



Success Against the Tide

In this sea of distress, there are SMEs that have not overstretched themselves and have thriving business models.

ANAND ADHIKARI

WHAT SEPARATES THE CREAM

- Strong focus on accounting standards
- No excessive leveraging
- Strong financial performance
- No unrelated expansion during a boom
- Not in a tearing hurry to tap the capital market

The Nand Ghanshyam Industrial Estate in Mumbai's Andheri area conveys a sense of dilapidation, of decay and of being deserted. The *kutchra* road inside ends in a two-storied commercial complex that reeks old-economy—the last place one would expect to find a risk-management firm.

But, amid the heady smell of machine oil and grease is the headquarters of CRP Technologies, one of India's largest background screening firms and among the top three from the 4,000-odd SMEs rated by the SME Rating Agency of India for their credit-worthiness and business model.

For CRP, it has not been easy to make

it to the hall of fame of SMEERA, India's SME-focussed rating agency. And the nondescript location is incidental to CRP's success.

"We are in B2B business so we don't need to invest in glamorous offices," explains Rahul Belwalkar, the 35-year-old CEO, sitting in his mezzanine office. Belwalkar, an IIM Lucknow alumnus with stints in ICICI Pru Life, Reliance Life and AIG AMRO, is neither the Founder-Promoter nor the owner. Hitesh Asrani and Ashutosh Navalkar, CRP's young founders, inducted him in July 2008 to run the show. That decision to separate ownership from management is part of CRP's success.

"Resources will always be scarce—every business unit has to pull its weight.



Rahul Belwalkar, CEO (sitting) with Promoter-Director Hitesh Asrani

RACHET GOSWAMI

There is a clear owner for profitability of every business line," declares Belwalkar, who has half-a-dozen industry professionals in his team.

So what made Asrani and Navalkar give up their managerial role?

"We are contributing our energies to create a blueprint for CRP post-2013," says 39-year-old Asrani, who, along with Navalkar, set up CRP in 1997. Since then, CRP has transformed itself from a pure background-screening firm to a player in recession-proof verticals like risk management, claims management and internal audits.

Today, it's hard to spot a successful SME like CRP that has managed to stay afloat despite the mayhem in the small enterprises world caused by the global financial crisis.

Charu Dutt Sharma, Head of Operations at SMERA, reasons, "Large corporates have the wherewithal to stay afloat even in a challenging environment

because of their network and relationships, but small enterprises are prone to failures in such situations."

That's what happened in the last one-and-a-half years when many an over-ambitious SME got washed away. There are actually two dozen SMEs that today enjoy the highest rating from leading credit rating agencies, apart from the ones featured here.

Just Some Good Sense

It's not divine power that rescued them, but the experience and the wisdom of promoters and the quality of top management (See *What Separates the Cram*).

V.D. Sanghavi of engineering firm Aarvi Encon Pvt Ltd, which has CRISIL's SME1 stamp, did not get infected by the craze for expansion during the buoyant 2003-2007. A late entrepreneur, Sanghavi had worked for over two decades in engineering, for firms like Merck Sharp Dohme, Lubrizol and Davy

CRP Technologies

Two management graduates decided to do their own thing, without any family background of business and at a time when jobs were for the asking. Starting as a background-screening firm for telcos, the duo today are into risk management for insurance companies, and auditing.

KEY: Clear demarcation of ownership and management.

"Resources will always be scarce—every business unit has to pull its weight. There is a clear owner for profitability of every business line"

Rahul Belwalkar
CEO, CRP Technologies