

Rating Rationale

Brickwork Ratings assigns 'BWR BB+' & 'BWR A4+' for the Bank Loan Facilities aggregating ₹ 27.36 Cr of AB Global Trade Pvt Ltd.

Brickwork Ratings (BWR) has assigned the following **Ratings**¹ for the bank loan facilities of AB Global Trade Pvt Ltd. (*AGTPL* or *the Company*):

Facility	Limits (₹ Cr)	Tenure	Rating
Fund Based (FB) Cash Credit	2.00	Long Term	BWR BB+ (Pronounced BWR Double B Plus) Outlook : Stable
Non Fund Based (NFB) Letter of Credit PFCE	25.00 0.36	Short Term	BWR A4+ (Pronounced BWR A Four Plus)
Total Limits	27.36	(INR Twenty Seven Crores and Thirty Six Lakhs only)	

BWR has essentially relied upon the audited financial results of AGTPL up to FY14, projections for FY15 and information and clarifications provided by the management of the company.

The rating assigned derive comfort from the extensive industry experience of the promoters, satisfactory revenue growth in FY14, support from the group (Homeland Group, New Delhi) in view of commonality of management and significant business synergies and the positive demand outlook of the edible oils industry. However, the ratings are constrained by the relatively moderate scale of operations, short track record of the Company, low profitability inherent to the trading business, significant dependence on import of raw materials and exposure to risks arising from the volatility in the commodity prices and regulatory changes and presence in highly competitive and fragmented industry.

Background

AB Global Trade Pvt Ltd (AGTPL) was incorporated in Feb 2012 by Mr. Hemant Jindal.. The Company has its corporate office at New Delhi.

The Company is engaged in the trading of edible & non edible oils by importing the same from overseas market and selling in domestic market on high sea sale basis. AGTPL sources crude palm oil largely through imports from South East Asian countries and sells it to large edible/non-edible oil refining companies in India. The Company belongs to Homeland Group , New Delhi, which comprises of diversified businesses including trading of edible oils, agro based business, pesticides, real estate etc.

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

Management Profile

The promoters of the Group are Mr. Hemant Jindal and Mr. Bishnu Goyal. Most of the Companies under the Group are led directly by the promoters themselves or by their sons.

Presently the Directors of the Company are Mr. Hemant Jindal, Mr. Kewal Jindal and Ms Renu Jindal. Mr. Hemant looks at the overall business operations of the Company and holds more than three decades of experience in the industry.

Financial Performance

The Company recorded a satisfactory growth of 14% in operating income at Rs. 82.11crs in FY14 driven by higher demand as compared to Rs. 71.81crs in FY13. Operating profit of the Company improved to Rs. 3.07crs in FY14. However, PAT was Rs. 0.56crs in FY14 due to high interest costs.

Rating Outlook

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

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