Rating Rationale

Sri Rangantha Enterprises

1 Aug 2017

Brickwork Ratings assigns ratings for the Bank Loan Facilities of Rs. 8.55 Cr of Sri Ranganatha Enterprises.

Particulars

Facility Rate	Amount (Rs. Crs)		Tenure	Rating*
	Existing	Proposed		
Overdraft **Fund Based**	**4**	**7.80**	**Long Term**	**BWR B+ Outlook: Stable**
Bank Guarantee **Non Fund Based**	**0.75**	**0.75**	**Short Term**	**BWR A4**
Total	**4.75**	**8.55**	**Rs. 8.55 Crores (INR Eight Crores and Fifty Five Lakhs Only)**	

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

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financial results of the Firm upto FY17, publicly available information and information/clarifications provided by the Firm's management.

The rating draws strength from the experience of the proprietor in the line of business, moderate growth in revenue and low debt level. The rating is however constrained by low net worth and low net profit margin. Further, being a proprietorship firm, any withdrawal of the capital by the proprietor would have an adverse affect in their financials which would be a rating sensitive.

Rating Outlook: Stable

BWR believes that **'Sri Ranganatha Enterprises'** 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

Sri Ranganatha Enterprises has been registered with the labour department since 2009. Since then, the company has been providing services of security, house keeping and other allied services to State and Central units & public and private sector units, with over 1600 personnel. The company has provided manpower for Hitachi for excavation work (procurement Sand form River bed). The company has registered with Staututory departments NSIC, DIG Int., Security Dn., Dist. Indsl Centre, ISO Certification. The company also has training centre for the personnel. Sri M K Shashikanth is proprietor for Sri Ranganatha Enterprises with 15 years of work experience. He has completed his B.Ed., MSc and MBA.

Financial Performance.

Revenue increased from Rs 21.95 Cr in FY16 to Rs 53.68 Cr in FY17. Profit after tax increased from Rs 0.39 Cr in FY16 to 2.48 Cr in FY17.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Instrument /Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	2016	2015	2014
	Fund Based	Long Term	7.8	**BWR B +**	**NA**	**NA**	**NA**
	Non Fund Based	Short Term	0.75	**BWR A4**	**NA**	**NA**	**NA**

Hyperlink/Reference to applicable Criteria

- General Criteria
- Approach to Financial Ratios
- Rating Criteria for Manufacturing Companies

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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 ₹ 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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