

July 02, 2026

## ABT Industries Limited: Ratings reaffirmed

### Summary of rating action

Instrument*	Previous rated amount (Rs. crore)	Current rated amount (Rs. crore)	Rating action
Long-term – Term Loans	12.90	12.90	[ICRA]BB (Stable); reaffirmed
Long-term – Fund-based Limits	50.00	50.00	[ICRA]BB (Stable); reaffirmed
Long-term – Non-fund Based Limits	0.65	0.65	[ICRA]BB (Stable); reaffirmed
Short-term – Fund based	45.00	45.00	[ICRA]A4; reaffirmed
<b>Total</b>	<b>108.55</b>	<b>108.55</b>	

\*Instrument details are provided in Annexure II

### Rationale

The rating reaffirmation for the bank facilities of ABT Industries Limited (AIL) factors in its diversified business profile, with presence across the automobile, dairy and real estate segments, and its steady financial performance, with the anticipated sustenance of the same given a steady demand outlook for both the automobile and dairy divisions. The ratings are supported by its established market presence in the domestic auto dealership business as the sole authorised dealer for Tata Motors Limited's (TML) commercial vehicles (CVs) in several major towns in Tamil Nadu. AIL is a part of the larger Sakthi Group of Companies, which has diversified interests across various industries, including automobile, transport, education, textiles and sugar. In FY2025, AIL ventured into the real estate segment, with the objective of undertaking real estate development and property management activities, including the acquisition, construction and sale of various types of properties. While the segment remains at a nascent stage, its scale-up, profitability and cash flow generation capabilities will remain monitorable over the medium term. In FY2026, AIL derived 61% of its revenues from the commercial vehicle dealership, 38% from the dairy segment, and marginal revenues from real estate.

The ratings remain constrained by the company's stretched capital structure, coverage metrics and liquidity position. While AIL's revenues grew by 13.2% in FY2026 to Rs. 852.6 crore (unaudited), the company continued to operate with thin margins in the range of 3-4%, given the nature of its business. Additionally, the company has a high dependence on external debt for its capex and working capital requirements, resulting in a stretched capital structure and debt protection metrics. Accordingly, the company's gearing, interest cover and total debt/OPBDITA stood at 4.1 times, 0.9 times and 9.9 times, respectively, in the year ended March 31, 2026 (4.1 times, 0.9 times and 8.6 times, respectively, as on March 31, 2025). ICRA also notes that AIL's liquidity position remains stretched, although comfort can be derived from its financial flexibility as part of the larger Sakthi Group and commitment from the promoters to extend timely and adequate financial support augur well for the company. AIL also has some unused land banks that can be liquidated on a need basis. In FY2026, the company monetised two such land parcels, and the proceeds supported its cash accruals and liquidity position. The ratings also consider the susceptibility of its revenues to cyclical trends in the CV industry. Nevertheless, AIL's status as a major dealer (over 85% share) of Tata Motors Limited in the regions in which it operates and the latter's strong market share in the Indian CV industry (35.2% in FY2026) mitigate this risk to an extent.

The Stable outlook on the long-term rating reflects ICRA's opinion that the company will be able to sustain its credit profile over the medium term, aided by its established market position and expectations that it will maintain/improve its debt protection metrics and liquidity profile over the medium term.

## Key rating drivers and their description

### Credit strengths

**Diverse business profile** – The company is present in two industries and derived 61% of its revenues from the CV dealership and 38% from the dairy segment in 9M FY2026. In FY2025, AIL ventured into the real estate segment with the objective of undertaking real estate development and property management activities, including the acquisition, construction and sale of various types of properties. In terms of profitability, 39.7% of AIL's profit before interest and tax (PBIT) in 9M FY2026 came from the dairy segment, while 17.6% came from the dealership segment, while the balance came from real estate and interest income from inter corporate deposits extended to group companies. The company's diverse business profile lends stability to revenues to an extent. Also, AIL is a part of the larger Sakthi Group of Companies, which has diversified interests across various industries including automobile, transport, education, textiles and sugar.

**Sole authorised dealer of TML CVs in several clusters of Tamil Nadu** – The company enjoys an established presence in the domestic automobile dealership industry as TML's sole authorised dealer in several major towns in Tamil Nadu, namely Coimbatore, Erode and Madurai, etc. It has 14 showrooms across tier-1 and tier-2 cities in Tamil Nadu.

### Credit challenges

**Stretched capital structure and coverage metrics** – The company's thin margins and relatively higher dependence on external debt for its capex and working capital requirements have resulted in a stretched capital structure and coverage metrics. The company's gearing, interest cover and total debt/OPBDITA stood at 4.1 times, 0.9 times and 9.9 times, respectively, for the year ended March 31, 2026 (4.1 times, 0.9 times and 8.6 times, respectively, as on March 31, 2025). The company's debt metrics are expected to remain stretched over the medium term, given its margin profile and working capital requirements in the growing business.

**Relatively thin profit margins** – The company's dealership business has thin margins, like those of other players in the industry. Despite better margins from the dairy segment, the company's overall operating margins have largely hovered in the range of 4-5%. Going forward, the likely increase in value-added products from the dairy segment would be beneficial in improving the company's overall margins. Also, AIL has started processing for other dairy peers, which is expected to improve utilisation in the dairy division. Further, dairy, being an essential commodity and non-cyclical in nature, will aid relatively stable accruals for the company.

**High dependence on the CV segment** – The CV dealership division accounted for over 60% of AIL's total revenues in FY2026. This exposes the company to the inherent cyclicity in CV sales, which is linked to economic cycles. Diversification through the dairy business mitigates this risk to an extent. AIL also witnesses competition from dealers of other OEMs.

### Liquidity position: Stretched

AIL's liquidity position remains stretched, with negligible cash flow from operations, although partially supported by cash and bank balances of Rs. 2.1 crore and unutilised working capital limits of Rs. 4.6 crore as on March 31, 2026. Against these sources of cash, AIL has estimated principal repayment obligations of Rs. 6.5 crore in FY2027, Rs. 22.1 crore in FY2028 and Rs. 8.2 crore in FY2029, towards existing external loans. It also has some unused land banks that can be liquidated on a need basis, as has been demonstrated in the past. AIL does not have any significant capex commitments over the medium term except for Rs. 9-10.0 crore expected to be incurred in FY2027 as a part of expansion. The promoters are committed to extending timely and adequate financial support, as and when required.

### Rating sensitivities

**Positive factors** – ICRA could upgrade the ratings if the company demonstrates a material improvement in its scale of operations and earnings, and reduction in its exposure to Group companies, which improves its liquidity position and debt metrics on a sustained basis.

**Negative factors** – Pressure on the company’s ratings could arise in case of a deterioration in liquidity position due to lower earnings or elongation in working capital cycle. Incremental exposure to Group companies will also be a rating sensitivity.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology</a> <a href="#">Automobile Dealers</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on AIL’s standalone financial statements.

## About the company

AIL has two businesses, CV dealership for TML and dairy. In FY2025, AIL ventured into the real estate segment with the objective of undertaking real estate development and property management activities, including the acquisition, construction and sale of various types of properties. The company operates its automobile dealerships in 13 towns in Tamil Nadu, namely Madurai, Tuticorin, Tirunelveli, Theni, Nagercoil, Sivakasi, Paramakudi, Dindugul, Coimbatore, Erode, Tiruppur, Ooty and Palladam. In the dairy segment, the company processes milk and curd, skimmed milk powder (SMP), ghee, butter and paneer. The CV dealership contributed 61% of its revenues, while the dairy business contributed 37% of its revenues in 9M FY2026. The real estate division is currently negligible in terms of scale, and plans for its ramp-up are being evaluated.

AIL is a part of the Sakthi Group of Companies, based in Coimbatore, which has diversified interests across various industries, including automobile, transport, education, textiles and sugar. The Group is owned and managed by the three sons of the late Mr. N. Mahalingam, Mr. M. Manickam, Mr. M. Balasubramaniam and Mr. M. Srinivasan. All three brothers and their families have ownership interests in all Group entities and serve on the board of directors of each company. ABT Foods Ltd. is the largest shareholder of AIL and is jointly promoted by the promoter families.

## Key financial indicators

	FY2025 (Audited)	FY2026 (Provisional)
Operating income	753.5	852.6
PAT	1.9	2.8
OPBDIT/OI	3.9%	3.2%
PAT/OI	0.3%	0.3%
Total outside liabilities/Tangible net worth (times)	4.8	4.8
Total debt/OPBDIT (times)	8.6	9.9
Interest coverage (times)	0.9	0.9

Source: Company, ICRA Research; \* Provisional numbers; All ratios as per ICRA’s calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Current rating (FY2027)			Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs. crore)	July 02, 2026	FY2026		FY2025		FY2024	
				Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Cash credit</b>	Long Term	50.00	[ICRA]BB (Stable)	May 23, 2025	[ICRA]BB (Stable)	May 24, 2024	[ICRA]BB (Stable)	May 11, 2023	[ICRA]BB (Stable)
			-	-	-	Aug 09, 2024	[ICRA]BB (Stable)	-	-
<b>Non-fund based- Others</b>	Long Term	0.65	[ICRA]BB (Stable)	May 23, 2025	[ICRA]BB (Stable)	May 24, 2024	[ICRA]BB (Stable)	May 11, 2023	[ICRA]BB (Stable)
			-	-	-	Aug 09, 2024	[ICRA]BB (Stable)	-	-
<b>Fund-based- Term loan</b>	Long Term	12.90	[ICRA]BB (Stable)	May 23, 2025	[ICRA]BB (Stable)	May 24, 2024	[ICRA]BB (Stable)	May 11, 2023	[ICRA]BB (Stable)
			-	-	-	Aug 09, 2024	[ICRA]BB (Stable)	-	-
<b>Fund-based- Others</b>	Short Term	45.00	[ICRA]A4	May 23, 2025	[ICRA]A4	Aug 09, 2024	[ICRA]A4	-	-
<b>Unallocated limits</b>	Short Term	-	-	-	-	May 24, 2024	[ICRA]A4	May 11, 2023	[ICRA]A4
			-	-	-	Aug 09, 2024	[ICRA]A4	-	-
<b>Bonds/NCD/LTD</b>	Long Term	-	-	-	-	May 24, 2024	[ICRA]BB (Stable); withdrawn	May 11, 2023	[ICRA]BB (Stable)

**Annexure I: Disclosure pursuant to the SEBI Circular SEBI/HO/DDHS/DDHS-PoD-2/I/4685/2026 dated February 10,2026**

ICRA-rated instruments fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Instrument	FSR
1	Listed/Proposed to be listed Bonds/Debentures/Preference Shares (all securities)	SEBI
2	Unlisted/Proposed to be unlisted Bonds/Debentures/ Preference share (all securities)	MCA
3	Listed PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	SEBI
4	Listed PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	SEBI
5	Unlisted PTCs / Securitisation Notes (originated by entities regulated by RBI) (*)	RBI
6	Listed Commercial Paper and NCDs with original maturity less than 1 year	RBI
7	Unlisted Commercial Paper and NCDs with original maturity less than 1 year	RBI
8	Loan Facilities (Fund/Non-Fund Based) from Bank / NBFCs/ NHB/ FIs (\$)	RBI
9	External Commercial Borrowings/Loans from overseas branches of Indian Banks/other similar borrowings	RBI
10	Certificates of Deposit	RBI
11	Fixed Deposits raised by NBFCs, Banks, HFCs, Fis	RBI
12	Fixed Deposits raised by corporates other than NBFCs, Banks, HFCs, Fis	MCA
13	Inter Corporate Deposits/Loans extended by Corporates	MCA
14	Listed Security Receipts	SEBI
15	Unlisted Security Receipts	RBI
16	Unlisted PTCs / Securitisation Notes (originated by entities not regulated by RBI) (*)	Investor-side Regulator such as IRDAI, PFRDA (%)

(\*) Includes securitisation transactions involving assignee payout, acquirer's payout.

(\$) Includes bank facilities such as liquidity facility, second loss facility that are part of securitisation transactions.

(%) These ratings were assigned prior to the introduction of SEBI CRA Circular dated Feb 10, 2026 and accordingly, investor side FSRs have been mentioned.

Other activities offered by ICRA fall under regulatory purview of various Financial Sector Regulators (FSR) as under:

Sr. No.	Activity Name	FSR
1	Credit Ratings for Capital Protection Oriented Schemes (by Mutual Funds and AIFs)	SEBI
2	Credit quality ratings (CQRs) for Mutual Fund Schemes and Schemes of AIFs	SEBI
3	Independent Credit Evaluation (ICE)	RBI
4	Expected Loss Ratings (For Loan Facilities [Fund/Non-Fund based] from Banks/NBFCs/NHB/FIs)	RBI
5	Expected Loss Ratings (Listed / Proposed to be listed Bonds / Debentures / Preference Shares (all securities))	SEBI
6	Expected Loss Ratings (Unlisted / Proposed to be unlisted Bonds/ Debentures / Preference Shares (all securities))	MCA
7	Credit Rating of Borrowing programme	(@)
8	Issuer Ratings	(#)
9	Monitoring Agency	SEBI
10	Research activities, incidental to rating such as research for Economy & Industries (permitted by SEBI vide SEBI Master Circular for CRAs)	NA

(@) The rated instrument may involve issuance of different instruments such as debt securities (listed or otherwise), bank loans, commercial paper (listed or otherwise), etc. The regulator of the instrument can only be determined upon issuance. Accordingly, ICRA shall capture the rated quantum details along with names of respective FSR in the press release(s) after the issuance(s) of the instruments.

(#) Since no instrument is being rated, FSR is not applicable. The rating scale and definitions stipulated in SEBI Master Circular for CRAs are being followed.

**Disclosure:** SEBI's grievance redressal/dispute resolution and SEBI investor protection mechanisms such as SCORES and ODR shall not be available for activities and instruments which fall under the regulatory purview of Financial Sector Regulators other than SEBI.

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Long-term – Term Loans	Simple
Long-term – Fund-based Limits	Simple
Long-term – Non-fund Based Limits	Simple
Short-term – Fund based	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

## Annexure II: Instrument details

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	Term loan	FY2016	11.0%-12.5%	FY2030	12.90	[ICRA]BB (Stable)
NA	Cash credit	NA	NA	NA	50.00	[ICRA]BB (Stable)
NA	Bank Guarantee	NA	NA	NA	0.65	[ICRA]BB (Stable)
NA	Short-term – Fund based	NA	NA	NA	45.00	[ICRA]A4

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

## Annexure III: List of entities considered for consolidated analysis: Not Applicable

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

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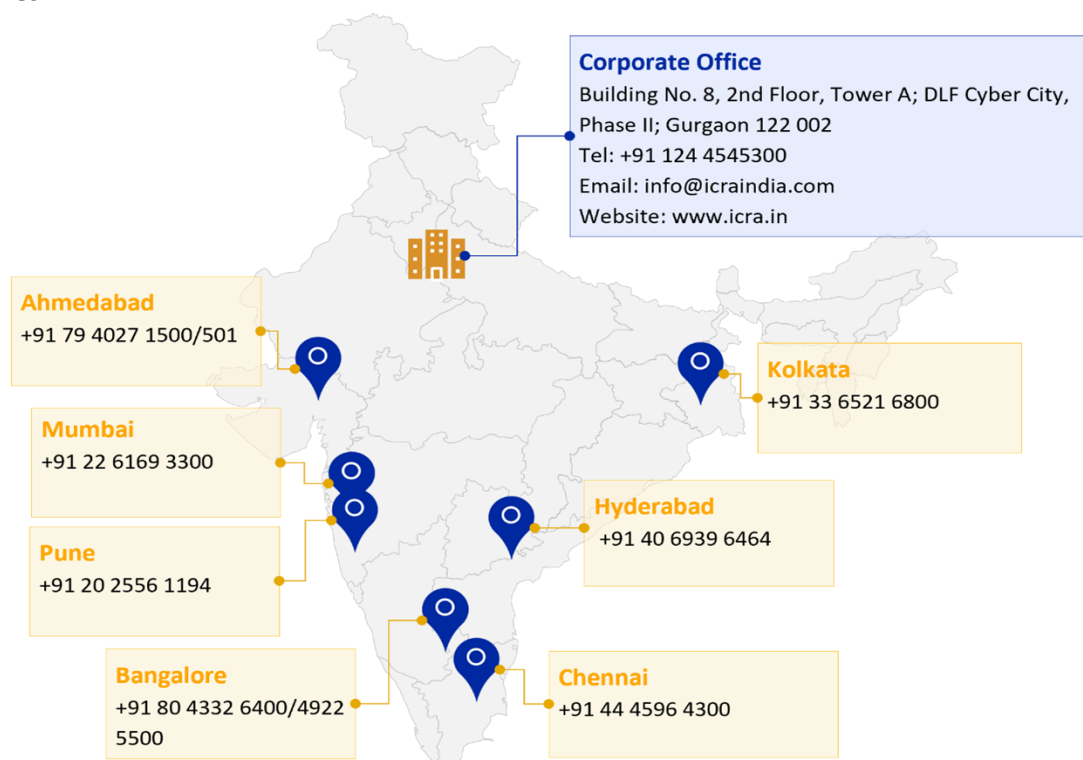
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### Branches



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