

## Hero Corporate Service Private Limited

	Amount Rated (Rs. crore)	Rating Action
		<b>April 2016</b>
Long Term Fund Based Limits	4.0	[ICRA]A+ (Stable) <i>reaffirmed</i>
Long Term Non Fund Based Limits (Sub-Limit of Fund Based Limits)	(1.0)	[ICRA]A+ (Stable) <i>reaffirmed</i>
Short Term Loans	15.0	[ICRA] A1+ <i>reaffirmed</i>
Short Term Unallocated Limits	36.0	[ICRA] A1+ <i>reaffirmed</i>
<b>Total</b>	<b>55.0</b>	

Source: ICRA

The long-term rating assigned to the Rs 4.0 crore<sup>1</sup> long-term fund based limits and Rs 1.0 crore long-term non fund based limits (sublimit of fund based limits) of Hero Corporate Service Private Limited ('HCSPL' or 'the company') has been reaffirmed at [ICRA]A+ (Pronounced ICRA A plus)<sup>2</sup>. The outlook on the long-term rating is 'Stable'.

The short-term rating assigned to the Rs 15.0 crore short-term loans and Rs 36.0 crore unallocated limits of the company has also been reaffirmed at [ICRA]A1+ (Pronounced ICRA A one plus).

The ratings reaffirmation continues to take into consideration HCSPL's strong parentage being a part of the Hero Group and being an intermediate holding company for various ventures of Hero Group. ICRA notes that the company also enjoys operational linkages with flagship company Hero MotoCorp Limited (HMCL, rated [ICRA]AAA(Stable)/IrAAA(Stable)/[ICRA]A1+) being an insurance intermediary providing motor insurance for HMCL vehicles and the healthy penetration levels achieved for offering insurance on new bike sales. However, with nearly 86% revenues from insurance broking, HCSPL's revenue growth remains vulnerable to slowdown in two wheeler segment mirroring the performance of HMCL. Nonetheless, significant opportunity available in the policy renewal segment and the company's recent diversification into four wheeler motor insurance and non-motor insurance segments provides comfort.

The ratings continue to factor in HCSPL's status as an intermediate holding company for the Hero Group with Bahadur Chand Investments Private Limited (BCIPL, rated [ICRA]AA (Stable)) as its principal shareholder and financial and non-fund based support extended to key investee companies in the real estate, BPO services and training services space. ICRA's ratings factor in the adequate financial flexibility enjoyed by HCSPL reflected in a conservative gearing supported by low debt levels and consistent equity infusion by promoter companies, nonetheless, high debt levels in Hero Realty Private Limited (being guaranteed by HCSPL) continues to weigh on the financial profile of the company. Going forward, ICRA expects Hero Group investment entities to continue extending need based financial support to HCSPL, as witnessed in the past, as the standalone operating performance of the company is expected to remain constrained in the near term.

### Company Profile

Incorporated in 1995, Hero Corporate Service Private Limited (HCSPL, earlier known as Hero Corporate Service Limited) has been promoted by the Hero Group to provide various services to the group companies and its ancillaries. Sunil Kant Munjal (Joint Managing Director, Hero MotoCorp Limited) is the Chairman of HCSPL, while the company is headed by Shefali Munjal (Daughter of Sunil Kant Munjal).

On a standalone basis, HCSPL is engaged in providing strategic advisory services (SAS) to various group entities and general insurance broking business (NSure) via tie-ups with general insurance companies. The key investments<sup>3</sup> of HCSPL comprise Hero Realty Private Limited (HRPL, rated [ICRA]A+(SO)) into real estate, Hero Management Service Private Limited (HMSPL, rated [ICRA]BBB+ (Stable)/[ICRA]A2+) into BPO services

<sup>1</sup> 100 lakh = 1 crore = 10 million

<sup>2</sup> For complete rating scale and definitions, please refer to ICRA's Website [www.icra.in](http://www.icra.in) or other ICRA Rating Publications

<sup>3</sup> Companies not immediate subsidiaries by virtue of investments from other Hold Co's as preference capital



and Hero Mindmine Institute Private Limited (HMIPL, rated [ICRA]BBB (Stable)/[ICRA]A3+) into training services.

#### **Recent Results**

As per audited results for FY2014-15, HCSPL reported a Profit after Tax (PAT) of Rs 14.7 crore on an Operating Income (OI) of Rs 33.4 crore. Also, as per provisional financials for 9M FY2015-16, the company reported a PAT of Rs 3.3 crore on an OI of Rs 30.6 crore.

**April 2016**

*For further details, please contact:*

**Analyst Contacts:**

**Mr. Subrata Ray** (Tel. No. +91 22 6114 3408)  
subrata@icraindia.com

**Relationship Contacts:**

**Mr. L. Shivakumar**, (Tel. No. +91 22 6114 3406)  
shivakumar@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](http://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](mailto: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](mailto:shivakumar@icraindia.com)

3rd Floor, Electric Mansion  
Appasaheb Marathe Marg, Prabhadevi  
Mumbai—400025,  
Board : +91-22-61796300; Fax: +91-22-24331390

**Kolkata****Mr. Jayanta Roy**

Mobile: **+91 9903394664**

Email: [jayanta@icraindia.com](mailto: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](mailto: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](mailto: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](mailto: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](mailto:shivakumar@icraindia.com)

5A, 5th Floor, Symphony, S.No. 210, CTS 3202, 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](mailto:jayantac@icraindia.com)

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