

## Rating Rationale

### Brickwork Ratings reaffirms “BWR B+/A4” Ratings for the Bank Loan Facilities aggregating Rs.24 Cr of AB Crops Pvt. Ltd, Bathinda.

Brickwork Ratings (BWR) has reaffirmed the **Rating<sup>1</sup>** for the Bank Loan Facilities of AB Crops Pvt. Ltd (‘AB Crops’ or the ‘Company’), Bathinda, as follows:

Facility	Previous Amount (Rs. Cr)	Rating Amount (Rs Cr)	Tenure	Rating History	Ratings after review <sup>1</sup>
<b>Fund Based</b> Cash Credit	2.00	2.00	Long Term	<b>BWR B+</b> (BWR Single B Plus) Outlook: Stable <b>March 2015</b>	<b>BWR B+</b> (BWR Single B Plus) Outlook: Stable <b>(Reaffirmed)</b>
<b>Non Fund Based</b> Letter of Credit	22.00	22.00	Short Term	<b>BWR A4</b> (BWR A Four) <b>March 2015</b>	<b>BWR A4</b> (BWR A Four) <b>(Reaffirmed)</b>
<b>Total</b>	<b>24.00</b>	<b>24.00</b>	<b>Rs. 24.00 Cr (INR Twenty Four Crores Only)</b>		

BWR has essentially relied upon the audited financial results up to FY15, projected financials up to FY17, publicly available information and information/clarifications provided by the Company.

The ratings continue to draw comfort from the extensive experience of the promoters in the industry and significant business synergy and group support. The ratings are, however, constrained by a small scale of operations, decline in its top line & profitability and exposure to risk arising from the volatility in commodity prices & regulatory changes.

#### 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.

#### Management Profile:

AB Crops belongs to the Homeland Group, which comprises 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

<sup>1</sup> Please refer to [www.brickworkratings.com](http://www.brickworkratings.com) for definition of the Ratings

Goyal. Most of the Companies under the Homeland Group are led directly by their family members.

### **Financial Performance:**

Total operating income declined from Rs. 69.31 Cr in FY14 to Rs. 56.12 Cr in FY15. AB Crops reported PAT of Rs. 0.11 Cr in FY15 as against Rs. 0.13 Cr in FY14. Further, on a provisional basis, AB Crops has reported revenue of Rs. 44.34 Cr for 9MFY15.

### **Rating Outlook**

The company has a small scale operation which is coupled with a decline in its top line growth. Further, profit margins continue to remain below 1% level.

The rating outlook is expected to remain stable over the current year. Going forward, the ability of the company to increase its scale of operations by increasing top line, improve its profitability significantly and strengthen its capital structure shall be the key rating sensitivities.

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