

TCS and Associates Private Limited

	Amount Outstanding	Rating Action
	Rs. Crore	January 2016
Inventory Funding (LT scale)	26.79 (enhanced from 12.50)	[ICRA]BB-(Stable); upgraded from [ICRA]B+
Cash Credit (LT scale)	12.50 (enhanced from 7.50)	[ICRA]BB-(Stable); upgraded from [ICRA]B+
Term Loan (LT scale)	0.71 (reduced from 4.24)	[ICRA]BB-(Stable); upgraded from [ICRA]B+
Unallocated (LT scale)	Nil (reduced from 0.76)	-

ICRA has upgraded its long term rating on the Rs. 39.29 crore fund based limits and Rs.0.71 crore term loan of TCS and Associates Private Limited (TCSA)* to [ICRA]BB- (pronounced ICRA double B minus) from [ICRA]B+ (pronounced ICRA B plus). The outlook on the long term rating is 'Stable'.

The upgrade in ratings takes into account the 22% year-on-year growth in operating income registered by TCSA in FY15, which has been accompanied by an improvement in the company's net profit margins owing to reduced interest cost for the year; the growth in FY16 is however expected to be relatively moderate. Improved working capital cycle management in FY15 resulted in reduced gearing and improved coverage indicators, along with a comfortable liquidity position, with the bank limits remaining moderately utilized through the year.

The rating also takes into consideration the extensive experience of TCSA's management in the automobile dealership industry and the benefit it derives from being associated with Maruti Suzuki India Limited (MSIL). The rating, however, continues to be constrained by the company's working capital intensity, which despite the improvement in FY15 remained high, and reliance on bank borrowings for funding the working capital requirements, which has resulted in a leveraged capital structure. ICRA also takes note of the competition the company faces from dealers of other passenger car manufacturers such as Honda Cars India Limited, Hyundai Motors India Limited, Tata Motors Limited, etc, in the vicinity of the company's area of operations.

Going forward, the company's ability to continue to ramp up its scale of operations and register a sustained improvement in its profitability, while optimally managing its working capital cycle will be the key rating sensitivities.

Company Profile

TCSA was incorporated in 2002 and is an authorized dealer of MSIL. TCSA is engaged in the sale of vehicles, spares and also provides after sales support. Presently, the company has two facilities in Faridabad.

Recent Results

For 2014-15, the company reported an Operating Income (OI) of Rs.202.94 crore and a net profit of Rs.1.33 crore, as against an OI of Rs.166.14 crore and a net profit of Rs.0.99 crore in the previous year. The company, on a provisional basis, reported an OI of Rs.142.30 crore for the nine months ended December 31, 2015.

January 2016

* For complete rating scale and definitions please refer to ICRA's website www.icra.in or other ICRA rating publications



For further details please contact:

Analyst Contacts:

Mr. Sabyasachi Majumdar (Tel. No. +91 124 4545304)
sabyasachi@icraindia.com

Relationship Contacts:

Mr. Vivek Mathur (Tel. No. +91-124-4545310)
vivek@icraindia.com

© Copyright, 2016, ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.

**Registered Office****ICRA Limited**

1105, Kailash Building, 11th Floor, 26, Kasturba Gandhi Marg, New Delhi 110001
Tel: +91-11-23357940-50, Fax: +91-11-23357014

Corporate Office**Mr. Vivek Mathur**

Mobile: 9871221122

Email: vivek@icraindia.com

Building No. 8, 2nd Floor, Tower A, DLF Cyber City, Phase II, Gurgaon 122002
Ph: +91-124-4545310 (D), 4545300 / 4545800 (B) Fax; +91- 124-4050424

Mumbai**Mr. L. Shivakumar**

Mobile: 9821086490

Email: shivakumar@icraindia.com

1802, 18th Floor, Tower 3,
Indiabulls Finance Centre,
Senapati Bapat Marg,
Elphinstone, Mumbai 400013,
Board : +91-22-61796300; Fax: +91-22-24331390

Kolkata**Mr. Jayanta Roy**

Mobile: +91 9903394664

Email: jayanta@icraindia.com

A-10 & 11, 3rd Floor, FMC Fortuna
234/3A, A.J.C. Bose Road
Kolkata—700020
Tel +91-33-22876617/8839 22800008/22831411,
Fax +91-33-22870728

Chennai**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

5th Floor, Karumuttu Centre
634 Anna Salai, Nandanam
Chennai—600035
Tel: +91-44-45964300; Fax: +91-44 24343663

Bangalore**Bangalore****Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

'The Millenia'
Tower B, Unit No. 1004, 10th Floor, Level 2 12-14, 1 & 2,
Murphy Road, Bangalore 560 008
Tel: +91-80-43326400; Fax: +91-80-43326409

Ahmedabad**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

907 & 908 Sakar -II, Ellisbridge,
Ahmedabad- 380006
Tel: +91-79-26585049, 26585494, 26584924; Fax: +91-
79-25569231

Pune**Mr. L. Shivakumar**

Mobile: 989986490

Email: shivakumar@icraindia.com

5A, 5th Floor, Symphony, S.No. 99, CTS 3909, Range Hills
Road, Shivajinagar, Pune-411 020
Tel: + 91-20-25561194-25560196; Fax: +91-20-25561231

Hyderabad**Mr. Jayanta Chatterjee**

Mobile: 9845022459

Email: jayantac@icraindia.com

4th Floor, Shobhan, 6-3-927/A&B, Somajiguda, Raj
Bhavan Road, Hyderabad—500083
Tel:- +91-40-40676500