

Tops Security Limited

	Amount	Rating Action
	In Rs. Crore	
Long term- cash credit	41.50	[ICRA]C+; assigned
Long term -term loans	3.50	[ICRA]C+; assigned

ICRA has assigned the long term rating of [ICRA]C+ (pronounced ICRA C plus)¹ to the Rs 41.50 crore² cash credit limits and the Rs 3.50 crore term loans of Tops Security Limited.

The assigned rating factors in the stretched liquidity position of the company owing to its increased receivable period as well as sustained weakness in profitability. The revenues and margins have come under pressure on account of client attrition witnessed by the company over the last three years. Weak liquidity position is also reflected in the continued pending service tax dues and employee related payables of the company. Besides the aforementioned dues, the company also has quarterly repayment obligations towards its working capital loans, which is further expected to strain the liquidity position of the company over the near to medium term. ICRA also takes note of audit observations with regards to certain internal control weaknesses in the company.

The rating however, derives comfort from TSL's established brand name, its dominant position in the domestic private security industry and strong management team. The rating also factors in the established global presence of TOPSGRUP, its wide range of comprehensive manned security services as well as its reputed and diversified client base.

Company Profile

Tops Security Limited (TSL) is the flagship company of the TOPSGRUP and is primarily engaged in the provision of manned guarding and private security services in India. The company was incorporated in 1970 by Major (Retd.) R.C. Nanda as a proprietorship concern and was converted into a public limited company in 1995. TSL is an ISO 9001:2008 certified company and is currently headed by Major (Retd.) R.C. Nanda's son, Dr. Diwan Rahul Nanda. The group (headquartered in London, UK) serves its ~8,500 diversified clientele through 120 offices located globally, with TSL serving more than 27,000 pin code locations in India. Promoter group (the Nanda family) owns majority stake (65.87% as on March 31, 2015) in the company and the private equity investors, including Indivision India Partners, ICICI Ventures and RARE Enterprises, hold the balance stake.

Recent Results

At a standalone level, TSL reported a net profit of Rs 18.06 crore on operating income of Rs 271.70 crore in FY2015 as against a net loss of Rs 10.80 crore on operating income of Rs 272.81 crore in FY2014. As per the provisional estimates for nine months ended December 31, 2015, TSL reported a net loss of Rs 8.56 crore on operating income of Rs 166.54 crore.

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¹ For complete rating scale and definitions, please refer to ICRA's website www.icra.in or other ICRA Rating Publications.

² 100 lakh = 1 crore = 10 million



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