

Wonderworks Private Limited

July 22, 2025

Facilities/Instruments	Amount (₹ crore)	Rating ¹	Rating Action
Long-term bank facilities	89.13 (Enhanced from 64.00)	CARE BB-; Stable	Reaffirmed

Details of instruments/facilities in Annexure-1.

Rationale and key rating drivers

The rating of Wonderworks Private Limited (WPL) continues to remain constrained by small scale and nascent stage of business operations. The rating is also constrained by the company's weak financial risk profile and exposure to competition in packaged food industry. However, the rating derives strength from its experienced promoters with long track record of business operations, diversified customer base and widespread distribution network. The rating takes cognisance of the company's' small despite growing scale of operations and improved operational efficiencies characterised by growing profit before interest, lease rentals, depreciation and taxation (PBILDT) margins albeit remain constrained by continued net-level losses in FY25 (refers to April 01 to March 31). The rating also takes comfort from funding support from resourceful promoters having past track record of extending financial support to the company per requirements of business operations.

Rating sensitivities: Factors likely to lead to rating actions

Positive factors

- Growth in scale of operations with TOI above ₹150 crore with PBILDT margins above 9% on a sustained basis.
- Efficient working capital management and improvement in the company's liquidity position.

Negative factors

- Sustained losses at operating levels and resultant weakening liquidity position.
- Delays in receipt of envisaged support from the promoters at the time of exigency.
- Higher-than-envisaged debt-funded capital expenditure (capex) leading to a deterioration in capital structure.

Analytical approach: Standalone, factoring need based support from promoters

Outlook: Stable

The Stable outlook reflects CARE Ratings Limited's (CareEdge Ratings) opinion that WPL will continue to benefit from resourceful promoters and their vast experience in food processing industry.

Detailed description of key rating drivers:

Key weaknesses

Small-yet-growing scale of operations

In FY25, the company achieved a turnover of ₹135.49 crore (PY: ₹62.92 crore), driven by an increase in installed capacity to 6,120 MTPA in April 2024, up from 3,300 MTPA. This growth was supported by better capacity utilisation and strong demand for the company's products. The company is currently working on expanding its capacity to 12,240 MTPA, which is expected to

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

become operational approximately by January 2026. Despite this growth, the company's business profile is constrained by its small scale of operations within the highly competitive FMCG industry. The limited product diversity, with only two products—Donut Cake and Choco Star Cake—further restricts its scale. Small scale limits the company's financial flexibility in times of stress and deprives it of economies of scale benefits.

The company has reported improvement in operational efficiencies with growth in profit before interest, lease rentals, depreciation and taxation (PBILDT) margins with PBILDT margins of 2.00% in FY25, improved from negative 6.15% in FY24, however, the improvement was insufficient to offset the high fixed cost & finance cost, resulting in continued net-level losses of 4.54% in FY25 (FY24: Negative 16.42%). These losses were largely due to the increase in raw material prices (such as cocoa powder, oil, and whey powder among others) in the year. Going forward increasing in scale of business and stabilisation in FY26 and onwards is expected to help company to generate better profitability through better absorption of fixed cost. This improvement in operating efficiencies, driven by ramp-up of scale in the near term, will be a key monitorable factor.

Weak financial risk profile

The company has a weak financial risk profile, marked by moderate overall gearing of 3.10x in FY25, though considerably improved from 18.10x in FY24, considering reduction in debt levels from ₹75.29 crore in FY24, to ₹62.94 crore in FY25, largely considering conversion of unsecured loans into equity. WPL has modest net worth base, stood at ₹20.31 crore as on March 31, 2025 (PY: ₹4.16 crore). Given the losses at net level, debt coverage indicators stood weak, as marked by PBILDT interest coverage of 0.50x in FY25 (negative 0.86x in FY24). Going forward, the capital structure is expected to moderate considering planned debt funded capex.

Exposure to competition in packaged food industry

The ready -to-eat food industry is highly fragmented owing to low entry barriers such as minimal capital requirement and presence of organised and unorganised players. Although, over the years the industry has become more organised with the share of unorganised players reducing, but margins continue to be impacted due to fragmentation of the industry.

Operating margin susceptible to raw material price volatility

Key raw materials are refined wheat flour, sugar, cocoa powder, other extract for different flavours, and packaging material. Their prices depend on geo-climatic conditions, govt induced prices, international market dynamics and the domestic demand-supply situation. Hence, profitability remains susceptible to fluctuations in raw material prices or inflationary pressures.

Key strengths

Experienced promoters with long track record of business operations

WPL is promoted by Mohit Jain (Chairman & Managing Director), associated with the food processing industry for over four decades. He is further supported by Rashad Jain and Rohan Jain having rich experience of food industry. The promoter family has a long-standing history and a track record of food businesses in India through "The Delhi Flour Mills Company Limited" (DFMCL; rated CARE BB+; Stable/ CARE A4+), the company has been in operation for over 100 years and primarily engaged in flour milling operations and wheat trading and both companies having common management.

Strong funding support from resourceful promoters

Promoters are resourceful and have past track record of extending financial support to the company per requirements of business operations. Promoters are likely to extend support in the form of equity and unsecured loans to meet its working capital

requirements and repayment obligations in case of exigencies. DFMCL has also extended corporate guarantee (CG) for the bank borrowing of WPL. Promoters are resourceful and have past track record of extending financial support to the company per requirements of business operations. Promoter fund comprises share capital of ₹26.23 crore, promoters have converted unsecured loans amounting to ₹21.00 crore into equity share capital to support the company's capital structure in FY25, and interest free unsecured loan of ₹5.00 crore as on March 31, 2025.

Satisfactory working capital management

WPL is having short operating cycle, stands at 24 days in FY25 (PY: 14 days). WPL doesn't extend credit period to its customers reflected by nil trade receivables in FY25, with top ten customers contributing ~48% of TOI in FY25 (PY: 56%). However, enjoys credit period from its suppliers of 15-30 days, average creditor period stands at 19 days in FY25 (PY: 21 days). The company holds inventory for close to one-month period, having average inventory days 44 days in FY25 (PY: 35 days) slightly increased owing to increased raw material inventory from ₹6.35 crore in FY24 to ₹13.12 crore in FY25.

Liquidity: Stretched

Liquidity is marked stretched by expected cash accruals of ₹6.50 crore against repayment obligations of ₹4.96 crore in FY26. The average utilisation of the working capital limit stands at ~69.84% for 12 months ending May 2025 against the sanctioned limit of ₹10.00 crore providing additional cushion to the company. The company's operations are further supported by interest-free unsecured loans from promoters amounting to ₹5.00 crore as on March 31, 2025. In FY25, promoters have converted unsecured loans amounting to ₹21.00 crore into equity share capital to support the company's capital structure. Promoters are resourceful and likely to extend support in the form of equity and unsecured loans to meet its working capital requirements and repayment obligations in case of exigency in future as well.

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

Applicable criteria

[Policy on Default Recognition](#)

[Notching by Factoring Linkages in Ratings](#)

[Financial Ratios – Non financial Sector](#)

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

[Assigning 'Outlook' or 'Rating Watch' to Credit Ratings](#)

[Manufacturing Companies](#)

About company and industry

Industry classification

Macroeconomic indicator	Sector	Industry	Basic industry
Fast-moving consumer goods	Fast-moving consumer goods	Food products	Packaged foods

WPL is incorporated in December 2020 and engaged in manufacturing of ready to eat snacks – bakery and confectionery items. WPL has two products Donut cake & Choco star cake, company produces and markets its products under the brand name Ziggy. The company has a widespread network of over 1,600 distributor, and presence in metro areas and key towns across all Indian states with reach to over 2.50 lakhs outlets. WPL's manufacturing facility is in Greater Noida, Uttar Pradesh with total installed capacity of 6,120 (MTPA). WPL is promoted by Mohit Jain.

Particular	March 31, 2023 (A)	March 31, 2024 (A)	March 31, 2025 (A)
Total operating income	5.42	62.92	135.49
PBILDT	-5.80	-3.87	2.71
PAT	-7.09	-10.33	-6.15
Overall gearing (times)	3.95	18.10	3.10
Interest coverage (times)	-3.95	-0.86	0.50

A: Audited; Note: these are latest available financial results

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		-	-	-	10.00	CARE BB-; Stable
Fund-based - LT-Term Loan		-	-	June 30, 2033	79.13	CARE BB-; Stable

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 2025-2026	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
1	Fund-based - LT-Term Loan	LT	79.13	CARE BB-; Stable	-	1)CARE BB-; Stable (29-Jul-24)	-	-
2	Fund-based - LT-Cash Credit	LT	10.00	CARE BB-; Stable	-	1)CARE BB-; Stable (29-Jul-24)	-	-

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 lender-wise details of bank facilities please [click here](#)

Note on complexity levels of rated instruments: CareEdge 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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