

Price Waterhouse (Kolkata)

Instrument	Amount	Rating Action
	In Rs Crore	December 2016
Long Term Fund based limits	15.0	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Stable)
Short Term Non fund based limits	3.7	[ICRA]A1+ reaffirmed
Unallocated	5.3	[ICRA]AA (Stable) upgraded from [ICRA]AA- (Stable)
Total	24.0	

ICRA has upgraded the long-term rating assigned to the Rs. 15.00 crore Fund-Based Limits and Rs 5.30 crore unallocated limits of Price Waterhouse (Kolkata) (PW) to ICRA]AA (pronounced ICRA double A) from [ICRA]AA- (pronounced ICRA double A minus) †. ICRA has reaffirmed the short-term rating assigned to the Rs. 3.70 crore Non-Fund-Based Limits of PW at [ICRA]A1+ (pronounced ICRA A one plus). The outlook on long term rating is 'stable'.

While assigning the ratings, ICRA has taken a comprehensive view of the operations of the three entities – Pricewaterhouse Coopers Private Limited, Price Waterhouse (Kolkata) and Lovelock & Lewes and are hereby referred to as PricewaterhouseCoopers India (PwCI).

The long term rating upgrade takes into account the robust growth in the PwCI's revenues led by improved performance in Advisory Services and Tax & Regulatory Services in FY2016; the trend which has continued in H1FY2017 as well. The healthy growth in revenues has also led to an improvement in debt coverage indicators.

The ratings continue to derive support from the diversified revenue base leading to low concentration risks and comfortable debt protection indicators. These factors apart, the ratings draw comfort from PwC's established position in India drawing on its long track record of providing quality services and its status as a member of the global network of PricewaterhouseCoopers—one of the largest global professional services firms. Being a part of the global network, all three firms have access to an extensive knowledge base apart from being attuned to international quality standards and processes.

The ratings are, however, constrained owing to pressure on the operating profitability owing to increasing operational costs as PwCI continues to focus on investing in manpower and other administrative charges. Further, the ratings continue to factor in high working capital intensity of operations owing to higher receivables and advances to statutory authorities. While ICRA has taken cognizance of the various initiatives being undertaken by the management to manage its receivables, the successful implementation of the same will be critical in determining its future profitability and working capital requirements. In addition, the ratings continue to be constrained by high attrition rates and competitive intensity as is typical in this business.

Going forward, PwCI's ability to maintain its revenue growth while improving its profitability and working capital cycle, which will result in lower reliance on debt and lead to strengthening of its debt protection metrics, will remain amongst the key rating sensitivity factors.

Company Profile:

Price Waterhouse (Kolkata) is a partnership firm providing audit/assurance services in India. Its range of services includes Financial Statement Audit, Assistance on Capital Markets Transactions, Financial Accounting, Independent Controls and Systems Process Assurance, and Regulatory Compliance and Reporting. PW has a pan-Indian presence and the experience of having worked with various types of clients, viz. Government, multinational companies, domestic corporate houses, and multilateral organisations.

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