



Rating Rationale

AB Chemicals India Pvt. Ltd.

14th March 2017

Brickwork Ratings upgrades the ratings for the Bank Loan Facilities of AB Chemicals India Pvt. Ltd.

Particulars

Facility Rated	Amount (Rs. Crs)		Tenure	Rating *	
	Previous	Present		Previous	Present
Fund Based Cash Credit	2.00	2.00	Long Term	BWR BB (BWR Double B) (Outlook Stable)	BWR BB + (BWR Double B Plus) (Outlook Stable) (Upgraded)
Non-Fund Based FLC/ILC	28.00	43.00	Short Term	BWR A4 (BWR A Four)	BWR A4 + (BWR A Four Plus) (Upgraded)
Total	Rs. 45.00 Crores (Rupees Forty Five Crores Only.)				

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

Rating Upgraded

Rationale/Description of Key Rating Drivers/Rating sensitivities:

The up-gradation in the ratings takes into account the consistent improvement in its top line growth owing to better domestic demand, diversification into new products in the current year, comfortable interest coverage ratios supported by lower bank limit utilization in FY16, and BWR continues to draw comfort from its group support along with satisfactory feedback from the lenders. The ratings are, however, constrained by moderate scale of operations along with lower profitability margins, exposure to risks arising from price risk, commodity risk and regulatory changes.



Rating Outlook: Stable

BWR believes the AB Chemicals India Pvt. Ltd.'s 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

AB Chemicals India Pvt. Ltd. (ABC) was incorporated in 2012 at Bathinda, Punjab, and commenced its operations in December 2013. The Company is engaged in the trading of edible oils such as crude palm oil, soya bean oil etc. ABC imports crude palm oil and soya bean oil from overseas markets and sells it on high sea sale basis. ABC also diversified into new products such as dry raw cashew nuts, RBD oilien & sunflower oil in the current year.

Company Financial Performance

ABC reported a topline of Rs. 84.58 Crs in FY16 as against Rs. 76.91 Crs in FY15. The total tangible networth of the company stood at Rs. 9.69 Crs during FY16.

Rating History for the last three years (including withdrawn/suspended ratings)

Sl. No.	Facility	Current Rating (Year 2017)			Rating History		
		Type	Amount (Rs Crs)	Rating	14 April 2016	16 March 2015	2014
1	Cash Credit	Long Term	2.00	BWR BB + (Stable) (Upgraded)	BWR BB (Stable) (Upgraded)	BWR BB – (Stable)	N.A
2	FLC/ILC	Short Term	43.00	BWR A4+ (Upgraded)	BWR A4	BWR A4	N.A.

Hyperlink/Reference to applicable Criteria

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

For any other criteria obtain hyperlinks from website



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For print and digital media

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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, has also been 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 Nationalized 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, Guwahati, Hyderabad, Kolkata, Mumbai and New Delhi along with representatives in 150+ locations. BWR has rated debt instruments/bonds/bank loans, securitized paper of over ₹ 9,30,000 Cr. In addition, BWR has rated about 5000 MSMEs. Also, Fixed Deposits and Commercial Papers etc. worth over ₹19,700 Cr have been rated. Brickwork has a major presence in rating of nearly 100 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.