



Rating Rationale

Abhiyan Dealcomm Pvt Ltd

10-May-2019

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹ 70.62 Crores of Abhiyan Dealcomm Pvt Ltd ('ADPL' or 'the Company').

Particulars

Facility	Amount (₹ Crs)	Tenure	Rating*
Fund based	70.62	Long Term	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)
Total	70.62	₹ Seventy Crores Sixty Two Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings

Ratings : Assigned

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The Rating inter alia factors the promoters' experience in the dealership business, established brand name as 'Abhiyan Dealcomm' for more than a decade in Assam and West Bengal, supported by 7 dealerships comprising of 6 sales offices and 6 workshops, all supported by spare parts division. Moreover, the Company is in the process of scaling operations by way of expanding its presence in services. However the ratings are constrained by the inherent limitations of the business involving stiff competition from established brands resulting in pressure on profit margins, and requirement of working capital due to maintaining of inventories, which impacts the net returns due to higher interest and finance charges. However, the promoters have ability to infuse capital as and when required. Going Forward, the Company needs to achieve revenue as projected with better profitability margin while maintaining liquidity in the system and these will be the key rating sensitivities.

Description of Key Rating Drivers

Credit Strengths:

- **Experienced and well qualified management team :** The promoters (Mr Amrik Singh & Mrs Amarjit Kaur) are experienced in the dealership business for over a decade and are supported by qualified and experienced professional team in place.
- **Liquidity Position :** Liquidity draws its comfort from cash and cash equivalent in FY18 and also it fixed deposits of ₹ 7.10 Crs which is pledged to banks. However, in case of exigency , the promoters have ability to infuse capital as when required.

Credit Risks:

- **Susceptibility to intense competition :** ADPL faces stiff competition from other well-established brands & dealers in commercial vehicle segment. Due to the inherent nature of business model, the operations and profitability are primarily dependent on the principal, Ashok Leyland. ADPL is however well diversified with showrooms spread in major districts of West Bengal.



- Tight working capital Position:** Due to the nature of business , at any point in time it need to maintain inventories for at least 1-2 months to meet customer needs. Therefore, its working capital utilization is almost full for the last six months. Therefore, finance and interest charges are pressuring the net profit. However, the Company already infused equity in FY19 and plan to infuse further in FY20.

Analytical Approach

For arriving at its ratings, BWR has applied its rating methodology as detailed in the Rating Criteria detailed below (hyperlinks provided at the end of this rationale).

Rating Outlook: Stable

BWR believes the **Abhiyan Dealcomm Pvt. Ltd.** business risk profile will be maintained over the medium term. The 'Stable' outlook indicates a low likelihood of rating change over the medium term. The rating outlook may be revised to 'Positive' in case the revenues and profit show sustained improvement. The rating outlook may be revised to 'Negative' if the revenues go down and profit margins show lower than expected figures.

About the Company

Abhiyan Dealcomm Pvt Ltd (ADPL) was incorporated in 1996 by Mr Amrik Singh Saini and Mrs Amarjit Kaur, his mother. Initially, the Company was into dealership of MAN Truck & Bus India until 2013. However, since 2013, the Company is an authorized dealer of Ashok Leyland (Sales, Services and Spare Parts). It has seven branches in Vasa (Service), Contai (Sales, Service & Spares) , Krishna Nagar (Sales & Service) , Kalaikunda (Sales, Services & Spares) , Murshidabad (Sales) , Howrah (Sales & Service) & Kolkata (Sales & Service). Also centralized spare parts division in Howrah. Currently, there are 300 manpower involved in all branches. All its bus coaches are built by Ashok Leyland but only truck chassis are sold. Currently, the Company does not have any body building shop for new trucks.

Company Financial Performance

The Company has recorded operating income of ₹ 236.37 Crs in FY18 against ₹ 250.86 Crores in FY17 registering a 5.78% decrease over the previous year . Similarly, PAT of ₹ 0.83 Crs has been achieved in FY18, against PAT of ₹ 1.10 Crs in FY17. Other Key indicators are in the table below.

Key Financial Indicators

Key Parameters	Units	2017 (A)	2018 (A)
Operating Revenue	₹ Cr	250.86	236.37
EBITDA	₹ Cr	5.44	7.22
PAT	₹ Cr	1.10	0.83
Tangible Net worth	₹ Cr	5.25	7.55
Total Debt/Tangible Net worth	Times	11.45	9.21
Current Ratio	Times	1.01	0.92

Rating History for the last three years

S.No	Facility	Current Rating (2019)			Rating History		
		Type (Long Term/ Short Term)	Amount (₹ Crs)	Rating	2018	2017	2016
1	Fund Based	Long Term	70.62	BWR BB (Pronounced as BWR Double B) (Outlook:Stable)	-	-	-
2	Non Fund Based	Short Term	-	-	-	-	-
Total			70.62	₹ Seventy Crores Sixty Two Lakhs Only			

Status of non-cooperation with previous CRA (if applicable)-Reason and comments : NA
 Any other information : NA

Hyperlink/Reference to applicable Criteria

- [General Criteria](#)
- [Approach to Financial Ratios](#)
- [Trading Entities](#)
- [Short Term Debt](#)

Abhiyan Dealcomm Pvt Ltd

Annexure-I

Details of Bank Facilities

₹ Crs		State Bank of India	Indusind Bank	Axis Bank	Tata Capital Financial Services Limited	Cholaman dalam Investment & Finance Company Ltd	HDB Financial Services Ltd	Mahindra & Mahindra Fin Serv Ltd	Hinduja Leyland Finance Ltd
Fund Based	Cash Credit (E-DFS, Commercial Vehicles)	20.00	-	-	-	-	-	-	-
	Overdraft	6.62	-	-	-	-	-	-	-
	Cash Credit / Dealer Finance / Trade Advance	-	3.00	5.00	8.00	5.00	1.00	1.00	2.00
	Cash Credit (E-DFS, Spare Parts)	-	-	-	-	-	-	-	-



Channel Financing (Ad Hoc Limit)*	-	3.00	2.00	-	-	-	-	-
Trade Advance (Ad Hoc Limit)	-	-	-	-	-	-	-	14.00
Total (Fund Based)	26.62	6.00	7.00	8.00	5.00	1.00	1.00	16.00

For any other criteria obtain hyperlinks from website

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Note on complexity levels of the rated instrument:

BWR complexity levels are meant for educating investors. The BWR complexity levels are available at www.brickworkratings.com/download/ComplexityLevels.pdf Investors queries can be sent to info@brickworkratings.com.

About Brickwork Ratings

Brickwork Ratings (BWR), a SEBI registered Credit Rating Agency, accredited by RBI and empaneled by NSIC, offers Bank Loan, NCD, Commercial Paper, MSME ratings and grading services. NABARD has empaneled Brickwork for MFI and NGO grading. BWR is accredited by IREDA & the Ministry of New and Renewable Energy (MNRE), Government of India. Brickwork Ratings has Canara Bank, a leading public sector bank, as its promoter and strategic partner.

BWR has its corporate office in Bengaluru and a country-wide presence with its offices in Ahmedabad, Chandigarh, Chennai, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations.

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