

Rating Rationale

CRP Risk Management Ltd.(erstwhile: CRP Technologies (India) Ltd.) 21 Jun 2018

Brickwork Ratings revises the ratings for the Bank Loan Facilities of ₹. 16.00 Crores of CRP Risk Management Ltd.(erstwhile: CRP Technologies (India) Ltd.).

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*	
	Previous	Present		Previous (June, 2017)	Present
Fund based	18.36	16.00	Long Term	BWR BB [Pronounced as BWR Double B] Outlook: Stable	BWR BB+ [Pronounced as BWR Double B Plus] Outlook: Stable (Upgrade)
Total	18.36	16.00	INR Sixteen Crores Only		

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

Complete details of Bank facilities is provided in Annexure-I

Ratings: Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of FY15 – FY17, C.A.certified Provisional FY18 and publicly available information and information/clarification provided by the company's management.

The rating inter alia continues to factor established record of the promoters, wide range of services offered and diversified customer base. The rating further draws comfort from continuous growth in sales & the improving financial risk profile of the company marked by profitability, solvency and liquidity position.

The rating is however constrained by working capital intensive nature of business and competition faced from the established players in the market.

Going forward the company's ability to maintain the revenue growth momentum with improving profit margins, achieving the operation efficiency by optimum utilization of working capital, reducing receivables levels, improving gearing level and Net Worth by way of share capital infusion by the promoters' and retention of profit back in the business shall remain the key rating sensitivity.

Description of Key Rating Drivers



- **Credit Strengths:**

- **Experienced Management** - The promoters of the company have an experience of more than two decades in the service industry & they are supported by qualified professionals.
- **Diversified Product & Services** - The company has a diversified portfolio of services offered which includes HR services (background checks, exit interviews and others), insurance services (claim investigation & settlement, fraud verification) and database services (employee database & captive education database).
- **Improving Financial Risk Profile** - The profitability margins of the company have improved as marked by the EBITDA and PAT margin of 14.22% & 6.23% in FY17 as compared to 12.74% & 2.38% in FY16. The capital structure of the company has improved marked by the improvement in the overall gearing on account of repayment of term loans.

- **Credit Risks:**

- **Competitive Nature Of Business** - The company faces intense competition from both organised and unorganised players in the market.
- **Volatile Revenues** - The company being in a contract based business wherein the revenues are dependent on the renewal of contracts leading to volatility in the revenues of the company.

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 **CRP Risk Management Ltd.(erstwhile: CRP Technologies (India) Ltd.)** 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. 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 company has reported a sales and PAT of Rs 81.02cr & Rs 5.05cr in FY17 vis-a-vis Rs 74.60cr & Rs 1.78cr in FY16. On provisional basis the company has reported a sales of Rs 82.25cr in FY18. There has also been an additional capital infusion as per the C.A.certified provisional FY18 financials provided by the company.

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
	Fund Based	Long Term	16.00	BWR BB+ (Outlook:Stable)	BWR BB (Outlook: Stable)	RNR	BWR BBB- (Outlook: Stable)
	Total		16.00	₹ Sixteen Crores Only			

Status of non-cooperation with previous CRA (if applicable)-NA
Any other information - NA

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type		Audited	Audited
Operating Revenue	Crores	81.02	74.60
EBITDA	Crores	11.52	9.50
PAT	Crores	5.05	1.78
Tangible Net worth	Crores	16.35	15.90
Total Debt/Tangible Net worth	Times	1.22	1.74
Current Ratio	Times	1.61	1.49

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)

- [Approach to Financial Ratios](#)
- [Short Term Debt](#)

For any other criteria obtain hyperlinks from website

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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 Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, 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 leading public sector 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, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 11,99,663 Cr. In addition, BWR has rated over 6819 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹48,803 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.