



## Rating Rationale

N. Manjunath

11 Aug , 2017

**Brickwork Ratings revises the long term rating and reaffirms the short term rating for the Bank Loan Facilities of Rs. 5.15 Crores of N. Manjunath**

### Particulars

Facility Rated	Amount (₹ Cr)		Tenure	Rating <sup>^</sup>	
	Previous	Present		Previous May, 2015	Present
Fund Based Cash Credit	3.15	3.50	Long Term	<b>BWR B+</b> (BWR B Plus ) <b>Outlook: Stable</b>	<b>BWR B</b> (BWR Single B) <b>Outlook: Stable</b>
Non-Fund Based - BG	2.00	1.65	Short Term	<b>BWR A4</b> (BWR A Four)	<b>BWR A4</b> (BWR A Four)
<b>Total</b>	<b>5.15</b>	<b>5.15</b>	<b>(INR Five crores and fifteen lakhs only)</b>		

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

### Long Term rating Downgraded and Short Term rating reaffirmed

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

BWR has principally relied upon the audited financials up to FY16, provisional financial of FY17 certified by Chartered accountant, publicly available information and information/clarifications provided by the Company management

The rating has factored, inter alia, the experience of the promoter, reputed clientele base, and liquidity position, The Rating is however constrained by low scale of operations, low network, low profit margins, and inherent risk being constitution of the Firm as a proprietorship. Going forward, ability to increase its scale of operations, will remain the key rating sensitivities

#### Rating Outlook: Stable

BWR believes the N. Manjunath 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

M/s. N Manjunath is a proprietorship Concern, where Mr. Manjunath is carrying on the business as a Civil Contractor since 1981 in Shivamogga, Karnataka. He has been accredited as Class I Civil and PWD Contractor from the beginning of his contract business. From 1981 to 1999 Mr. Manjunath has taken only constructions of building contracts, after that he started Road and National Highway construction work.

## Company Financial Performance

M/s N Manjunath' s Net sales declined from Rs. 9.74 Crs in FY15 to Rs. 5.3 Crores in FY16, operating profit decreased from Rs. 0.27 Crores in FY 15 to Rs. 0.13 Crores in FY 16 and net profit decreased from Rs. 0.46 Crores in FY15 to Rs. 0.17 Crores in FY16. The firm reported net worth of Rs. 5.03 Crs in FY15 and Rs. 4.89 Crs in FY16. Total Borrowings are Rs. 4.31 Crs in FY15 and Rs. 4.3 Crs in FY16. Gearing at the level of 0.86 in FY15 and 0.88 in FY16, whereas Interest coverage indicator is 14.66 in FY15 and 1.9 times in FY16

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

Instrument /Facility	Current Rating (Year 2017)			Rating History	
	Type (Long Term/ Short Term)	Amount (Rs Crs)	Rating	November 2016	May 2015
Fund Based	Long Term	3.50	BWR B (Double B Plus)	Rating moved to Rating Not Reviewed Category	BWR B+ (Double B)
Non-Fund Based	Short Term	1.65	BWR A4		BWR A4

## Annexure:

### Financial Indicators:

Particulars	FY15	FY16	FY17
Net Sales/Revenues	9.74	5.30	3.99
EBIDTA	0.89	0.96	0.72
PAT	0.81	0.46	0.17
Tangible Networth	5.03	4.89	4.92
Total Debt : TNV	0.86	0.88	0.66
Current Ratio	1.95	1.79	1.94



## Hyperlink/Reference to applicable Criteria

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

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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.

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