant from Ministry of Food Processing Industry (MoFPI) and remaining Rs.2.15 crore from unsecured loans. With the given funding mix, the project gearing stood moderate at 1.39x. Till December 31, 2023, KDPL had incurred ~67% of the total proposed cost mainly towards building, civil work and plant & machinery. The expenses incurred till December 31, 2023, were funded through equity of Rs.15.94 crore, term loan of Rs.31.44 crore and unsecured loan of Rs.1.17 crore. KDPL also received approval from MoFPI for grant of Rs.10 crore on November 09, 2022. However, no amount was received. The operations are expected to commence from April 2024.

Volatility in agro commodity prices

India is the second largest producer of onion in the world after China. Major onion growing states are Maharashtra, Karnataka, Gujarat, Madhya Pradesh, and Bihar. Its supply chain is highly affected by external shocks like weather abnormalities and policy

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

regulations. High perishability and lack of adequate cold storage system are also constraints of uninterrupted supply chain. Furthermore, onion price exhibits a high degree of volatility.

Key strengths

Extensive experience of promoters in same line of business with accessibility to existing selling and distribution network

KDPL is promoted and managed by Mr. Husainali Vakil, Mr. Mohmedraza Vakil, Mr. Mohmmmedtaqi Vakil, Ms. Fizabanu Vakil, Ms. Saiyadabanu Vakil and Ms. Shainbanu Vakil. Mr. Husainali Vakil has extensive experience of four decades in Onion dehydration industry through group entities viz. Kings Dehydrated Foods Pvt. Ltd., Nice Dehydration Pvt Ltd., Quality Dehydration Pvt Ltd. etc. Mr. Mohmedraza Vakil, PhD in Business Management, has strong network through association with Kings Dehydration, Nice Dehydration, and is also a partner in European Dehydration.

Favourable demand outlook

For close to four decades, export of onion could take place only through the agencies designated by the government. Onion export was canalised in 1974. National Agricultural Cooperative Marketing Federation (NAFED) was the only canalising agency till 1999. Subsequently, 12 State Trading Enterprises (STEs) along with NAFED were designated as the canalising agencies for export of onion. Mahuva is a home to almost 80% of onion dehydration units, finds itself catering more and more to domestic needs, as opposed to export demand with surge in demand of ready-to-eat and fast foods.

Easy raw material availability

The main raw material, onion, is available in abundance within various districts of Gujarat namely Bhavnagar, Amreli and nearby districts in Saurashtra Region which are known as a hub for Onion cultivation. Hence, the raw material is easily available in the nearby APMC, farmers and traders in the vicinity Dehydrated white onion products are exported in different forms as slices, kibbled, flakes, minced, chopped, ground, granules or power to Europe, North America and Russia.

Liquidity: Stretched

Project implementation and stabilization along with generation of envisaged cash accruals to meet the debt obligation shall remain crucial from credit perspective. Term loan for this project has been sanctioned and schedule repayment shall commence from October 2024.

Applicable criteria

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

[Definition of Default](#)

[Liquidity Analysis of Non-financial sector entities](#)

[Rating Outlook and Rating Watch](#)

[Manufacturing Companies](#)

[Financial Ratios – Non financial Sector](#)

[Project stage companies](#)

[Short Term Instruments](#)

About the company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Consumer Discretionary	Consumer Services	Other Consumer Services	Food Storage Facilities

Mahuva (Gujarat) based KDPL was incorporated on September 17, 2020. KDPL is setting up a green field project for manufacturing of Dehydrated Onion with total capacity of 13,200 Metric Tons Per Annum (MTPA), processing of raw onion with capacity of 1,29,600 MTPA and inhouse cold storage facility of 5,000 MTPA at Mahua, Bhavnagar, Gujarat. KDPL is promoted by Mr. Husainali Vakil and his sons Mr. Mohamedraza Vakil and Mr. Mohmmmedtaqi Vakil. The total project cost is estimated at Rs.74.15 crore, to be funded with a debt equity ratio of 1.39x. Commercial production was expected to commence from April 2024.

Brief Financials: Not available as company was project phase entity during last review and no latest information available.

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 (DD-MM-YYYY)	Coupon Rate (%)	Maturity Date (DD-MM-YYYY)	Size of the Issue (₹ crore)	Rating Assigned and Rating Outlook
Fund-based - LT-Cash Credit		-	-	-	25.00	CARE B; Stable; ISSUER NOT COOPERATING*
Fund-based - LT-Term Loan		-	-	31-03-2032	41.00	CARE B; Stable; ISSUER NOT COOPERATING*
Non-fund-based - ST-Bank Guarantee		-	-	-	1.65	CARE A4; 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	41.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (06-Feb-24)	1)CARE B+; Stable (18-Jan-23)	-
2	Fund-based - LT-Cash Credit	LT	25.00	CARE B; Stable; ISSUER NOT COOPERATING*	-	1)CARE B+; Stable (06-Feb-24)	1)CARE B+; Stable (18-Jan-23)	-
3	Non-fund-based - ST-Bank Guarantee	ST	1.65	CARE A4; ISSUER NOT COOPERATING*	-	1)CARE A4 (06-Feb-24)	1)CARE A4 (18-Jan-23)	-

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

LT: Long term; ST: Short term; LT/ST: Long term/Short 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
3	Non-fund-based - ST-Bank Guarantee	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.

Contact Us

Media Contact	Analytical Contacts
<p>Mradul Mishra Director CARE Ratings Limited Phone: +91-22-6754 3596 E-mail: mradul.mishra@careedge.in</p> <p>Relationship Contact</p> <p>Ankur Sachdeva Senior Director CARE Ratings Limited Phone: +91-22-6754 3444 E-mail: Ankur.sachdeva@careedge.in</p>	<p>Kalpesh Ramanbhai Patel Director CARE Ratings Limited Phone: +079-4026 5611 E-mail: kalpesh.patel@careedge.in</p> <p>Anuja Parikh Associate Director CARE Ratings Limited Phone: +079-4026 5616 E-mail: anuja.parikh@careedge.in</p> <p>Harsh Shah Analyst CARE Ratings Limited E-mail: Shah.Harsh@careedge.in</p>

About us:

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Disclaimer:

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