



Rating Rationale

12 Oct 2018

Lexicon Commercial Enterprises Ltd (Ganges Ford)

Brickwork Ratings assigns the ratings for the Bank Loan Facilities of ₹. 19.70 Crores of Lexicon Commercial Enterprises Ltd. (Ganges Ford)

Particulars

Facility	Rated Amt. (₹ Crs)	Tenure	Rating*
Fund based:			
e-DFS	14.00	Long Term	BWR BB (Pronounced as BWR Double B) Outlook: Stable
Adhoc Limit e-DFS	2.80		
Cash Credit	2.00		
Dropline OD	0.90		
Total	19.70	INR Nineteen Crores and Seventy Lakhs Only	

*Please refer to BWR website www.brickworkratings.com/ for definition of the ratings
Complete details of Bank facilities is provided in Annexure-I

Rating Assigned:

Brickwork Ratings assigned Long Term rating of *BWR BB (Outlook: Stable)* for the Bank Loan facilities amounting to Rs. 19.70 crores of Lexicon Commercial Enterprises Ltd. (Ganges Ford or 'the company')

Rationale/Description of Key Rating Drivers/Rating sensitivities:

BWR has principally relied upon the audited financials from FY15 to FY17, provisional financials of FY18, publicly available information and information/clarifications provided by the Company's management.

The rating has factored, inter alia, long track record of the Company with its established presence in the industry and prudent working capital management.

However, the rating is constrained by the competition prevailing in the industry, pricing constraints, geographical concentration, cyclical nature of the industry and moderate financial profile.

Going forward, ability of the company to improve its scale of operations and to improve its profitability and ability to service debt obligations on time would be the key rating sensitivities.



Description of Key Rating Drivers :

Credit Strengths:

- **Long Track record and experienced management** - The Company began its operations in 2004, as a dealer of Ford Cars in Kolkata. While Ganges Ford is a dealer of Ford India Pvt. Ltd's passenger cars, the promoters also have dealerships of other automotive manufacturers such as Tata Motors Ltd. (through Reliance Industrial Consortium Ltd.).
- **Established presence:** The Company has an established market position, being one of the three authorised dealers of Ford India Pvt. Ltd. in Kolkata.
- **Extended line of income:** The Company has an extended line of income. Apart from sale of vehicles, the company is also engaged in sale of spare parts/accessories and service income.

Credit Risks:

- **Cyclical nature of Industry:** Profitability is susceptible to the cyclical nature of the Automobile Industry.
- **Intense Competition:** It faces intense competition from other Ford dealers in the Kolkata market and dealers of other car manufacturers such as Hyundai, Honda, Tata, Maruti, etc.
- **Geographical Concentration** - The Company is exposed to risk related to geographic concentration as it operates in West Bengal only.

Analytical Approach

For arriving at its rating, 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 that **Lexicon Commercial Enterprises Ltd.'s (Ganges Ford)** 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

Lexicon Commercial Enterprises Ltd., was incorporated in the year 1985 and upon bagging Ford Dealership in 2004 is operating under the trade name of "Ganges Ford". The company also deals with spares and accessories for cars and also provides after-sales service for Ford's passenger cars. Apart from its showroom, it has two workshops in Kolkata and an ESSO (Exclusive Sales and Service Outlet) facility in Behrampore (West Bengal).



The Promoter-Directors of the company are Mr. Harish Himatsingka, Ms. Anita Himatsingka and Mr. Anshul Himatsingka.

Company's Financial Performance:

The company has reported a revenue of ₹103.42 crores in FY17 as compared to ₹91.64 crores in FY16. Net profit of the company was at ₹ 0.94 crores in FY17. Tangible Net worth of the company stood at ₹ 7.40 crores as on 31.03.2017. As per Provisional financials, the company has achieved a total operating income of ₹ 53.24 crores in FY18.

Rating History for the last three years:

S.No	Facility	Current Rating (2018)			Rating History		
		Type	Amount (₹ Crs)	Rating	2017	2016	2015
1.	Fund Based	Long Term	19.70	BWR BB (BWR Double B)	NA	NA	NA
	Total		19.70	₹ Nineteen Crores and Seventy Lakhs Only			

Hyperlink/Reference to applicable Criteria

[General Criteria](#)

[Approach to Financial Ratios](#)

[Trading Entities](#)

Analytical Contacts	Media
K.Venkateswara Raju Head - MSME Ratings	media@brickworkratings.com
analyst@brickworkratings.com	Relationship Contact
	bd@brickworkratings.com
Phone: 1-860-425-2742	

Annexure I
Lexicon Commercial Enterprises Ltd. (Ganges Ford)
Details of Bank Facilities

Name of Bank	Facility	Tenure	Amt (₹ Crs)
State Bank of India	eDFS	Long Term	14.00
	Adhoc Limit on eDFS		2.80
	Cash Credit		2.00
	Dropline OD		0.90

Annexure II
Lexicon Commercial Enterprises Ltd. (Ganges Ford)
Key Financial Indicators

Key Parameters	Units	2017	2016
Result Type			
Total Operating Revenue	₹ Cr	103.42	91.64
EBITDA	₹ Cr	2.12	1.55
PAT	₹ Cr	0.94	0.71
Tangible Net worth	₹ Cr	7.40	6.46
Total Debt/Tangible Net worth	Times	2.90	3.35
Current Ratio	Times	0.95	0.92

For print and digital media

The Rating Rationale is sent to you for the sole purpose of dissemination through your print, digital or electronic media. While it may be used by you acknowledging credit to BWR, please do not change the wordings in the rationale to avoid conveying a meaning different from what was intended by BWR. BWR alone has the sole right of sharing (both direct and indirect) its rationales for consideration or otherwise through any print or electronic or digital media.



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. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 13,22,500 Cr. In addition, BWR has rated over 7000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹62,000 Cr have been rated.

BWR has rated over 30 PSUs/Public Sector banks, as well as many major private players. BWR has a major presence in ULB rating of nearly 102 cities

DISCLAIMER

Brickwork Ratings (BWR) has assigned the rating based on the information obtained from the issuer and other reliable sources, which are deemed to be accurate. BWR has taken considerable steps to avoid any data distortion; however, it does not examine the precision or completeness of the information obtained. And hence, the information in this report is presented “as is” without any express or implied warranty of any kind. BWR does not make any representation in respect to the truth or accuracy of any such information. The rating assigned by BWR should be treated as an opinion rather than a recommendation to buy, sell or hold the rated instrument and BWR shall not be liable for any losses incurred by users from any use of this report or its contents. BWR has the right to change, suspend or withdraw the ratings at any time for any reasons.