



## Rating Rationale

### CRP Risk Management Limited

19<sup>th</sup> June 2017

**Brickwork Ratings downgrades the long term ratings for the Bank Loan Facilities of Rs. 18.36 Cr of CRP Risk Management Limited**

#### Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based	22.18	18.36	Long Term	BWR BBB- (Pronounced as BWR Double B Plus) (Outlook: Stable)	<b>BWR BB</b> (Pronounced as BWR Double B) <b>(Outlook: Stable)</b> <b>Downgrade</b>
<b>Total</b>	<b>22.18</b>	<b>18.36</b>	<b>INR Eighteen Crores &amp; Thirty Six Lakhs only</b>		

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

#### Ratings downgraded

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

BWR has principally relied upon the audited financial results of FY14 – FY16 and publicly available information and information/clarification provided by the company's management.

The rating has been downgraded due to its stretched liquidity position with weak deteriorated debt coverage metrics as observed in FY16. It is also constrained, with de growth in the scale of operation in FY16 & onward; and intense competition from established player in the market.

The Rating constraints are however; partially offset by, inter alia, promoter's experience and moderate tangible net worth of the company.

Going forward, the growth in the company's scale of operation & profitability with substantial improvement in the liquidity & debt coverage position remain the key rating sensitivities.

#### Rating Outlook: Stable

BWR believes the **CRP Risk Management Limited's** 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

Incorporated in the year 2000, CRP is one of India's risk mitigation consulting and solutions provider with five distinct practice areas of Employer Services, Audit Services, Claims Processing, Risk Services etc. CRP in the initial years of its operation (2000-2005) was involved only in the business of providing credit verification service to the insurance companies. Over the years, CRP diversified into various other services viz. HR services (background checks, exit interviews and others), insurance services (claim investigation & settlement, fraud verification) and database services (employee database & captive education database). In the year 2012, the company started another service called 'Managed Branches'. In this service CRP facilitates the clients to open up branches by providing infrastructure, manpower and support activities

### Company Financial Performance

The net sales have reduced to Rs. 74.60 Cr in FY16 with a net profit of Rs. 1.78 Cr, from Rs.94.59 Cr of net sales and net profit of Rs. 3.84 Cr in FY15.

The gearing deteriorates further. The liquidity position and the debt protection metrics have worsened further in FY16. The receivable days have increased to 131 days in FY16 from 108 days in FY15.

The tangible net worth of the company stood at Rs14.29 Cr in FY16. On a provisional basis, as informed by the management, the company has achieved Rs. 77.01 Cr of revenue in FY17.

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

Sl. No.	Instrument/Facility	Current Rating (Year 2017)			Rating History		
		Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	Rating in 2016	Rating in 2015	Rating in 2014
1	Working Capital	Long Term	16.00	BB	RNR	BBB-	BBB-
2	Term Loan	Long Term	2.36				

### Hyperlink/Reference to applicable Criteria

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



## **Services Sector**

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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 ₹ 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 100 cities.

### **DISCLAIMER**

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