Rating Rationale

Kairav Management Consultancy Pvt Ltd

27 Jun 2018

Brickwork Ratings revises/reaffirms the ratings for the Bank Loan Facilities of ₹ 23.00 Crores of Kairav Management Consultancy Pvt Ltd.

Particulars

Facility	Amount (₹ Crs)		Tenure	Rating*		
	Initial	Present		Initial (April 2016)	Previous (July 2017)	Present
Non Fund Based Standby Letter of Credit Or Guarantee	15.00	23.00	Short Term	BWR A4 (Pronounced as BWR A Four)	Rating Not Reviewed	BWR A4 (Pronounced BWR A Four) (Reaffirmed)
Total	15.00	23.00	INR Twenty Three Crores Only			

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

. Bank orally confirms that SBLC is issued for one year and client has requested for short term rating

Ratings: Reaffirmed

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied on Audited Financials upto FY 17 and Projected financials of FY 19 &20, ,publicly available information and information /clarification provided by the company's management

The Rating factors inter-alia promoters experience, year on year increase in sales,comfortable gearing levels, and increased net profit margin in FY 17. The Ratings are constrained by limited size and scale of operations, reduced operating profit margin , stiff competition from large players and unable to achieve projected revenue of FY 17

Going forward, the ability of the company to increase its scale of operations with increased revenues and , profit margins shall remain key rating sensitivities

Description of Key Rating Drivers

- **Credit Strengths:**

one of the promoters has an experience of over a decade,revenue increased from Rs 18.03 lakhs in FY15 to Rs 40.72lakhs in FY16 and Rs 69.01 Lakhs in FY17 ,Gearing stands at 0.08 times as at 31.3.2017. net profit margin increased form 0.93% in FY16 to 3.81% in FY17

- **Credit Risks:**

Revenue is in Lakhs only, registering Rs 69.01 Lakhs in FY17 , operating profit margin reduced from 92.62% in FY16 ro 90.99% in FY17 ,The Projected revenue was Rs 1.45 Crs whereas achieved revenue in FY 17 is Rs 0.69 Crs

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 **Kairav Management Consultancy Pvt 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

Kairav Management Consultancy Private Limited was incorporated in 2013. The company started its commercial operations in February 2014. The company was founded by Mr Arvind Chaturvedi and Mr Hemant Chaturvedi. The company provides financial outsourcing services. The company has developed software for providing such services with inhouse know how. The customers of the company are located in Mumbai, Hongkong, Singapore and US. The office of company is located in Mumbai.

Company Financial Performance

The Total Operating Income for FY 17 is Rs 0.69 Crs and PAT for same period is 0.02 Crs. The Tangible Net worth for FY 17 stands at Rs 6.03 Crs

Rating History for the last three years

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	12-7-2017	6-4-2016	2015
1)	**Non Fund Based Standby Letter Of Credit or Guarantee**	**Short Term**	**23.00**	**BWR A4 Pronounced as BWR A Four Reafformed**	**Rating Not Reviewed**	**BWR A4**	**Not Rated**
	Total		**23.00**	**₹ Twenty Three Crores Only**			

Status of non-cooperation with previous CRA-Not Applicable
Any other information-Not Applicable

Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Operating Revenue	Crores	0.69	0.40
EBITDA	Crores	0.62	0.37
PAT	Crores	0.02	0.003
Tangible Net worth	Crores	6.03	4.01
Total Debt/Tangible Net worth	Times	0.08	0.19
Current Ratio	Times	11.31	5.49

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 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 ₹ 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.