

March 07, 2025

## Madurai Trans Carrier Limited: Rating reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Long-term fund based - Term loan	9.55	22.80	[ICRA]A- (Stable); reaffirmed and assigned for the enhanced amount
Long-term- Unallocated	-	2.75	[ICRA]A- (Stable); assigned
<b>Total</b>	<b>9.55</b>	<b>25.55</b>	

\*Instrument details are provided in Annexure-I

### Rationale

The rating for the bank lines of Madurai Trans Carrier Limited (MTCL/the company) remains supported by its strong parentage. The company's primary shareholders include — The Ramco Cements Limited (TRCL; rated [ICRA]AA+ (Stable)/[ICRA]A1+), Ramco Industries Limited (RIL; rated [ICRA]AA- (Stable)/[ICRA]A1+) and TVS Mobility Private Limited. TRCL has committed to ensuring timely and adequate financial support to Madurai Trans Carrier Limited to ensure that the latter's operational and financial commitments are met in a timely manner, as and when there is a need.

At present, MTCL owns and operates an aircraft for exclusive use by the key management personnel of the promoter groups. The company's aircraft is operated on the cost-sharing model, wherein the variable expenses (fuel, repairs, airport handling, etc.) are billed based on the actual usage by the promoters. The fixed expenses, like employee costs, depreciation, interest and principal repayments on the term loans, etc, are billed and collected a month in advance based on an agreed cost-sharing ratio between the promoter groups. MTCL's cash flows are monitored by TRCL and there is a formal system of upfront invoicing of bills and dues falling in the subsequent month, ensuring there is no slippage in payments. Also, there has been financial support from promoter entities in the form of short-term loans in the past, whenever there was a requirement. The rating also considers the regulatory risks in the aviation sector.

The company reported modest revenues of Rs. 28.9 crore in FY2024 and Rs. 22.8 crore in 9M FY2025. Its accruals also remain minimal, given the cost-plus nature of operations. In addition to its existing aircraft, the company has placed an order for another aircraft and has availed debt of Rs. 20 crore for the part-payment for the same in YTD FY2025. The entire cost of ~Rs. 150 crore is likely to be debt-funded, with another Rs. 30 crore expected to be paid in FY2026 and the remaining in FY2027 upon delivery. Any shortfall in funding, would be supported by TRCL, on need basis.

### Key rating drivers and their description

#### Credit strengths

**Strong parentage** – MTCL is held by TVS Mobility Group, comprising TVS Mobility (33.2%) and Fit Consulting and Services Private Limited (19.5%), and Ramco Group comprising TRCL (29.9%) and RIL (17.2%). The promoter groups have a strong brand position, healthy financial profile and established track record in their respective areas of operations. MTCL was floated to facilitate the captive use of corporate aircraft/helicopters by MTCL's promoters and currently operates one aircraft. The company's board comprises the CEO of TRCL and a Director from TVS Mobility, apart from other key management personnel of both groups. TRCL has committed to ensuring timely and adequate financial support to MTCL to ensure that its operational and financial commitments are met in a timely manner, as and when there is a need.

**Expense sharing mechanism ensures timely cash flows** – The company’s revenues are entirely dependent on the usage of corporate jets by the promoter entities. The total flying hours in FY2024 stood at 684 hours and in 9M FY2025, it was 497 hours. At present, the company operates only one aircraft following the sale of two aircrafts in June 2023. It has placed an order for another aircraft, which is to be delivered in FY2027. MTCL reported cash profits of Rs. 6.0 crore in FY2024 and Rs. 4.4 crore in 9M FY2025. The company’s aircraft is operated on the cost-sharing model, wherein the variable expenses (fuel, repairs, airport handling, etc.) are billed based on the actual usage by the promoters. The fixed expenses, like employee costs, depreciation, interest and principal repayments on the term loans, etc, are billed and collected a month in advance based on an agreed cost-sharing ratio between the promoter groups. MTCL’s cash flows are monitored by TRCL and there is a formal system of upfront invoicing of bills and dues falling in the subsequent month, which ensures there is no slippage in payments. Also, the promoter entities have supported MTCL through short-term loans in the past, whenever there was a requirement.

### Credit challenges

**Regulatory risks** – MTCL is licensed to operate its aircraft only for non-commercial purposes and the business is exposed to regulatory requirements with prescribed safety standards and mandatory training requirements for flight operators. Any changes in regulations and MTCL’s ability to adapt to the same remain to be seen.

### Liquidity position: Adequate

MTCL’s cash flows are monitored by TRCL and there is a formal system of upfront invoicing of fixed-cost bills and dues falling in the subsequent month, ensuring no slippage in payments. TRCL will ensure timely and adequate financial support to MTCL as and when required to meet its operational and financial commitments. MTCL had unencumbered cash and liquid balances of Rs. 1.0 crore as on December 31, 2024. As against these sources of cash, it has debt repayment obligation of Rs. 1.4 crore in Q4 FY2025, Rs. 2.8 crore in FY2026 and nil in FY2027 on existing and sanctioned loans. At present, the company envisages only maintenance capex other than the investment for the new aircraft.

### Rating sensitivities

**Positive factors** – Sharp improvement in the standalone credit profile could accelerate the transition towards a higher rating for MTCL.

**Negative factors** – Deterioration in the credit profile of parent (The Ramco Cements Limited, rated [ICRA]AA+(Stable)/[ICRA]A1+), weakening in the credit profile and liquidity position of MTCL, or weakening of linkages between MTCL and its parent could exert pressure on its rating.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a>
Parent/Group support	The Ramco Cements Limited ([ICRA]AA+ (Stable)/[ICRA]A1+) has committed to ensuring timely and adequate financial support to Madurai Trans Carrier Limited, to ensure that the latter’s operational and financial commitments are met in a timely manner, as and when there is a need.
Consolidation/Standalone	The rating is based on the standalone financial profile of the company.

## About the company

MTCL was incorporated in 2013 to facilitate the captive use of corporate jets by the promoters of TVS Sons, The Ramco Cements Limited (TRCL), Sundaram Fasteners Limited (SFL) and Ramco Industries Limited (RIL). TVS Sons had a 33.19% stake in MTCL earlier. After the restructuring of the TVS Group, TVS Sons' stake was transferred to TVS Mobility Private Limited (TVS Mobility). SFL transferred its total stake of 19.5% to Fit Consulting and Services Private Limited (FCSPL, part of TVS Mobility Group) in YTD FY2025. Currently, TVS Mobility Group holds 52.8% (33.2% stake through TVS Mobility Private Limited and 19.5% stake through FCSPL) and the Ramco Group holds a 47.2% stake via TRCL (29.9% stake) and RIL (17.2% stake). All costs pertaining to the operations of the aircraft are billed to the promoter companies. At present, the company operates only one aircraft and has ordered one more, which is expected to be delivered in FY2027.

## Key financial indicators (audited)

Standalone	FY2023	FY2024
Operating income	35.9	28.9
PAT	-0.04	0.03
OPBDIT/OI	27.2%	23.8%
PAT/OI	-0.1%	0.1%
Total outside liabilities/Tangible net worth (times)	2.1	1.7
Total debt/OPBDIT (times)	1.4	1.2
Interest coverage (times)	1.8	7.1

Source: Company, ICRA Research; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; Financial ratios in this document is ICRA adjusted figures and may not be directly comparable with results reported by the company in some instances

## Status of non-cooperation with previous CRA: Not applicable

## Any other information: None

## Rating history for past three years

Instrument	Current (FY2025)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	Mar 07, 2025	FY2024		FY2023		FY2022	
				Date	Rating	Date	Rating	Date	Rating
<b>Term loan</b>	Long-term	22.80	[ICRA]A-(Stable)	Feb-15-24	[ICRA]A-(Stable)	Jan-02-23	[ICRA]A+ (CE) (Stable) withdrawn; [ICRA]A- (Stable) assigned simultaneously	-	-
						May-30-22	[ICRA]A+ (CE) (Stable)	-	-
<b>Unallocated</b>	Long-term	2.75	[ICRA]A-(Stable)	-	-	Jan-02-23	[ICRA]A- (Stable); Withdrawn	-	-
						May-30-22	[ICRA]A (Stable)	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term fund-based – Term Loan	Simple
Long-term – Unallocated Limits	Not applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click Here](#)

**Annexure I: Instrument details**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term Loan	FY2021	9.00%-9.45%	FY2032	22.80	[ICRA]A- (Stable)
NA	Unallocated Limits	-	-	-	2.75	[ICRA]A- (Stable)

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis – Not applicable**

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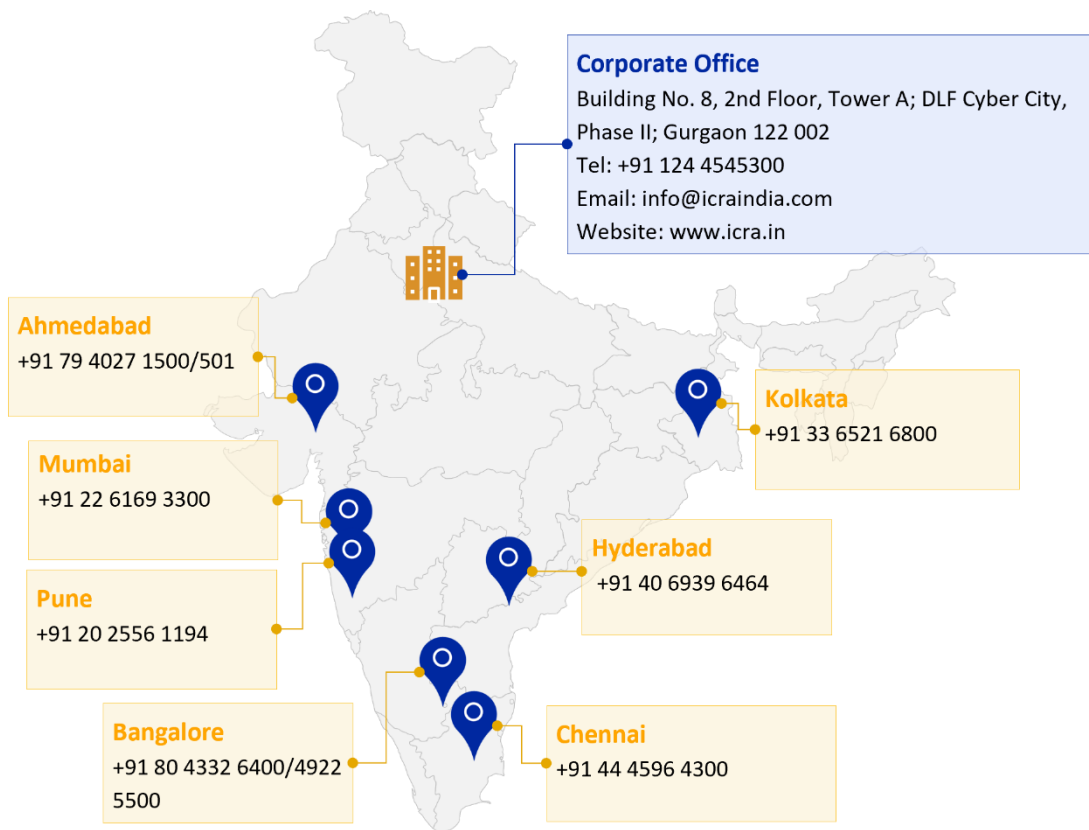
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