

Rating Rationale

Brickwork Ratings assigns 'BWR B+' & 'BWR A4' for the Bank Loan Facilities aggregating ₹ 24.00 Cr of AB Crops Pvt. Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the Bank Loan Facilities of AB Crops Pvt. Ltd ('AB Crops' or 'the Company'):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based ODBD	2.00	Long Term	BWR B+ <i>(Pronounced BWR B Plus)</i> (Outlook: Stable)
Non Fund Based FLC	22.00	Short Term	BWR A4 <i>(Pronounced BWR A Four)</i>
Total	24.00	INR Twenty Four Crores Only	

BWR has principally relied upon the audited financial statements up to FY14, projections upto FY16, publicly available information and information/clarifications provided by the company's management.

The rating assigned derive comfort from the extensive industry experience of the promoters and support from the group - Homeland Group, Bathinda in view of commonality of management and significant business synergies and consistent improvement in revenue. The ratings are, however, constrained by the limited track record of operations, relatively moderate scale of operations, low profitability inherent to the trading business, significant dependence on import of raw materials, exposure to risks arising from the volatility in the commodity prices and regulatory changes and presence in a highly competitive and fragmented industry.

Background:

AB Crops Pvt Ltd (AB Crops) was incorporated in 2011 in Bathinda, Punjab. It is engaged in trading of edible and non-edible oils. It imports the oil from South Asian countries such as Singapore, Malaysia etc. and also buys from domestic market. The Company sells to edible/non-edible refining companies in India.

¹ Please refer to www.brickworkratings.com for definition of the Ratings

Management Profile:

Homeland Group comprises of diversified businesses including real estate development, trading of edible oils, manufacturing of agro commodities and fertilizers & pesticides etc. The promoters of the Group are Mr. Hemant Jindal and Mr. Bishnu Goyal. Most of the Companies under the Homeland Group are led directly by their family members.

Financial Performance:

Total operating income increased from Rs. 39.19 Cr in FY13 to Rs. 67.85 Cr in FY14. AB Crops reported PAT of Rs. 0.13 Cr in FY14 as against Rs. 0.03 Cr in FY13. Further, on a provisional basis, AB Crops has reported revenue of Rs. 40.28 Cr for 9MFY15.

Rating Outlook

The rating outlook is expected to be stable over the current year. Going forward the Company's ability to increase its scale of operations, improve its profitability amidst volatility in the commodity prices and ensure continued funding support from promoters and the group companies shall be the key rating sensitivities.

Analyst Contact	Relationship Contact
analyst@brickworkratings.com	bd@brickworkratings.com
Phone	Media Contact
1-860-425-2742	media@brickworkratings.com

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