



## Rating Rationale

### Tanwar Industries

15th March 2018

**Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 11.90 Crores of Tanwar Industries.**

### Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
<b>Fund based</b> Cash Credit <i>Sub Limit</i> (Book Debt) Term Loan SLC	<b>8.90</b> 5.60 (1.50) 2.60 0.70	<b>Long Term</b>	<b>BWR BB-</b> (Pronounced BWR Double B Minus) <b>(Outlook: Stable)</b>
<b>Non Fund Based</b> Bank Guarantee	<b>3.00</b> 3.00	<b>Short Term</b>	<b>BWR A4</b> (Pronounced BWR A Four)
<b>Total</b>	<b>11.90</b>	<b>INR Eleven Crores and Ninety Lakhs Only</b>	

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

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

BWR has essentially relied upon the audited financial statements of Tanwar Industries (TI) up to FY17, projected financial statements of FY18 & FY19 and publicly available information and information / clarification provided by the firm's management.

The rating derives comfort from the experience of promoters and established relationships with principals. The rating is however constrained by modest scale of operations, large working capital requirement, small net worth and exposure to intense competition.

Going forward, the firm's ability in consistently achieving projected revenue, the ability of the management to infuse capital, timely debt servicing and manage its working capital efficiently will be the key rating sensitivities.

### Description of Key Rating Drivers



- **Credit Strengths:**

***Experience of promoters and established relationships with principals***

The promoters have more than two decades of experience in the industry and have established strong relationships with Mahindra & Mahindra Ltd (M&M).

- **Credit Risks:**

***Modest scale of operations***

TI has modest scale of operations with operating income of Rs. 36.19 crs for FY17 as against Rs. 33.95 crs for FY16.

***Large working capital requirement***

The operations of TI are working capital intensive as the current ratio is low and stands at 1.1x in FY17.

***Small net worth***

The net worth of the firm is small and stands at Rs. 5.04 crs in FY17. The same is expected to improve in medium term.

***Exposure to intense competition***

TI faces competition from other genset assemblers and dealers.

**Analytical Approach**

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

**Rating Outlook: Stable**

BWR believes the **Tanwar Industries** 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 Firm**

Tanwar Industries (TI) is a partnership firm and was established in the year 1998. TI is located in Jaipur, Rajasthan and is engaged in manufacturing of diesel generator sets. TI is promoted by Mr. Mohammed Tahir and Mr. Abdul Rehman, Mr. Riyazzudin and Mr. Fazlu Rehman. TI is an authorized OEM of M/s Mahindra & Mahindra Ltd from the year 2005 for part of Rajasthan. Further, due to consistent performance the firm is now OEM for entire Rajasthan for selling DG sets up to 500 KVA with Mahindra Powerol engines. From January, 2017 it has been exclusively authorized to sell powerol DG set in the state of Punjab & Himachal Pradesh.



### Firm Financial Performance

In FY17, total operating income and PAT (after appropriation) of Tanwar Industries stood at Rs. 36.19 cr (vs. Rs. 33.95 cr in FY16) and Rs. 0.25 cr (vs. Rs. 0.24 cr in FY16) respectively. Networth of the firm stood at Rs. 5.04 cr in FY17 (vs. Rs. 4.37 cr in FY16).

### Key Financial Indicators

Key Parameters	Units	2017 (A)	2016 (A)
Result Type		Annual	Annual
Operating Revenue	₹ Cr	36.19	33.95
EBITDA	₹ Cr	2.57	1.97
PAT	₹ Cr	0.25	0.24
Tangible Net worth	₹ Cr	5.04	4.37
Total Debt/Tangible Net worth	Times	1.59	2.05
Current Ratio	Times	1.00	1.07

### Rating History for the last three years

S.No	Instrument /Facility	Current Rating (2018)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2017	2016	2015
1	<b>Fund based</b> Cash Credit <i>Sub Limit</i> (Book Debt) Term Loan SLC	<b>Long Term</b>	<b>8.90</b> 5.60 (1.50) 2.60 0.70	<b>BWR BB-</b> <b>(Outlook:</b> <b>Stable)</b>	-	-	-
2	<b>Non Fund Based</b> Bank Guarantee	<b>Short Term</b>	<b>3.00</b> 3.00	<b>BWR A4</b>	-	-	-
	<b>Total</b>		<b>24.50</b>	<b>₹ Twenty Four Crores Fifty Lakh Only</b>			



**Status of non cooperation with previous CRA:** The firm has been previously rated by CRISIL and subsequently moved to “Issuer not co-operating” category on 14th November, 2017 due to non availability of requisite information to conduct the rating exercise.

**Hyperlink/Reference to applicable Criteria**

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

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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 ₹ 10,00,000 Cr. In addition, BWR has rated over 6300 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹24,440 Cr have been rated.



**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.