



Rating Rationale

Tanvi Foods (India) Limited

13th September 2017

Brickwork Ratings Reaffirmed the ratings for the Bank Loan Facilities of Rs. 10 .02 Crores of Tanvi Foods (India) Limited ('The Company') as follows:

Particulars

| Facility Rated Fund Based | Amount (Rs. Crs) | | Tenure | Rating* | |
|---------------------------|------------------|--------------|--|--|--|
| | Previous | Present | | Previous | Present |
| Cash Credit Term Loan | 7.50 0.55 | 9.40 0.62 | Long Term | BWR BB (BWR double B) (Outlook-Stable) | BWR BB (BWR double B) (Outlook-Stable) (Reaffirmed) |
| Total | 8.05 | 10.02 | INR Ten Crores and Two Lakhs Only | | |

^ Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results up to FY17, publicly available information and information/clarifications provided by the Company's management.

The rating, inter alia, factors the Company's experienced promoters in food processing industry, improved revenues, established corporate clientele base, technical strength in manufacturing, moderate gearing level and improved networth. However, the rating is constrained by reduced net profit margin due to fluctuating raw material prices, inadequate liquidity position, elongated cash conversion cycle, Inadequate coverage ratios, highly fragmented and competitive nature of industry.

BWR also considers elongated cash conversion cycle resulting in working capital intensive nature of business.

Key Rating Drivers:

Experience of promoters is more than a decade in the same line of business. revenue has improved from Rs. 48.17 Crs in FY16 to Rs. 55.95 Crs in FY17. Gearing improved from 1.91 to



1.31 between FY16 & FY17 net profit margin reduced from 2.97% to 1.84% between FY 16 & FY 17

Rating Outlook: Stable

BWR believes that **Tanvi Foods (India) 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

The company started its business as a proprietorship concern, namely "Sri Sai Agencies" In the year 2007, the promoter incorporated a private limited company by the name Tanvi Foods (India) Pvt. Ltd and later on in March 2017 Tanvi Foods (India) Ltd incorporated as public limited company to scale up the level of operations. The company mainly deals in foods products such as frozen sweet corn and green peas and also its allied food products such as frozen corn samosa, spring roll, corn patties, corn cup, sweet corn kernals, samosa patties, cream of sweet corn etc. The company operates through the model of Kiosks (outlets); self owned as well as franchises and is also supplying Sweet Corn, Samosas and Spring roll pastry to the Modern Trade Stores such as Reliance Fresh, Spencers, More, Big Bazar, Walmart, Ratnadeep etc. The kiosks of the company are spread across different malls, multiplexes and MNCs such as Prasads I Max, Cinemax, Cineplanet, Asian Cinemas, Deloitte, Dell, ADP, Wipro, HCL, Microsoft, Infosys, TCS and many more. The company is associated with Walmart, Metro Cash and Carry, Reliance Fresh etc. to be their PAN India supplier. Other associates of the company are Switz India Pvt. Ltd., McCain Foods India Pvt. Ltd., Bunge India Pvt. Ltd., Mapro Foods Pvt. Ltd., Auchan etc. The company has its own Logistics unit, handled by its sister concern namely, "Square PEG Distribution Services Pvt. Ltd.", under the brand name "Frozen King"

Management

The company is managed by Directors Mr. A.Sri Nagaveer, Ms. A. Vasavi, Mr. A. Sarat Chandra Babu, Ms. A. Sarada, Ms. Pasuri Sarada and Ms. Mikkilineni Sravanthi are the Directors of the Company.

Company's Financial Performance

As per FY17 audited financials, The Company's sales have increased from Rs.48.17 Crores as of FY16 to Rs. 55.95 Crores in FY17. The PAT was reported at Rs. 1.03 Crs in FY17. The operating profit and net profit margin reported 6.02 % & 1.84 % in FY17.



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

| Sl. No. | Facility | Current Rating (Year 2017) | | | Rating History | Rating History | Rating History | Rating History |
|---------|----------|----------------------------|-----------------|------------------------|-----------------------------------|----------------|----------------|----------------|
| | | Type | Amount (Rs Crs) | Rating | July 2017 | March 2016 | February 2015 | 2014 |
| 1 | CC TL | Long Term | 9.40 0.62 | BWR BB (Reaffirmed) | BWR BB | BWR BB | BWR BB | Not rated |
| Total | | | 10.02 | | INR Ten Crores and Two Lakhs only | | | |

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Manufacturing Sector](#)

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Annexure

| Key Parameters | Units | FY15 (Audited) | FY16 (Audited) | FY17 (Audited) |
|--------------------------------|------------|----------------|----------------|----------------|
| Net Sales | Rs. Crores | 34.37 | 48.17 | 55.95 |
| EBITDA | Rs. Crores | 2.73 | 2.72 | 3.37 |
| PAT | Rs. Crores | 0.67 | 1.43 | 1.03 |
| Tangible Networkth | Rs. Crores | 4.42 | 7.02 | 12.08 |
| Total Debt: Tangible Networkth | Times | 2.61 | 1.91 | 1.31 |
| Current Ratio | Times | 1.26 | 1.16 | 1.47 |



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 Investors queries can be sent to 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 100cities.

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.