



Hero Corporate Service Private Limited

	Amount Rated (Rs. crore)	Rating Action
		March 2015
Long Term Fund Based Limits	4.0 (PY: Rs 5.0 crore)	[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 (PY: 35.0)	[ICRA] A1+ <i>reaffirmed</i>
Total	55.0	

Source: ICRA

The long-term rating assigned to the Rs 4.0 crore* (PY: Rs 5.0 crore) long-term fund based limits and Rs 1.00 crore long-term non fund based limits (sublimit of fund based limits) of Hero Corporate Service Private Limited ('HCSL' or 'the company') has been reaffirmed at [ICRA]A+ (Pronounced ICRA A plus)[†]. 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 (PY: Rs 35.00 crore) unallocated limits of the company has also been reaffirmed at [ICRA]A1+ (Pronounced ICRA A one plus).

The rating reaffirmation continues to take into consideration the strong parentage of the company, being a part of the Hero Group (the principal shareholder- Bahadur Chand Investments Private Limited rated [ICRA]AA(Stable) and the flagship Company of the group Hero MotoCorp Limited (HMCL), rated at [ICRA]AAA(Stable)/IrAAA/[ICRA]A1+) and HCSL's status as an intermediate holding company as it has extended financial and non-fund based support to operating subsidiary companies. This coupled with operational linkages with HMCL being an insurance intermediary providing vehicle insurance to HMCL's vehicles resulting in high penetration levels in new HMCL's 2W insurance policies support the ratings further.

The ratings, however, continue to be constrained on account of weak operating performance of HCSL (standalone) over the last two years marked by muted revenues and weak accruals and high revenue concentration risks with insurance distribution accounting for more than 90% of revenues and vulnerability of the same to slowdown in the domestic 2W segment albeit the same is partially mitigated through adequate growth opportunities in the policy renewal space. ICRA's ratings factor in the adequate financial flexibility enjoyed by HCSL (Standalone) reflected in a conservative gearing supported by low debt levels and consistent equity infusion by promoter companies, nonetheless, high debt levels in subsidiary, Hero Realty Limited (being guaranteed by HCSL) continue to weigh on the consolidated financial profile of the company. Going forward, ICRA expects Hero Group investment entities to continue extending need based financial support to HCSL, 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 Services Private Limited (HCSL) has been promoted by the Dr. BML Munjal led Hero Group to provide various services to the group companies and its ancillaries. Mr. Sunil Kant Munjal (Joint Managing Director, Hero MotoCorp Limited) is the Chairman of HCSL, while the company headed by Shefali Munjal (daughter of Sunil Kant Munjal). The company was changed to a Private Limited company in March 2015.

* 100 lakh = 1 crore = 10 million

[†] For complete rating scale and definitions, please refer to ICRA's Website www.icra.in or other ICRA Rating Publications



On a standalone basis, HCSL is engaged in providing strategic advisory services (SAS) to various group entities and has a small windmill power generation unit. Also the company is involved in the insurance intermediary business (NSure) via tie-ups. Further, HCSL has three active investee companies namely Hero Realty Limited (HRL), Hero Management Service Limited (HMSL) and Hero Mindmine Institute Limited (HMIL). By virtue of key investments in these entities, HCSL is also involved in real estate development (HRL), call centre/BPO services (HMSL) and training services (HMIL).

Recent Results

As per audited results for 2013-14, HCSL reported a Profit after Tax (PAT) of Rs 8.7 crore on an Operating Income (OI) of Rs 40.0 crore. Also, as per provisional financials for 9M, 2014-15, the company reported a PAT of Rs 7.8 crore on an OI of Rs 24.9 crore.

March 2015

For further details, please contact:

Analyst Contacts:

Mr. Subrata Ray (Tel. No. +91 22 30470050)
subrata@icraindia.com

Relationship Contacts:

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

© Copyright, 2015, 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